REGISTERED COMPANY NUMBER: 08737838 (England and Wales)
REGISTERED CHARITY NUMBER: 1158520

# REPORT OF THE TRUSTEES AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 FOR BURNLEY LEISURE (A COMPANY LIMITED BY GUARANTEE)

WEDNESDAY
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A13 12/07/2017 #175
COMPANIES HOUSE

Burnley Leisure

Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

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The trustees who are also directors of the company for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2017. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

## REFERENCE AND ADMINISTRATIVE DETAILS

**Registered Company number**
08737838 (England and Wales)

**Registered Charity number**
01158520

**Registered office**
St Peters Centre
Bank Parade
Church Street
Burnley
Lancashire
BB11 2DL

**Trustees**
Mr A Preston – Chairman
Dr S Minten
Miss M Grimes
Mr W Park
Mr T Hephrun
Mr M Heaton
Cllr J Cunningham (resigned 18th May 2016)
Cllr S Hussain (resigned 18th May 2016)
Cllr A Raja (appointed 18th May 2016)
Cllr T Harrison (appointed 18th May 2016)
Mrs J Baldwin (appointed 11th July 2016)
Mrs D Livesey (appointed 5th December 2016)

**Key Management Personnel**
Mr G Vinton – Chief Executive

**Auditors**
Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

**Bankers**
HSBC Bank Plc
12 Manchester Road
Burnley
Lancashire
BB11 1JH

**Solicitors**
Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

## STRUCTURE, GOVERNANCE AND MANAGEMENT

**Governing document**
The company was incorporated on 17th October 2013 and registered as a charity on 10th September 2014. The charity is controlled by its governing document, the Memorandum and Articles of Association, and constitutes a company, limited by guarantee, as defined by the Companies Act 2006. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

**Recruitment and appointment of new trustees**
The Board shall consist of at least three and not more than eleven individuals, comprised as follows:

- one Employee Trustee;
- up to two Local Authority Trustees; and
- up to eight Community Trustees

The Community Trustees shall at all times be in the majority. These trustees shall be elected with necessary expertise co-opted where appropriate by the existing trustees. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed.

**Risk management**
The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to ensure regular reports are produced and that the necessary steps can be taken to address any issues arising.

Burnley Leisure is a registered charity operating within a company limited by guarantee. The trustees of Burnley Leisure are representatives within the Borough of Burnley and beyond. The board of trustees has the authority to co-opt individuals with relevant expertise where appropriate.

**Organisation structure**
The Board currently consists of eight trustees and is responsible for key policy decisions and the effective governance of the organisation overall. The Board has a minimum of six meetings per financial year.

The day to day operations of Burnley Leisure are managed by the charity's senior management team (the Executive) made up of the Chief Executive and 4 Service Managers. The Executive is given strategic direction by a Board of Trustees (the Board) regarding the provision and operation of the services in accordance with the contracts, leases and funding agreements made with Burnley Borough Council. The Board has ultimate responsibility for the governance of the charity, and directs, supports and challenges the Executive in its work.

**Related parties**
Trustees are required to declare an interest if they are involved in any activities which may compromise their role as a Trustee and a monitoring mechanism is in place. The related party transactions during the past year have been disclosed below in the notes to the financial statements.

## OBJECTIVES AND ACTIVITIES

Burnley Leisure has been established for Public Benefit:

- To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for Recreation or other Leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity of disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life; and/or
- To promote community participation in Healthy Recreational Activities; and/or
- To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including the use for meetings, lecture and classes and/or other forms of recreation and leisure time occupation with the object of improving the conditions of life for all those who use the facilities; and/or
- To advance the education of the public in all aspects of dramatic art through the provision of a theatre; and/or
- Such other charitable purposes as the trustees in their absolute discretion may determine

Burnley Leisure has been split into four service areas:

**Cultural Services**
Cultural Services is responsible for the operation and management of the Mechanics Theatre. Awarded Lancashire Tourism's 'Cultural Venue of the year' accolade in 2016 for the dynamic approach the team has undertaken to develop the cultural offer and reach over the last three years. The team is keen to build and develop on this work. The circa 500 seated auditorium facilitates large scale performances, arts and hospitality events. The building hosts a large number of performances by local societies including musical theatre, dance and pantomime, as well as corporate awards and hospitality. Hospitality and conferencing is increasing annually anchored by the Christmas Events programme which is eagerly anticipated by our customers and is virtually sold out nine months in advance on reputation alone. The recently developed Front Room space provides the theatre with a space for niche and community programming opportunities as well as hosting the Bistro that goes from strength to strength with many repeat visitors.

As well as managing the theatre, Cultural Services have a vibrant arts development offer. Delivered through partnership, arts development provides a service of advice and support and monitoring on behalf of the Council as well as develops opportunities for community engagement and professional artist networking and development.

**Up and Active**
Up & Active is an East Lancashire wide obesity prevention service funded by the public health arm of Lancashire County Council. The aims of the service are to improve health outcomes and reduce health inequalities, by providing opportunities for physical activity and weight management support.

The Up & Active team take an integrated and innovative approach to preventing and managing overweight and obesity, physical inactivity and its associated conditions by providing various programmes that focus on diet, physical activity and behaviour change. Access to both weight management and physical activity programmes is via self-referral and referral from health professionals and is delivered in leisure facilities and community venues. Further benefits to clients aside from increasing activity levels include community involvement, helping people to socialise and through collaborative working with facilities management, providing affordable access to leisure facilities.

In addition, the service works with a wide range of partners and provides Cardiac Rehabilitation, a client centred programme that improves lifestyle and reduces hospital re-admissions, Smoking Cessation treatment for smokers who wish to quit, Workplace Wellness that encourages people to make healthier choices both in and outside the workplace, a Healthy Schools programme that gives primary school children simple and effective practical advice on how to eat healthily and become more active to maintain optimum health in childhood, and avoid adult ill health. Health walks and cycling activities are also provided to promote positive lifestyle behaviours and improved mental health and wellbeing.

## OBJECTIVES AND ACTIVITIES (CONTINUED)

**Sport and Play Development**
The Get in2 team is responsible for a growing number of community based projects, aimed at improving opportunities for targeted groups to take part in sport and physical activity. Examples of current programmes include the successful Get in2 Rounders project, which has seen adult participation in the game grow from just a handful of women to well over 400 women playing every week; Couch to 5k with Burnley Athletic Club; the Girls Up and Active project, working in partnership with Calico; and Active Streets, a Big Lottery funded scheme developing training and employability skills, plus diversionary activities, alongside sport.

