

REGISTERED COMPANY NUMBER: 05386540 (England and Wales)
REGISTERED CHARITY NUMBER: 1112020

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR

ADUR COMMUNITY LEISURE LIMITED

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

ADUR COMMUNITY LEISURE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2017

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ADUR COMMUNITY LEISURE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2017

TRUSTEES

Cllr C R Albury
S F Kibblewhite
Mrs J D Lester
P A Pickard
M J Roberts
L V Saunders
Mrs E L Scrymgeour (appointed 25.7.16)
J R H Seymour
Dr P Wilson
Ms M Woolacott
Cllr G R Barton (appointed 4.7.16) (resigned 28.11.16)
Cllr B W Boggis (appointed 28.11.16)
A D Ryall (resigned 28.11.16)
Ms B Gale (resigned 3.10.16)
Ms J Roberts (resigned 3.10.16)
D Vandyke (resigned 23.8.16)
R Brattle (resigned 25.7.16)
Cllr F Lewis (resigned 4.7.16)

COMPANY SECRETARY

J N Tatchell

REGISTERED OFFICE

Blackshots Leisure Centre
Blackshots Lane
GRAYS
Essex
RM16 2JU

REGISTERED COMPANY NUMBER

05386540 (England and Wales)

REGISTERED CHARITY NUMBER

1112020

AUDITORS

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

ADUR COMMUNITY LEISURE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2017

BANKERS

National Westminster Bank PLC
17 High Street
Grays
Essex
RM17 6NP

SOLICITORS

Winckworth Sherwood
Minerva House, 5 Montague Close
LONDON, SE1 9BB

OPERATIONAL ADDRESSES

Southwick Leisure Centre
Old Barn Way, SOUTHWICK
West Sussex, BN42 4NT

Chanctonbury Leisure Centre
Spierbridge Road, STORRINGTON
West Sussex, BN43 6TE

Lancing Manor Leisure Centre
Manor Road, LANCING
West Sussex, BN15 0PH

Wadurs Community Pool
Kingston Broadway, SHOREHAM BY SEA
West Sussex, RH20 4PG

ADUR COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of 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 1 January 2015).

OBJECTIVES AND ACTIVITIES

Purposes and aims

The objectives of Adur Community Leisure (ACL) as set out in its memorandum of association, are to run the facilities primarily for the benefit of the communities of, but not limited to, Adur district and its neighbourhood, the parishes of Amberley, Ashington, Cold Waltham, Parham, Pulborough, Storrington, Sullington, Thakeham, Washington, West Chiltingham and Wiston and their neighbouring parishes. ACL operates in a manner that does not discriminate against any person by virtue of their age, colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, or socio-economic status.

ACL aligns its strategy with that of the Group and in pursuit of its mission. The mission is 'Creating active & healthy communities'.

ACL's priorities include:

- Instilling pride in communities through training, education, improving the quality of life, youth engagement and increasing opportunities
- Contributing towards achieving safer communities
- Developing prosperous communities through the attraction of inward investment
- Promoting inclusive and diverse communities
- Promoting community regeneration through environmental and cultural improvements
- Delivering healthier, more active communities.

In order to fulfil its objects ACL manages four leisure centres, namely Lancing Manor, Southwick Wadurs and Chanctonbury. ACL trades under the Impulse Leisure brand. The main source of income is from the sale of health and fitness (gym and exercise classes) membership, swimming and swimming lessons, along with a varied programme of sporting activities and coaching.

The centres are managed to maximise financial efficiency and generate surplus wherever possible. When surpluses are generated they are used to maintain and improve the facilities and services provided for the benefit of the local community. Largely these improvements are used to generate improved efficiency and or increase income.

In shaping objectives and planning activities, the trustees considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. ACL relies on support from ADC, external programme funding, but mainly the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the trustees give careful consideration to the accessibility of the services for those on low incomes and those from other disadvantaged groups. As a result significant pricing discounts are available to concessionary groups.