The Get in2 team works closely with the School Sports Partnership to deliver high quality sports coaching in all Burnley primary schools; whilst during school holidays the team provide the hugely popular Get in2 Holiday Camps, which are now available at Prairie Sports Village, as well as St Peter's Centre.

The team also runs the boating lake in Thompson Park, providing rowing boats, kayaks and pedalos during the summer months, plus an expanding programme of park based outdoor activity sessions that are popular with schools, Cubs and Brownies and private groups.

**Leisure Facilities**
The Leisure Facility Operational team operate an ever growing number of diverse leisure, event and sporting facilities; at St Peter's Leisure Centre, Padiham Leisure Centre and the Prairie Sports Village. More recently we started to operate the three golf courses and club shop at Towneley Golf Course in April 2017.

We have successfully grown our core fitness business despite increasing competition from the budget gym sector and also increased income and usage from our comprehensive swimming and coaching programme.

Since the Prairie Sports Village was opened, we have had a successful first year developing new areas of business with the golf driving range and golf coaching. The Bistro and wider hospitality has grown rapidly to become an important part of the business with more potential to grow. We have a growing reputation as a top class venue for business networking events and seminars.

We have been consistent in our quality of delivery, winning seven National Fitness Awards and also finalists in the 2017 Lancashire Business Awards. To complement our facilities we have a developing events programme with the Burnley 10k race and Aquathlon now a yearly event with plans to develop this further.

We have exciting plans to develop the golf courses with some innovative programming including Foot Golf that will launch for the first time in Burnley in June 2017.

We are proud of our ongoing staff development programme, regularly holding team meetings tied in with team building activities including everyone in developing the business. Our sickness and absenteeism is at an all-time low, complemented by high staff morale. We have been commended on our forward thinking marketing campaigns and activity including our social media growth and development and we continue to develop this area of the business to its full potential. The team have also been successful in developing partnerships both locally and nationally with, UK Active, Amateur Swimming Association, Simply Classic, Active Network, Alliance Leisure, Zags swimming, Lloyd BMW/MINI.

**Public benefit**
The trustees are confident that the charity offers services of real and practical use to the local population and therefore complies with the responsibility placed on all charities under the Charities Act 2011 to demonstrate a public benefit.

## ACHIEVEMENTS AND PERFORMANCE

**Cultural Services**
There have been some wonderful achievements in the last year. As always it is important to recognise that none of this would have been possible without the time and dedication from staff. The Staff at the Mechanics work as a team and have an un-floundering focus on quality customer experience be that our audience, our hirers, or visiting shows. As a result, the team have now received over 120 *5 reviews on Facebook with feedback commending the staff, the programme as well as the environment, it has been a busy year with many sell out shows, successful conferences and awards celebrations promoted and delivered. The quality deliver is consistent but not at all taken for granted.

Arts Development
The Creative alliance network has been reinvigorated. A successful network meeting was well attending in February 2017 supported by arts council and even some successful G4A's have been achieved by individual artists off the back of the surgeries. The Creative Alliance now has a steering group who meet regularly are supporting each other's ideas and planning some collective work.

The Thompson Park project "Our Park, Our Town Our Time" has been successfully delivered culminating in a fashion show that took place in the park last summer. The project supporting 13 students to gain arts awards (4 Bronze, 6, Silver and 3 Gold).

Mechanics at Home project has been signed off and evaluated both independently and nationally. Both evaluations recognised that time, compassion and development of trust are key elements to successful engagement of hard to reach communities. They also recognised that the project had some really positive outcomes in terms of community participants increasing in confidence and subsequent ambition. The Craft group and the cinema group established through this project have gained additional funding and carry on as a legacy of this project.

The First Mechanics summer school was delivered in the basement with really positive feedback from participants.

Mechanics
The Mechanics were awarded Cultural venue of the year 2016 by Marketing Lancashire in November. The team were applauded for their passion and professional presentation, outlining all the positive developments that have been achieved since we became a trust.

Heritage lottery Resilience grant funding was achieved and has enabled a period of research, planning and review, of the Mechanics building, its physical condition, its historic significance and potential development opportunities. Work has increased in terms of raising awareness about the 160 history of the building; we ran our first heritage open day tours in September. This work continues into the next year to inform the next funding application.

The Mechanics Bistro clientele are consistently returning and consequently we are building relationships with our customers. We are starting to see more stability in terms of bookings too. It was deemed as too soon to stretch Classic resources in opening on a Saturday during this year, but is programmed for the next financial year.

With support for Sports Development External Grant advice we were successful in an Awards For All application and a volunteering programme for the Mechanics has been established.

The MAP's project has helped to establish a front room programme, supported by a group of community promotors. Although starting from a small base, audiences for this programme have slowly started to grow and we are seeing repeat attendances.

The Basement has new regular hirers, which include baby ballet on a Sunday and a dance class on a Monday night. We don't want to develop this too much as the plans for the Basement are still not set however they are a useful income stream, and bring different people into the building in the meantime.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

**Up and Active**
A year of amazing achievements which has seen our committed team provide countless opportunities for individuals to become more active and lose weight. The membership has grown from strength to strength and recently boasted it's 10,000 registrations; a major achievement in one year.

The work of Up & Active has cut across the whole life course of communities, families and workplaces, resulting in new projects and programmes. The teams' knowledge and experience in Public Health has supported our healthy settings approach, which has seen the service work in a whole range of settings, including, primary schools and colleges, workplaces, community venues and medical centres.

We have also continued to develop working in leisure facilities; this has provided the opportunity to embed our work within the leisure trust and to also add to our charitable status. Working alongside leisure centre staff has seen Up & Active self-referrals continue to use leisure facilities either by 'pay as you go' or convert to become members, to maintain positive changes to their health and wellbeing.

The Healthy Schools programme is an obesity prevention programme that makes specific links to key stage 2 national curriculum subjects. Lesson plans have been developed to compliment taught subjects such as PE, science & PSHE. The programme has proven popular and is showing some very good results, with excellent feedback from all 17 schools and parents/children.