In addition, special programmes and sessions are planned and delivered to help disadvantaged members of the community improve their health and wellbeing, through participating in the relevant activities. Specific examples of work undertaken to target public benefit, sometimes at the expense of financial efficiency include - employment of apprentices, work in schools, management contribution and participation in Active Sussex programmes, provision of special disability activity sessions, delivery of numerous health improvement programmes (often in partnership with others), attending community events and provision of memberships to community groups working with disadvantaged groups.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Achievement and performance

Throughout the year it has been an ongoing struggle to reach targets set for membership sales and as such membership and income growth has been below expectation. This was due to increased competition, not implementing a gym refurbishment at Lancing Manor (see below) and generally a slower market in West Sussex than expected.

Attendance levels have increased compared to prior year by 31,000 (6%) largely due to increased attendance at Lancing Manor. The increase is wholly due to good use of the new 3G pitch at Lancing and in return this has boosted numbers using bar and catering facilities. The increase in pitch usage masks a decline in fitness use. Other sites increased attendance levels by approximately 4%. Swimming lesson attendances were good. Swimming lesson capacities are often over 85% full.

ACL continued to improve and extend the services provided. In addition to normal planned and preventative maintenance there has been a number of refurbishment and upgrade projects and general improvement most notably:

Lancing Manor -

- At the end of the year design for the refurbishment of the fitness suite was complete with work due to commence in April 2017
- Planning and preparation work for reception refurbishment is complete and the work is scheduled to follow completion of the gym refurbishment. At the time of writing this work is on hold pending resolution of the ongoing car park extension issue at Lancing Manor
- Car Park Extension (ADC) -completion date of October 2017 (delayed due to ecology programming). Negotiations regarding future maintenance responsibilities and lease amendment are ongoing
- Manor View and corridors were repainted
- The studio was redecorated.

Southwick

- ADC replaced boiler and water tank
- The studio was redecorated.

Chanctonbury

- The studio was redecorated, with the staff undertaking much of the work
- There was some new equipment and improved storage solutions in the studio.

Wadurs

- Planning and specification for extended changing rooms (paid for by ADC £100,000) is complete but within this project the provision of enhanced disabled changing facilities requires approximately £50,000 of external funding which is being pursued. At the time of writing it is unclear when these works will be underway as the external funding has not been secured. It is hoped that implementation will occur during 2017.

General -

Updates to IT systems were made last year and at the beginning of the year to enable a raft of IT based customer care improvements and efficiencies. This included -

- Learn 2, a software solution for the management of swimming lessons linked to the membership system. This enables customers to book, pay for and manage their child's lesson programme online, review the child's progress and seamlessly allows the child to progress through the scheme. Teachers now use mobile handheld devices (Kindles) to manage their lessons, from registers to assessments and all of this information is available to the customer online. There are added advantages of freeing up administration time and reducing queues at reception
- Mobile Pro, an Impulse Leisure Application (App) was introduced in August. This free App enables customers to manage (review, book, pay, cancel) their bookings 'on the go' using a smart phone (Apple or Android). This seamlessly also links to Learn 2 (above), Bodytrax, My Wellness, along with social media feeds
- Improvement to reporting and administration functions within the membership system were also implemented

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Achievement and performance

- The direct debit collection service was outsourced to an industry leader (DFC) to make the service more robust (not reliant on a few staff) and enhance the customer experience of joining online. This was completed in October 2016. The use of DFC enables the use of online joining offers and voucher codes
- All of the improvements above are brought together through a new website launched in April 2016, which along with the App has enhanced the overall experience for customers
- There have been a number of very positive endorsements of our referral programme from users and commissioners alike. Negotiations are ongoing regarding the continuation and extension of this programme
- The Group (including ACL) maintained its ISO14001 accreditation
- Continuous procedural improvements, mainly attempting to improve service delivery were implemented
- A significant amount of work has been undertaken to negotiate a lease on premises in Worthing. This was completed in March 2017 and work is now underway to develop this facility into a budget gym under the Group's Gym Hub Brand
- An increased number of programmes were provided to disadvantaged groups and within the community, promoting health improvement and sports development (see below).

Funding was secured for a number of projects including - Lancing Mighty Mites play equipment, Make Your Move running programme, Short Break disabled Activities, Wadurs disabled hoist, a number of Sportivate projects, Walking Football and Chanctonbury soft play equipment and bicycle shelter.

The above improvements demonstrate our commitment to continuous improvement, make our facilities and services more attractive to new customers and obviously increase the value for money our existing customers receive. Increasing value for money and more attractive facilities improve the likelihood that more of the community will seek to improve their health and wellbeing by using the services. As such ACL succeeds in its mission of Creating Active & Healthy Communities.