The educational component of the service has provided effective learning opportunities on healthy eating and nutrition. Working with a range of ages from primary to adult, we have delivered behaviour change programmes which resulted in weight loss and improved quality of life.

We can evidence that our programmes work and they provide significant impact through evaluation and data collection. People have been empowered to live their lives to the fullest possible potential by better self-management of conditions to enable continued health gain through making behaviour changes to their lives.

The Up & Active programme in its first year has achieved the following outputs:

| **Referrals / Self** | **Total** |
|---|---|
| Cardiac Rehabilitation | 116 |
| Weight Management | 317 |
| Physical Activity | 454 |
| No. Community Events | 38 |
| No. individuals involved in community activities / early interventions | 8,366 |
| No. community sessions | 728 |
| No. Weigh In's / Drop In's | 452 |
| No. MOT Health Checks | 661 |

**Sport & Play Development**
Rounders:

- In summer 2016/17 our summer leagues increased from 24 to 30 teams
- In 2016/17 our winter leagues increased from 26 to 28 teams
- 3 members of staff qualified as workforce tutors
- 1 staff member is now an international umpire
- The Rounders league now has 44 preliminary and 20 intermediate umpires
- England squads attended our Rounders festival at Prairie Sports Village
- Our Get in2 Rounders project was nominated by the governing body and shortlisted for a national award.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Holiday Clubs:

- We launched a new 'football and golf' holiday camp in April 2016, based at Prairie Sports Village, with 26 attendances in the first week.
- Numbers grew steadily during the summer, and by February half term in 2017 the weekly attendance was up to 127.
- Further growth is expected as we continue to develop the offer with the addition of the mini golf area.

Project funding:

- We secured Sport England funding for a 12 month cycling project based in and around Thompson Park. Starting in June 2017 the project includes funding to purchase 10 mountain bikes.
- We secured funding to do additional partnership work for Calico Housing, enabling us to deliver sessions in 5 sheltered housing schemes across Burnley.
- We were successful in securing capital funding from Sport England to continually develop the facilities at Prairie Sports Village. The project to build a short game practice area and mini golf was completed in October 2016.
- Awarded £30,000 from Gannow Big Local to provide targeted activities in the area for one year, with the opportunity for extended funding up to 3 years.
- The Get in2 Rounders project was awarded £7,700 Sport England funding to expand provision into Pendle and Hyndburn, based upon experience gained developing the project in Burnley. Work will start in June 2017.
- Expressions of Interest submitted to Rugby Football Union and Football Association/Football Foundation for funding in support of an additional 3G pitch at Prairie Sports Village

Other clubs and groups supported:

- We secured funding from the East Lancashire CCG on behalf of Burnley Athletic Club to set up Burnley junior parkrun and provide additional joint resources for both the junior and full events. The weekly event, run entirely by volunteers, launched in July 2016.
- We secured Awards for All funding for the Burnley Play Partnership, providing family vouchers for use at The Boathouse during school holidays and additional play sessions in Thompson and Scott parks.
- Sport England Small Grants funding was secured on behalf of Towneley Golf Club, to put together a project to develop women's golf at the club and increase participation amongst women and girls at Towneley.

The Boathouse:

- The 2016 season at the Boathouse saw an increase in users visiting the Boathouse at the weekends and during school holidays, with also an additional 802 young people from bookings and outdoor education packages. In total over 30 different groups booked sessions with us.
- We have also continued to develop a relationship with existing and new local Scout, Guides, Brownies, Cubs and Beaver groups from Burnley, Pendle and Blackburn.

Couch to 5k:

- Launched in February 2016 our Couch to 5k programme, run in partnership with Burnley Athletic Club has been a huge success.
- Over 300 people have completed the 9 week programme to date, and it has been a good volunteer recruitment tool for the athletic club, Burnley parkrun, and the Burnley 10k run.
- New running groups have formed as a result of C25K and many graduates have gone on to be regular runners, completing 5k, 10k and even half marathon distance runs.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

**Leisure Facilities**

- St Peter's Leisure Centre
- Padiham Leisure Centre
- Prairie Sports Village
- Towneley Golf Courses (1st April 2017)

2016/17 has been another successful and rewarding year, with The Prairie Sports Village going from strength to strength outperforming expectations and adding to our portfolio three golf courses on the 1st April 2017.

Whilst the golf activity has continued to grow; our football and hospitality have also developed significantly with the Prairie now known as a premium event and hospitality venue in the region.

Gym membership has again continued to increase despite strong competition and has grown beyond 3000 members for the first time.

We endeavour to deliver excellence by all of our hard working team; creating innovative marketing campaigns and introducing retention strategies to retain our existing members.

We re-launched and re-branded our swim academy last year and usage and profitability has gradually grown over the last year which we continue to build on for 2017/18 with over 600 children and adults now regularly participating in regular lessons.

We have continued to work hard on our brand and now have a reputation as the number one provider of health and fitness in the area leading the way with new initiatives.

Yet again we were shortlisted as finalists at the National Fitness Awards in two categories and were successful in winning two awards:

- National Group Fitness gym of the year - Winner
- National Leisure Trust Gym of the year – Runner Up.

We were also finalists in the Red Rose Lancashire Business Awards in the following category:

- Prairie Sports Village, Tourism and Hospitality Venue.

Burnley Leisure's facilities were also shortlisted in the National SPORTA awards.

Padiham Leisure Centre has been externally audited by the Institute of Qualified Lifeguard approved centre status achieving a score of 100% on assessment.

Our apprentice scheme develops from strength to strength and presently undertaking the scheme we have 11 placements in Sports Apprenticeship level one & two, along with Sports Management apprenticeship level three. A number of our apprentices are due to be shortlisted for the Themis Apprentice awards which is a huge credit to their hard work and determination.

Membership of our Feel-good Factory continues to develop and at present we have 136 members. The team continue to add value to the membership including a wide range of social programmes with many members meeting regularly for events.

Adherence to all aspects of Health and Safety at St Peter's Leisure Centre, Padiham Leisure Centre and Prairie Sports Village is acknowledged within our own operating processes and externally verified audits. Our latest Health and Safety inspections by the Council; our sites scored 96.4% at St Peter's, 96.0% at Padiham Leisure Centre and 96.0% at Prairie Sports Village. We are continuing this approach within the development of Towneley Golf.