Throughout the year new activity timetables have become more flexible as they are only published online, through social media, through the APP, on live screens, or printed on request, ensuring that information is always up to date. Communications with customers through ongoing in centre screens, poster advertisements, newsletters, tips of the week, promotion of refer a friend and class of the month has been ongoing. In addition there were number of successful promotions and targeted marketing campaigns during the year which enforced the Brand and its unique selling points, helping to achieve good sales resulting in membership growth despite the increasing and new competition.

A proactive response to social media comments and reaction to any problems that do arise, enable positive explanations to be offered to issues, enforces decision making and reasoning resulting in an increasingly positive image of the company within the local community.

Throughout the year, despite providing more service to more people ACL has made a Carbon saving of 9.5% (60 tonnes) compared to prior year. ACL maintained ISO14001 (the international standard for energy and environmental good practice) accreditation.

All the facilities operate quality management systems to ensure the level of service provision is delivered consistently. Our systems have been externally audited and endorsed by the leisure industry quality standard (QUEST). All sites have retained QUEST registration in the good category, following maintenance and or full 2-day audits. Chanctonbury was assessed against QUEST for the first time in March 2017 and achieved a very good registration. The scores allocated by our customers in the areas of cleanliness, staffing and health and safety in April 2016 showed an improvement compared to prior year, with results amongst the highest ever achieved. 99% of ACL's customers say they would recommend a friend.

Towards the end of the year mystery shopping audits were undertaken around the sales process and the reports have been used to identify gaps in our delivery and train staff in a more consistent delivery of our agreed process.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Achievement and performance

As well as the ongoing success of ACL, progress in areas where 'it really matters' has continued. With the work recently completed at the facilities, ACL has now invested in excess of £3,000,000 in leasehold facilities (this excludes equipment replacements), which have been a great advantage to the community, ADC and ACL.

Services provided by ACL are available to all, both casual pay and play users, as well as members. All prices remain competitive and in addition significant concessions are offered to those most in need, including heavily discounted membership, with 50% discounts on most facility prices.

Services provided, sometimes in partnership with others to improve health, community engagement and cohesion include -

- Over 150 clients referred onto the Adur and Chanctonbury GP Referral Scheme with over 85% reporting an improvement in health and wellbeing and over 88% reporting a sustained behaviour change at the 3 month mark. Furthermore over 75% reported sustaining exercise adherence for over 6 months
- Qualified staff to deliver classes at Chanctonbury and Southwick using funding from Cardiac Rehab Support - West Sussex
- Chanctonbury and Southwick forged a new partnership with Whizz kids to deliver holiday activities including arts, crafts and sporting activities
- Lancing continues to deliver targeted football sessions including Veterans Football and Walking Football
- Lancing delivered a number of local school sessions including the Sussex Junior Indoor Athletics event which welcomed over 250 young people
- All sites attracted funding from Sportivate which has allowed a number of junior sessions to be delivered including basketball, trampolining, kickboxing and badminton
- Southwick provided over 800 Short Breaks sessions for children with additional needs throughout the year in the form of Rebound Therapy. This has also led to a number of private bookings and four regular schools / groups attending weekly sessions. These include Hillside School, Heronsdale School, Connaught Day Centre and Aspirations Care
- Southwick have run 3 fundays and holiday camps in partnership with Extra Time for children with additional needs
- Southwick delivered 3 coaching sessions on Eastbrook Ward during the summer engaging in Football, volleyball and rounders. This was funded by the local recycling initiative
- As a follow-on to rebound therapy, Hillside School have also brought in students on a weekly basis to utilise the fitness suite
- In conjunction with our resident roller hockey team the Brighton Stormers, the National Roller Hockey league ran four events / match days at Southwick. This is planned to continue into 2016/17
- Lancing hosted a huge boxing event in partnership with Shaun Brown Boxing
- Lancing hosted a Sussex volleyball tournament
- Lancing held The Sussex Police football tournament
- A fitness challenge was delivered in July at all the centres called Tour De Impulse
- ACL is now linked with Worthing hospital to deliver fitness sessions/ classes to their staff
- We have been delivering regular back care sessions at Southwick in partnership with the Physio department at Southlands Hospital
- ACL has linked with a local chiropractor in Storrington to deliver a back care workshop
- Lancing & Southwick have been delivering sessions for children from Shoreham Academy, Lancing College and WSPCA, running classes and gym sessions
- Sama karate started kickboxing classes at Chanctonbury
- The local fire service utilised Chanctonbury for a 'have a go' session for those who were interested in the fire service as a career
- Stars netball at Chanctonbury, have increased their hours and are running more friendly and school links tournaments
- Drenched Water Polo Company operate at Wadurs Pool once a week and help in delivering junior sessions in the holidays
- New sessions of ladies' cricket have been booked for West Chiltington Ladies CC
- An Awards for All Bid was successful at Chanctonbury for a new bike shelter and soft play equipment

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STRATEGIC REPORT

Achievement and performance

- Chanctonbury ran an inclusive family fun day in partnership with the Rotary Club
- Chanctonbury held a community cinema event in conjunction with Xperiology
- Lancing was successful in the Aviva funding for new soft play equipment
- ACE football club ran holiday camps from Lancing 3G all holidays and on a weekly basis with coaching and football parties
- The school Gifted and Talented Day was held at Chanctonbury
- New twice weekly Walking Football Sessions, in conjunction with funding from Age UK and the Lions take place at Chanctonbury
- Chanctonbury has been working with The Terry Bedford Foundation Trust and Time to Talk, to raise awareness in Post Traumatic Stress Disorder (PTSD), to improve mental health and physical fitness
- Other arrangements exist with - BHA Wheelchair Football, Lancing United, Lancing Netball League, STARS Gymnastics, Shoreham Sharks, Worthing Athletic, Lancing Town FC, Lancing Youth Club, Lancing Squash Club, O&G United and Sompting FC, Southwick Cricket Club, Brighton Stormers, Let's Dance, Sudanese Coptic Group, Bangladesh Badminton Club, Lancing Running Club and Adur Homes to name but a few
- Increased the number of swimming lesson classes to disabled children
- Hosted various Charitable Events in the community including - Red Nose Day, Party in Pink, Sport Relief Mile and Swimathon, all using physical activity to inspire charitable giving for community wellbeing
- Partnered with Horsham Wellbeing Hubs at Chanctonbury offering health M.O.T.s
- Launched a multitude of new new classes including Clubbercise & Pound.

ACL continued partnership working with a number of organisations including ADC Sports Development, Schools, Local Clubs, Sports Governing Bodies, County Sports Development, Brighton and Hove Albion Football Club through a specific member of staff coordinating our approach to all of these community wellbeing activities.

Most of the above programmes aim to increase physical activity levels, targeting health improvement in the community. This all fits perfectly with ACL's mission 'Creating Active & Healthy Communities'. The staff who deliver these schemes and programmes are often highly praised by their customers.

Continuous safety and procedural improvements were implemented, mainly attempting to improve service delivery. Accident rates were reduced to 2.9 accidents/10,000 visits.

The successes during the year were achieved despite a high staff turnover which at 26.7% was again above our 20% maximum target, although significantly better than prior year. Staff roles including lifeguards, duty managers and importantly, with regards to achieving income targets, membership advisors have been difficult to recruit into and in addition the ongoing recruitment and training of new staff takes up considerable management time. Staff satisfaction fell by almost 3% to 68.5% in the most recent survey in Feb 2017 although statistically this reflects little change as the response rate was very low compared to previous years.

To counter these ongoing issues ACL has continued to expand the use of apprenticeship schemes and now have 6 apprentices, although 3 of these are being offered full time positions at the time of writing. A 1% staff pay increase was implemented in April 2016. Some staff received pay increases of up to 5% to ensure compliance with the National Living Wage (NLW) and lifeguards had an additional pay increase in the summer in an effort to boost recruitment. The 2017/18 budgets include a 4% staff increase enabling the NLW pay increases to be applied across the organisation. It should be noted that pay in the leisure industry remains low. Sickness absence rates were maintained at low levels at 2.1%

ACL have operated successfully on a continually reducing grant funding (£10,000 reduction per annum) from Adur District Council (ADC). ACL have continued to succeed despite the fact that ADC haven't invested any money to improve the leisure centres in the last 12 years. At the same time ACL have continued to carry out significant investment (see above) into the facilities at Lancing Manor.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Achievement and performance

Negotiations surrounding ADC's promise to invest in a car park extension at Lancing Manor and changing room extension at Wadurs have been ongoing, delayed and difficult. At the time of writing it remains uncertain that a car park extension will definitely be in place during 2017.