The merging of Burnley Bobcats and Burnley Aquatics into one hub club has benefited operations and the club continues to have swimmers attending the national finals and regional competitions.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Key Notes

- Gym Membership has increased to over 3000 members for the first time.
- Prairie Sports Village has outperformed all income and usage targets and new business initiatives are continuing to increase.
- Development of our thriving partnership with Simply Classic with over 100 conferences and events delivered over the last year.
- The Leisure Facilities Team has managed budgets effectively creating a surplus at the end of year despite challenging trading throughout the year enabling is to invest and develop our facilities and community activities.

**Plans for future periods**

**Corporate**

- Maximisation of income and control of expenditure
- Strengthen and increase our partnerships
- Identification of areas of growth
- Service integration and greater cross selling across services
- Implement our external funding and fundraising plan and exploring further opportunities
- Further develop our partnership with Classic Cuisine to expand the hospitality offer and look at establishing a joint company to operate the business
- Develop customer intelligence to inform future business plans and opportunities
- Integrate opportunities for volunteering across all services
- Improve Marketing and Communications of the organisation
- Develop ways to make our operation systems more reliable and resilient.

**Cultural Services**

- Develop a second Heritage Lottery Fund bid to further develop the effective use of the Mechanics building
- Assist the Council in developing cultural based initiatives in the town centre and Towneley
- Investigate day time initiatives to increase usage in both the Front Room and the Basement
- Fully utilise the Arts Council Grant to develop new audiences at the Mechanics, review lessons learnt so far and apply for second round of funding informed by this
- Retain and build on the Mechanics reputation and experience of delivering high quality corporate hospitality events to support the Leisure Trust develop and increase income across its portfolio and beyond
- Establish and grow a Saturday lunch time Bistro offer at the Mechanics
- Identify and secure funding that supports arts engagement opportunities for Burnley residents.
- Build and strengthen the Creative Alliance professional arts network for Burnley and work with them to develop the visibility, confidence and opportunities for artists in Burnley.
- Investigate the opportunity to operate Towneley Hall
- Advise Council departments on good practice and strategic opportunities that develop. As well as monitor and feedback to them on the Super slow way project, ensuring the Burnley programme is relevant and connected.

**Up and Active**

- Deliver a service which is flexible, culturally appropriate and accessible to meet local needs
- Provide prevention and early intervention and targeted community interventions in relation to weight management and physical activity.
- Develop self-referral pathways to break down the barriers to accessing activities and to encourage greater individual self-care and responsibility
- An integrated approach to cross team delivery but taking responsibility for targeted areas of work to ensure consistency across East Lancashire. A standardised approach to maintain a consistent brand and constant flow of marketing activities and material.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

**Up and Active (Continued)**

- The use of digital and social media to achieve the goals of the programme, including both short term and long term goals
- Recruiting a workforce of volunteers, who are representative of the target communities and who want to make a difference.
- Support workplaces to become healthy workplaces, this will involve engagement and communication around health promotion, healthy choices and management of long term conditions.
- Provide a primary school based educational intervention that combines an integrated package of food education, nutrition and physical activities that improve health, fitness and self-esteem.
- To produce 12 week, 6 and 12 month monitoring reports which will be systematically evaluated and closely monitored to ensure the target numbers of beneficiaries from all interventions are reached, including targeted interventions and access from deprived areas. Qualitative consultation, case studies, customer satisfaction and semi-structured interviews to demonstrate the effectiveness of approaches used.
- Establish a calendar of community and mass participation events to target inactive people from lower socioeconomic backgrounds and from minority ethnic groups that are harder to engage with.

**Sport and Play Development**

- Make use of grantFinder to source new funding opportunities for the service
- Develop the business plan and feasibility for additional 3G pitch at Prairie Sports Village with RFU and/or FA and progress funding application processes accordingly, in partnership with Burnley Council
- Continue to develop the Prairie Sports Village holiday camp
- Set up new Get in2 Rounders sessions in Pendle and Hyndburn, with the aim of establishing league structures in both areas by end of 2017/18
- Secure continuation funding for the Active Streets project
- Secure new project funding from the Sport England Inactivity fund to maintain current staffing levels
- Work in partnership with Action for Children to develop 3 to 4 year project proposal for Sport England Families Fund
- Submit funding application in support of improvements to the Boathouse in-conjunction with Heritage Lottery works commencing October 2017
- Deliver the Sport England funded cycling project in Thompson Park
- Deliver the Assure Active project in sheltered housing for Calico
- Submit Awards for All funding application for creating an arts based holiday club at Mechanics, in partnership with BYT

**Leisure Facilities**

- Develop Towneley Golf Courses to increase the commercial revenues and control expenditure
- Look to update the fitness equipment across all sites, starting with Padiham
- Ensure that Prairie Sports Village delivers the agreed business plan and becomes a destination venue for East Lancashire and beyond.
- Further develop the Active Network across East Lancashire
- Maintain and develop outdoor events to complement of gym membership
- Develop a partnership with DFC for online membership sales and retention
- Upgrade, installation and development of our XN booking and operating systems improving customer experience, reporting and monitoring
- Maintain and develop our swimming academy
- Establish and develop foot golf in Burnley.
- Maintain and develop innovative group fitness and gym offering.
- Develop membership sales and admin team.
- Develop a digital strategy for all our facilities.

## FINANCIAL REVIEW

The attached statement of financial activities shows how our funds were raised and applied during the year.

This statement separates funds, which the charity itself controls – unrestricted funds, from funds which have to be spent in a manner determined by the donor – restricted funds. In this year restricted funds have been received from various grant making bodies.

This was the third year of operation for the charity, therefore it is now possible to compare the income and expenditure against historic information.

Looking to the future we will continue to maintain a tight control over costs, monitor income closely, and strive to identify future funding streams. We aim to ensure that we are well placed to react to any further negative or indeed positive impact of the economy.

**Investment policy**

The Trustees regularly monitor the available cash reserves of the charity and seek to maximise the interest earned on such funds.

**Reserves policy**

The charity has insufficient reserves to ensure that it can deal with major unexpected adverse developments without direct support from Burnley Borough Council. The trustees maintain a regular dialogue with council to ensure that, should major unexpected adverse developments arise, any difficulties that require attention are addressed in a mutually agreeable manner.

The trustees are confident that the charity has established diversity of operations, sufficient versatility and control of expenditures of such nature that it is able to adapt to changing circumstances that will arise from time to time under normal business circumstances.

The trustees have considered the current adverse economic climate when reviewing their reserves policy and are confident, in light of the changes planned that the charity is sufficiently robust and able to continue operating normally whilst it seeks to achieve these targets.

At the year end the charity had unrestricted reserves of £133,199 and restricted reserves of £138,516. In addition to these reserves the pension scheme was in deficit by £2,102,000.

## STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

## AUDITORS

The auditors, Ainsworths Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

A. E

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Mr A Preston
Trustee

Date: 10th July 2017

We have audited the financial statements of Burnley Leisure for the year ended 31st March 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**
As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions from the requirements to prepare a Strategic Report or in preparing the Report of the Trustees/Directors.

Mark Sunter (Senior Statutory Auditor)
for and on behalf of Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Date: 10th July 2017

BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2017

| | Notes | Unrestricted funds £ | Restricted funds £ | 31.3.17 Total funds £ | 31.3.16 Total Funds £ |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| **Income from charitable activities** | | | | | |
| Grant income | 2 | 67,523 | 735,034 | 802,557 | 519,180 |
| Operation of leisure and arts facilities | 3 | 3,247,428 | 16,371 | 3,263,799 | 3,062,729 |
| **Total income** | | 3,314,951 | 751,405 | 4,066,356 | 3,581,909 |
| **EXPENDITURE** | | | | | |
| **Raising funds** | 4 | 320,315 | - | 320,315 | 309,319 |
| **Charitable activities** | | | | | |
| Operation of leisure and arts facilities | 5 | 2,882,836 | 703,139 | 3,585,975 | 3,263,125 |
| **Other** | | | | | |
| Balance of pension scheme operating charge | 19 | 132,000 | - | 132,000 | 154,000 |
| Net interest on pension scheme liability | 19 | 40,000 | - | 40,000 | 48,000 |
| **Total expenditure** | | 3,375,151 | 703,139 | 4,078,290 | 3,774,444 |
| **NET (EXPENDITURE)/INCOME** | | (60,200) | 48,266 | (11,934) | (192,535) |
| **Other recognised gains and losses** | | | | | |
| Pension scheme actuarial (loss)/gain | 19 | (769,000) | - | (769,000) | 568,000 |
| **NET MOVEMENT IN FUNDS** | | (829,200) | 48,266 | (780,934) | 375,465 |
| **RECONCILIATION OF FUNDS** | | | | | |
| **Total funds brought forward** | | (1,139,601) | 90,250 | (1,049,351) | (1,424,816) |
| **TOTAL FUNDS CARRIED FORWARD** | | (1,968,801) | 138,516 | (1,830,285) | (1,049,351) |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The notes form part of these financial statements

BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31ST MARCH 2017

| | Notes | 31.3.17 £ | 31.3.16 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 10 | 30,000 | 40,000 |
| | | 30,000 | 40,000 |
| **CURRENT ASSETS** | | | |
| Stock | 11 | 44,890 | 39,340 |
| Debtors | 12 | 102,221 | 159,678 |
| Cash at bank and in hand | | 410,213 | 205,407 |
| | | 557,324 | 404,425 |
| **CURRENT LIABILITIES** | | | |
| Amounts falling due within one year | 13 | (295,609) | (277,776) |
| **NET CURRENT ASSETS** | | 261,715 | 126,649 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 291,715 | 166,649 |
| **LONG TERM LIABILITIES** | | | |
| Amounts falling due after one year | 14 | (20,000) | (55,000) |
| **NET ASSETS EXCLUDING PENSION DEFICIT** | | 271,715 | 111,649 |
| **PENSION SCHEME DEFICIT** | 19 | (2,102,000) | (1,161,000) |
| **NET LIABILITIES INCLUDING PENSION DEFICIT** | | (1,830,285) | (1,049,351) |
| **FUNDS** | | | |
| Unrestricted funds | 17 | 133,199 | 21,399 |
| Restricted funds | 18 | 138,516 | 90,250 |
| Pension scheme deficit | | (2,102,000) | (1,161,000) |
| **TOTAL FUNDS** | | (1,830,285) | (1,049,351) |

The trustees have prepared the accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard 102 (effective 1st January 2015).

The financial statements were approved by the Board of Trustees on 10th July 2017 and were signed on its behalf by:

.....
Mr A Preston
Chairman

## 1. ACCOUNTING POLICIES

**Company information**
Burnley Leisure is a charitable company limited by guarantee, incorporated in England and Wales. The company number and registered office can be found in the Trustees report.

**Basis of preparing the financial statements**
The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due. The related party, Burnley Borough Council, has confirmed that it will provide support for at least 12 months following the approval of these financial statements.

**Accounting convention**
The financial statements have been prepared under the historical cost convention, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Burnley Leisure meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

**Reconciliation with previous Generally Accepted Accounting Practice**
In preparing the financial statements, the trustees have considered whether in applying the accounting policies require by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No items have been noted which require restatement in the comparative period.

**Incoming resources**
All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income is the amount derived from ordinary activities, and stated after trade discounts, other sales taxes and net of VAT.

Grants receivable are accounted for when due. Income is deferred when it is received in advance of the period to which it relates.

Investment income is recognised on a receivable basis.

**Resources expended**
Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management and administration of the charity.

All support costs are allocated between the activity expenditure categories on a basis designed to reflect the use of the resource. Support costs are apportioned on an appropriate basis e.g. time spent, floor areas, or estimated usage.

## 1. ACCOUNTING POLICIES (CONTINUED)

**Tangible fixed assets and depreciation**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|---|---|
| Fixtures and Fittings | - 20% on cost |

**Fixed assets**
The financial statements do not include the cost of land, buildings and equipment used at nominal rent by Burnley Leisure Trust, whose title rests with Burnley Borough Council. It is not practicable possible to attribute a value to this benefit.

**Taxation**
The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

**Pension costs and other post-retirement benefits**
The charity participates in a defined benefit scheme. Although the scheme is a multi-employer scheme it is possible to allocate a share of the assets and liabilities to the charity and hence contributions are accounted for as a defined benefit scheme in accordance with FRS 102.