Negotiations continued regarding resolution to the current position with ACL's admission into the West Sussex County Council (WSCC) Local Government Pension Scheme (LGPS). These negotiations failed to suitably address the issues faced by ACL and as such a decision was taken to carry on with the existing Admission Agreement along with the practices used to deal with them.

Financial review

ACL made an operational surplus in the year of approximately £44,000 which was better than budgeted. The position was achieved mainly through savings in expenditure and reduced payments to Impulse Leisure, as income failed to achieve targets set. As a result of the operational surplus reserves were increased marginally.

Income did grow compared to prior year by approximately £46,000 due to membership income at Chanctonbury and Southwick, good swimming lesson income at Wadurs and good income from the 3G pitches at Lancing Manor. This income growth however did not meet target, largely due to increased competition, inconsistencies in the availability of sales staff and mainly as the gym refurbishment at Lancing Manor was delayed in an attempt to coincide the work with an anticipated car park extension.

Towards the end of the year ACL has drawn down loans from another Group member (Thurrock Community Leisure) to pay for the gym refurbishment at Lancing Manor and the new Gym Hub facility in Worthing.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Financial review

Reserves policy and going concern

The Reserves policy for ACL is formulated to ensure the continuation and improvement of its services, for the benefit of the community and as a safety net in the event of short term income shortfall. The services are run from various centres, which need to be regularly maintained and updated to continue to provide excellent standards of service. Therefore, reserves required are allocated into two types -

Operational Reserves

Held to ensure ACL can meet expenditure commitments for at least half a year whilst actions are put into place to overcome any income shortfall.

Management risk strategies, insurance and contingency plans are in place to mitigate risks. As centres are all in different locations, it is unlikely that problems in one centre will have a direct impact on the remaining centres. The centre with the largest income and expenditure (Lancing Manor) is used to calculate the reserves required to meet commitments for half a year. This amounts to approximately £400,000.

Facility improvement and unexpected opportunity Reserve

The day to day operational budget does not set aside any reserve for improvement, or major capital commitment. As such reserves are required to ensure funding is available to continually improve the service (property, equipment and technology) in this very competitive industry, to enable compliance with ever-changing legislation and to take advantage of other unexpected opportunities that may arise during a year.

ACL may wish to acquire new business either through tender, acquisition or development of new premises. This is made possible when reserves are in place to support the exploitation of such opportunities as they arise.

As at March 2016, we were holding approximately £180,000 reserves £220,000 short of the operational reserve. ACL aim to increase liquid reserves to the operational reserve level asap and beyond this level to have an opportunity reserve in future. Management accounts at the end of March 2017 show reserves in excess of £400,000 however at the time of writing this includes unspent refurbishment capital (drawn down loan money) which is in the process of being spent.

To build reserves ACL continue work to increase income by continuous monitoring and strengthening the customer base and customer journey. ACL actively seek new opportunities, funding and income streams to help diversify income in order to facilitate improvements and take up opportunities to further the objects. The gym refurbishment at Lancing Manor and the development of a new site in Worthing are examples of this work. Once the operational reserve has been achieved ACL will work towards a further reserve for facility improvement.

Considering the current reserves position, together with the existing financial performance, forecasts for the future, cash flow forecasts and the main risks facing the organisation, the Trustees are confident that ACL will remain as a going concern.

Principal risks and uncertainties

The trustees and senior management undertake an annual risk assessment process and report on this to the full board.

The main risks identified include building failures, health and safety failings, staff shortages and increasing staff costs (see section below), erratic economy denting consumer confidence and increasing competition. ACL is aware of increasing threats to businesses from cyber fraud, whether this relates to theft of or loss of data, theft of money and the resulting bad publicity that can result from this. As a result ACL is reviewing its position, existing arrangements, identifying weaknesses and looking for cost effective solutions to strengthen its position. As an immediate action all of the organisation's laptops have been encrypted.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Principal risks and uncertainties

Ongoing negotiations with ADC and our own maintenance and servicing contracts are used to ensure that buildings and or plant are less likely to fail in such a way as to cause service disruption. The potential for major health and safety issues to arise is taken seriously and as such ACL have a comprehensive policy and manual covering health and safety, monitored at the highest level, with trustee involvement, at bi monthly bespoke meetings and again at Board meetings. Staff are also involved in the risk assessment process and everyone in the organisation is aware of the health and safety mission of 'everyone safe every day'. Constant improvements to service and increasing value for money is the main strategy in use for dealing with competition. Developing good relationships with senior staff at ADC and working with them to add value to the whole range of council services raises the profile of ACL and is important to the community. Where expansion plans are progressed, this follows the production and agreement of robust financial models backed by industry recognised market analysis and as such the risk of failure is reduced as far as is reasonably practicable.

During the year a review of the level of Public Liability Insurance was undertaken. The review resulted in the £10,000,000 limit being retained, however this will be reviewed again during 2017/18.

The trustees are satisfied that adequate processes are in place to mitigate the key risks faced by the charity.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRATEGIC REPORT

Plans for the future

ACL has a Corporate Plan 2016/2021 within which is a financial plan covering the period. This shows improved surpluses which will help to build reserves over the coming years. An Annual Plan 2017/2018 maps out the actions required to make the financial improvements in 2017/2018 to ensure ACL returns an operational surplus and is in position to meet the longer term financial plan. ACL has operated behind income targets within the Corporate Plan to date, but with developments at Lancing Manor and Worthing it is expected that progress towards these targets will be made in future.

Investing into Lancing Manor Leisure Centre gym and the new site at Worthing are key to financial improvement. The investment in Lancing Manor has been delayed whilst ADC's questionable commitment to completion of a car park extension at the same site and negotiations surrounding this have continued. Both of these schemes will contribute to increasing operating surpluses and are financed using commercial loans from another Group member (TCL).

ACL plan to improve both the existing facilities and financial performance. ACL will explore the options for further investment at Southwick in partnership with ADC.

Financial improvements will be required to mitigate the inevitable increases in staff costs that will be experienced due to the National Living Wage (NLW) up to 2020, general pay increases and attempts to improve low pay in line with The Living Wage Foundation increases. There is a 4% pay increase built into the 2017/2018 budget, largely covering the increase in NLW from £7.20 to £7.50. By virtue of their age a small number of staff were paid lower than £7.20 in 2016/17, but regardless of age all staff will earn a minimum of £7.50 from 1st April 2017.

As employer partners of CIMSPA (the Leisure Industry professional body) ACL will increasingly use vocational qualifications and career development pathways to improve staff development, training and retention, together with improved pay. These are some of the main actions we are taking to address high staff turnover over the medium term.

ACL will implement the Apprenticeship Levy as required by legislation.

ACL will investigate the introduction of a new Human Resources management software package linked to the existing payroll system. If this goes ahead it will be implemented at the end of the financial year (2017/18) ready for use April 2018.

ADC's commitment to funding to provide sufficient maintenance (landlord related property expenditure) for their leisure service in future years is important. As such we will continue to negotiate the maximum expenditure by ADC in areas that are crucial to service delivery. In 2017/18 it appears ADC have planned to set aside funding for a small number of projects.

ACL will consider introducing membership only access to all customers during 2017/18, although in its most basic form this membership will be free of charge. This new access policy will improve safety and security, whilst providing improved data and new 'insight', which will enable better more targeted services to be provided in future.

ACL will take all opportunities to maximise the customer use and engagement with its Mobile APP, resulting in improved customer accessibility, convenience and time saving, along with reduced time spent in reception.

ACL will continue to improve its existing services and seek to provide new services either from existing facilities, new facilities or out in the community. ACL will continue to seek to work with other local authorities, although this has continued to prove difficult. Further expansion, or joint work with other like-minded organisations/trusts in future, including schools and the new 'health organisations', acquisitions or new facilities will enable ACL to become more efficient and provide best value to the local area, as well as the new areas in which it may work.

ACL will seek to continue expansion outside of Adur, through the use of Impulse Leisure and as part of the group.