**Stock**
Stock is valued at the lower of cost and net realisable value, after making due allowances for slow and obsolete items.

**Leasing**
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**Debtors**
Short term debtors are measured at transaction price, less any impairment.

**Creditors**
Short term creditors are measured at transaction price.

**Significant judgements and estimates**
Preparation of the financial statements requires management to make significant judgements and estimates. The major item in the financial statements where these judgements and estimates must be made is in relation to the pension scheme. Management consult with experts to provide appropriate assumptions on which to calculate projected funding position for the scheme.

## 2. GRANT INCOME

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| **Restricted:** | | |
| LCC Public Health | **364,368** | 160,192 |
| Sport England | **204,246** | 114,101 |
| Arts Council | **74,420** | 43,025 |
| Big Lottery | **56,680** | 40,000 |
| Street Games | **13,500** | 13,500 |
| Heritage fund | **10,000** | - |
| Lancashire Care | **6,820** | 10,930 |
| Stocks Massey | **5,000** | 8,000 |
| DCLG – Arts | **-** | 40,000 |
| Lancashire County Council | **-** | 25,400 |
| Burnley, Pendle and Rossendale CVS | **-** | 7,500 |
| Partner contributions | **-** | 6,000 |
| ***Unrestricted:*** | | |
| Sponsorship | **25,501** | 18,347 |
| Up & active | **13,886** | - |
| Partner contributions | **16,155** | - |
| Lottery matched funding | **9,760** | 6,000 |
| Lottery | **1,690** | 17,135 |
| Lancashire Care | **285** | - |
| Lancashire County Council | **246** | 5,299 |
| Sport England | **-** | 3,751 |
| | **802,557** | 519,180 |

In 2016, of the total grant income, £468,648 was restricted and £50,532 was unrestricted funds.

## 3. CHARITABLE ACTIVITIES – OPERATION OF FACILITIES

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Burnley Borough Council annual contract fee | **609,396** | 703,300 |
| Income from the operation of leisure and arts facilities | **2,654,403** | 2,359,429 |
| | **3,263,799** | 3,062,729 |

In 2016, of the total charitable activities income, £Nil was restricted and £3,062,729 was unrestricted funds.

## 4. RAISING FUNDS

| | Unrestricted Funds £ | Restricted Funds £ | Total 31.3.17 £ | Total 31.3.16 £ |
|---|---|---|---|---|
| Staff costs and allowances | 188,789 | - | 188,789 | 182,937 |
| Premises expenses | 6,579 | - | 6,579 | 12,990 |
| Services and supplies | 74,170 | - | 74,170 | 65,889 |
| Transport expenses | 1,224 | - | 1,224 | 986 |
| Agency and contracted services | 24,693 | - | 24,693 | 22,327 |
| Business and technical support | 24,860 | - | 24,860 | 24,190 |
| | 320,315 | - | 320,315 | 309,319 |

In 2016, of the total costs raising funds, £Nil was restricted and £309,319 was unrestricted funds.

## 5. COSTS OF CHARITABLE ACTIVITIES

| | Unrestricted Funds £ | Restricted Funds £ | Total 31.3.17 £ | Total 31.3.16 £ |
|---|---|---|---|---|
| Staff costs and allowances | 1,699,102 | 474,028 | 2,173,130 | 1,969,595 |
| Premises expenses | 59,212 | 85,185 | 144,397 | 125,220 |
| Supplies and services | 667,530 | 88,860 | 756,390 | 665,842 |
| Transport expenses | 11,014 | 3,424 | 14,438 | 10,566 |
| Agency and contracted services | 222,233 | 41,901 | 264,134 | 262,544 |
| Business and technical support | 217,895 | 9,741 | 227,636 | 223,708 |
| Governance costs (see note 6) | 5,850 | - | 5,850 | 5,650 |
| | 2,882,836 | 703,139 | 3,585,975 | 3,263,125 |

In 2016, of the total costs of charitable activities, £473,605 was restricted and £2,789,520 was unrestricted funds.

Included in the above are support costs. These costs have been allocated using an element of judgement as the charity has had to consider the cost/benefit of detailed calculations and record keeping. Therefore, support costs have been allocated accordingly to proportion of direct costs incurred within each charitable activity.

## 6. GOVERNANCE AND SUPPORT COSTS

| | Unrestricted funds £ | Restricted funds £ | 31.3.17 Total funds £ | 31.3.16 Total Funds £ |
|---|---|---|---|---|
| Business and technical support | 242,755 | 9,741 | 252,496 | 247,898 |
| Audit services | 5,000 | - | 5,000 | 4,900 |
| Non-audit services | 850 | - | 850 | 750 |
| | 248,605 | 9,741 | 258,346 | 253,548 |

In 2016, of the total governance and support costs, £6,000 was restricted and £247,548 was unrestricted funds.

## 7. NET INCOMING RESOURCES

Net resources are stated after charging:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Auditors remuneration | 5,850 | 5,650 |
| Depreciation | 10,000 | 10,000 |

## 8. TRUSTEES' REMUNERATION AND BENEFITS

**Trustee's Remuneration**
During the year remuneration of £27,394 (2016: £28,654) was paid to Miss M Grimes, an employee trustee, in relation to her employment duties. No trustees received remuneration for their roles as trustees for the year ended 31st March 2017 nor for the year ended 31st March 2016.

**Trustees' Expenses**
There were no trustees' expenses paid for the year ended 31st March 2017 nor for the year ended 31st March 2016.

## 9. STAFF COSTS

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 2,007,950 | 1,860,175 |
| Social security costs | 139,246 | 96,187 |
| Other pension costs | 190,809 | 178,056 |
| | 2,338,005 | 2,134,418 |

The average monthly number of employees during the year was as follows:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| Employees | 143 | 140 |

Employees earning more than £60,000 during the year:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| £60,001 - £70,000 | 1 | 1 |

The above staff member participated in the defined benefit pension scheme. Contributions of £7,762 (2016: £7,586) were made in relation to this individual.

The above staff member was the key management personnel for the charity.

## 10. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ |
|---|---|
| **COST** | |
| At 1st April 2016 | 50,000 |
| Additions | - |
| At 31st March 2017 | 50,000 |
| **DEPRECIATION** | |
| At 1st April 2016 | 10,000 |
| Charge for year | 10,000 |
| At 31st March 2017 | 20,000 |
| **NET BOOK VALUE** | |
| At 31st March 2017 | 30,000 |
| At 31st March 2016 | 40,000 |

## 11. STOCK

| | 31.3.17 £ | 31.3.16 £ |
|---|---|---|
| Leisure centre stock | 5,611 | 3,208 |
| Bar and catering | 39,279 | 36,132 |
| | 44,890 | 39,340 |

Amount expensed during the year was £176,381.

## 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.3.17 £ | 31.3.16 £ |
|---|---|---|
| Trade debtors | 14,244 | 47,946 |
| Prepayments and accrued income | 76,060 | 97,622 |
| Other debtors | 11,917 | 14,110 |
| | 102,221 | 159,678 |

Debtors include £nil in respect of grants receivable at the year end. All amounts shown under debtors fall due for payment within one year.

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Trade creditors | 126,967 | 68,728 |
| Taxation and social security | 21,967 | 10,209 |
| Accruals and deferred income | 111,675 | 148,188 |
| Other creditors | 35,000 | 50,651 |
| | 295,609 | 277,776 |

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Other creditors | 20,000 | 55,000 |
| | 20,000 | 55,000 |

## 15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| **Expiry date:** | | |
| Between one and five years | 9,697 | 11,199 |
| | 9,697 | 11,199 |

## 16. ANALYSIS OF NET LIABILITIES BETWEEN FUNDS

| | Unrestricted funds | Restricted funds | 31.3.17 Total funds | 31.3.16 Total Funds |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fixed assets | 30,000 | - | 30,000 | 40,000 |
| Current assets | 418,808 | 138,516 | 557,324 | 404,425 |
| Current liabilities | (295,609) | - | (295,609) | (277,776) |
| Long term liabilities | (20,000) | - | (20,000) | (55,000) |
| Pension scheme deficit | (2,102,000) | - | (2,102,000) | (1,161,000) |
| | (1,968,801) | 138,516 | (1,830,285) | (1,049,351) |

## 17. UNRESTRICTED FUNDS

| | Pension deficit £ | General funds £ | Designated funds £ | Total funds £ |
|---|---|---|---|---|
| Balance at 1st April 2016 | (1,161,000) | (6,525) | 27,923 | (1,139,602) |
| Net income / (expenditure) | (941,000) | 100,890 | 10,911 | (829,199) |
| | (2,102,000) | 94,365 | 38,834 | (1,968,801) |

**Purposes of designated funds**
The trustees have designated funds to assist in the future development of the charity. The funds set aside are for Business development, Arts development and a fund for a Minibus.

**General fund**
The general fund consists of the total of free reserves available to spend on the objectives of the charity.

## 18. RESTRICTED FUNDS

| | At 1st April 2016 £ | Incoming resources £ | Outgoing resources £ | At 31st March 2017 £ |
|---|---|---|---|---|
| **Project fund** | | | | |
| Active streets – Big Lottery | 30,384 | 53,500 | (53,500) | 30,384 |
| Arts in communities | 18,679 | 40,000 | (58,679) | - |
| Business support | - | 6,600 | (6,600) | - |
| Cycling project | - | 6,232 | - | 6,232 |
| Generation | 1,617 | - | (1,279) | 338 |
| Get in 2 golf | 7,178 | - | (3,014) | 4,164 |
| Get in 2 parks | 5,324 | - | - | 5,324 |
| Get in 2 sport | - | 70,024 | (70,024) | - |
| Prairie sports complex | - | 75,000 | (75,000) | - |
| Resilient heritage | - | 10,000 | (6,900) | 3,100 |
| Sports development | 11,884 | 69,361 | (42,174) | 39,071 |
| MAPS | 9,665 | 34,420 | (24,476) | 19,609 |
| Stocks Massey | - | 5,000 | (5,000) | - |
| Thompson Park Young roots | 5,519 | 6,800 | (12,319) | - |
| Up & active | - | 364,588 | (340,654) | 23,934 |
| Volunteer programme | - | 9,880 | (3,520) | 6,360 |
| | 90,250 | 751,405 | (703,139) | 138,516 |

The restricted grants received in the year have been categorised above.

## 19. PENSION ARRANGEMENTS

The charity participates in the Lancashire County Pension Fund which is a funded defined benefit scheme providing benefits based on final remuneration. The assets of the scheme are held separately from those of the charity. Whilst this is a multi-employer scheme, the actuary is able to segregate the assets and liabilities relating to the charity. During the year, normal employer pension contributions of £190,809 (2016: 178,056) were paid to the scheme.

## 19. PENSION ARRANGEMENTS (CONTINUED)

The following calculations as at 31st March 2017 have been provided by the actuaries, Mercer Limited, using the projected unit actuarial costs method Principal actuarial assumptions used by the actuary were as follows:

| | **31.3.17** | 31.3.16 |
|---|---|---|
| | **%** | % |
| Rate of CPI inflation | **2.20** | 2.10 |
| Rate of increase in salaries | **3.70** | 3.60 |
| Rate of increase in pensions | **2.20** | 2.10 |
| Discount rate | **2.60** | 3.70 |
| Life expectancy of a male future pensioner aged 65 in 20 years' time | **24.90** | 25.20 |
| Life expectancy of a female future pensioner aged 65 in 20 years' time | **27.90** | 27.90 |
| Life expectancy of a male current pensioner aged 65 | **22.60** | 23.00 |
| Life expectancy of a female current pensioner aged 65 | **25.20** | 25.60 |

The amounts recognised in the balance sheet are as follows:

| | **31.3.17** | 31.3.16 |
|---|---|---|
| | **£** | £ |
| Present value of funded obligations | **(8,336,000)** | (6,089,000) |
| Fair value of plan assets | **6,234,000** | 4,928,000 |
| Net pension deficit | **(2,102,000)** | (1,161,000) |

Analysis of amounts charged to the Statement of Financial Activities:

| | **31.3.17** | 31.3.16 |
|---|---|---|
| | **£** | £ |
| **Operating charge** | | |
| Current service cost | **309,000** | 326,000 |
| Administration expenses | **7,000** | 6,000 |
| Total operating charge | **316,000** | 332,000 |

| | **31.3.17** | 31.3.16 |
|---|---|---|
| | **£** | £ |
| **Other finance costs** | | |
| Expected return on pension scheme assets | **(187,000)** | (157,000) |
| Interest on pension scheme liabilities | **227,000** | 205,000 |
| Net charge | **40,000** | 48,000 |

| | **31.3.17** | 31.3.16 |
|---|---|---|
| | **£** | £ |
| Total charge to resources expended in Statement of Financial Activities | **356,000** | 380,000 |

## 19. PENSION ARRANGEMENTS (CONTINUED)

Analysis of the actuarial gains and losses shown in the Statement of Financial Activities:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Actuarial gains / (losses) on assets | 875,000 | 67,000 |
| Actuarial (losses) / gains on liabilities | (1,644,000) | 501,000 |
| Actuarial (loss) / gain recognised | (769,000) | 568,000 |

Changes in the fair value of the defined benefit obligation are as follows:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Opening defined benefit obligation | 6,089,000 | 6,074,000 |
| Current service cost | 309,000 | 326,000 |
| Interest on pension scheme liabilities | 227,000 | 205,000 |
| Employee contributions | 91,000 | 87,000 |
| Actuarial (gains)/losses | 1,644,000 | (501,000) |
| Benefits paid / transfers | (24,000) | (102,000) |
| Closing defined benefit obligations | 8,336,000 | 6,089,000 |

Changes in the fair value of plan assets are as follows:

| | 31.3.17 | 31.3.16 |
|---|---|---|
| | £ | £ |
| Opening fair value of plan assets | 4,928,000 | 4,547,000 |
| Expected return on plan assets | 187,000 | 157,000 |
| Actuarial gains/(losses) | 875,000 | 67,000 |
| Employer contributions | 184,000 | 178,000 |
| Employee contributions | 91,000 | 87,000 |
| Administration expenses | (7,000) | (6,000) |
| Benefits paid / transfers | (24,000) | (102,000) |
| Closing fair value of plan assets | 6,234,000 | 4,928,000 |

The split of assets between investment categories is as follows:

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | £ | % | £ | % |
| Equities | - | - | 1,694,000 | 34.40 |
| Government bonds | 125,000 | 2.00 | 99,000 | 2.00 |
| Other bonds | 100,000 | 1.60 | 99,000 | 2.00 |
| Property | 549,000 | 8.80 | 473,000 | 9.60 |
| Cash/liquidity | 69,000 | 1.10 | 168,000 | 3.40 |
| Other | 5,393,000 | 86.50 | 2,395,000 | 48.60 |
| | 6,234,000 | 100.00 | 4,547,000 | 100.00 |

## 19. PENSION ARRANGEMENTS (CONTINUED)

Amounts for the current and previous periods are as follows:

| | **2017** | 2016 | 2015 |
|---|---|---|---|
| | **£** | £ | £ |
| Defined benefit obligation | **(8,336,000)** | (6,089,000) | (6,074,000) |
| Plan assets | **6,234,000** | 4,928,000 | 4,547,000 |
| | **(2,102,000)** | (1,161,000) | (1,527,000) |

A full actuarial review of the scheme was undertaken as at 31st March 2017.

Following the full actuarial valuation at 31st March 2017, employer contributions were agreed to stay at a rate of 12.50% with effect from 1st April 2017.

The current estimate of employer contributions for the year ended 31st March 2018 is £171,000. Implied service cost is estimated at £467,000 and a net interest and administration cost at £59,000 resulting in the deficit increasing by an estimated £355,000 to £2,457,000.

## 20. MEMBERS

The company is a company limited by guarantee but not having a share capital. The trustees are the members of the charity and the liability of every member is limited to an amount not exceeding £1.

## 21. RELATED PARTY TRANSACTIONS

Under an agreement dated 25th March 2014, the charity acquired the use of the community arts and leisure facilities in the Burnley area from the Burnley Borough Council, a related party by virtue of its grant funding to the charity. The community arts and leisure facilities include all the equipment at each site and enable the society to operate under its principal activity. The value of the equipment and the potential liability for the consideration are not included in the accounts in order to reflect the substance of the arrangement.

The charity operates from premises owned by the Burnley Borough Council.

During the period, the charity received grant funding from Burnley Borough Council of £609,396 (2016: £703,300).

Burnley Borough Council also provides professional services to the charity under a service agreement which amounted to £237,547 (2016: £237,547) in the period.

During the period sales of £19,568 (2016: £12,019) were charged to and expenditure of £60,698 (2016: £53,491) was charged by Burnley Borough Council.

In the year to 31st March 2015 Burnley Leisure borrowed £75,000 from Burnley Borough Council to cover redundancy and pensions strain costs. The loan agreement states Burnley Leisure are to repay the loan amount over three years at £25,000 per year.

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

At the year end Burnley Leisure owed Burnley Borough Council £25,000 (2016: £50,000) in respect of this loan. In the year to 31st March 2016 Burnley Leisure borrowed £50,000 from Burnley Borough Council to cover fixed asset purchases. The loan agreement states Burnley Leisure are to repay the loan amount over five years at £10,000 per year.

At the year end Burnley Leisure owed Burnley Borough Council £30,000 (2016: £40,000) in respect of this loan.

During the year the charity received grants of £Nil (2016: £7,500) from Burnley Pendle and Rossendale Council for Voluntary Services, a related party that shares a Trustee with Burnley Leisure.

## 22. GOING CONCERN AND POST BALANCE SHEET EVENTS

In preparing this Annual Report and Accounts, the trustees have considered their statement made regarding preparation of the financial statements on a going-concern basis. The financial statements have been produced on a going concern basis, despite the existence of net total liabilities (including the pension scheme deficit) as at 31st March 2017 because the trustees are satisfied that the charity will meet all its obligations as and when they fall due over the foreseeable future. In forming this opinion, the trustees have paid particular regard to:

a) The nature of and future prospects for the economic climate in which the charity operates;
b) The adequacy of the liquidity in the business demonstrated through the current 12 month forecast;
c) The continued support of the council;
d) The remaining term to March 2029 of the management agreement with Burnley Borough Council;
e) The competencies of the executive staff employed by the charity;
f) The actual performance to date for the financial year ending 31st March 2018.

The trustees are not aware of any other reportable Post Balance Sheet Events at the time of this report.