Other the short and medium-term facility improvements include:-

ADUR COMMUNITY LEISURE LIMITED

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STRATEGIC REPORT

Lancing Manor car park extension through ADC funding
Wadurs' changing rooms extension and improvement through ADC funding
Seeking external funding for the refurbishment of the Southwick outdoor courts, and or an alternative use for the same
Subject to car park extension - improvements to reception at Lancing Manor including access control
Installing access control at all sites (Chanctonbury priority)
Development of external seating areas to catering facilities at Lancing Manor
Continuous redecoration and facility improvement
Disabled access improvements during all refurbishment work
Environmental conservation measures including:
Further energy management and energy usage reduction opportunities
Seeking external funds for applicable investments or services
Further security improvements.

QUEST will be maintained at all sites and was achieved at Chanctonbury in April 2017 for the first time.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Appointment of trustees

The board of trustees (volunteers) are drawn from all sections of the local community. Two elected councillors of ADC are included on the board. Once appointed, trustees act in their personal capacity in the best interests of ACL and do not act as representatives of the body that nominated them.

The board is made up of the following categories of trustees, which are fixed in the articles:

Independent trustees x 8 (ideally)

Local Authority elected trustees x 2

Employee elected trustees x 1

ADC elects two representatives to the board annually, although for continuity ADC has in the past proposed that the same councillors continue to be trustees of ACL whenever possible.

Should there be a need to attract new trustees to the board, then the membership of ACL can be consulted to put prospective trustees forward, in addition adverts are placed at the sites and in appropriate media including various websites.

The trustees appoint new members and trustees at board meetings and may appoint any person willing to be a trustee in seeking to provide a broad range of skills on the board. No decision on such appointments shall be taken unless ADC appointed trustees have first been consulted, or reasonable steps have been taken to allow such consultation.

All trustees will hold office for a maximum of three years before retiring. Upon retirement, the other trustees may re-appoint him/her or another person. At each Annual General Meeting (AGM), the greater of three and 33% of the longest serving trustees shall retire but may be re-appointed unless the vacancy is filled.

During the year the inflated number of trustees, resulting from the merger with WCRA, has reduced by natural wastage (voluntary resignation) and as such the Board is currently made up of the ideal number.

ADUR COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2017**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Adur Community Leisure is a community organisation working with ADC and other organisations, to provide leisure and cultural opportunities within the West Sussex area. ACL came into existence when ADC transferred leisure and cultural facilities to ACL 1st July 2006. A former Group subsidiary West Chanctonbury Recreation Association (Chanctonbury Leisure Centre) merged with ACL on 1st April 2015.

ACL is a registered charity and company limited by guarantee.

ACL is governed by a board of 11 trustees (ideal number). Each trustee guarantees to contribute an amount not exceeding £1 to the assets of ACL in the event of winding up. The total number of such guarantees at 31 March 2017 was 18 (2016 - 16).

The trustees have no beneficial interest in the Group or ACL.

As a charity, ACL is a non-profit distributing organisation. Therefore, members or trustees do not receive any dividend as all surpluses must be invested to pursue the charitable objectives of the company.

The trustees have overall responsibility for the organisation and its efficient operation. However, as volunteers the trustees appoint a Chief Executive (CEO, Mike Baden), to whom they delegate responsibility for undertaking the work that is required to ensure that organisation is operated efficiently, and in accordance with its objects. The trustees have agreed a delegated authority framework, which sets out the responsibilities of the trustees and management. In addition the trustees are aware that they have expert advice available to them from their auditors, legal advisors, bank and health and safety advisors. The trustees use the 'Code of Good Governance' as a framework to govern ACL in line with best practice principles.

Trustee induction and training

The trustees have agreed a Governance Manual, which provides information about ACL, including its history, structure, governance, legal standing, agreements with related parties, procedures at meetings, shared contact information, information about being a trustee (Charity Commission) and other sources of information.

Once appointed new trustees are inducted by the CEO and Company Secretary using the governance manual as a guide.

Occasionally training is provided to the trustees as a group, in the past this has included governance, risk analysis and financial responsibility training. In addition, individual trustees are encouraged to attend training provided by auditors and legal advisors on a range of subjects.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel

ACL have a Remuneration Policy which is a Group policy. This policy is posted on IL's website no more than two clicks away from the home page.

The senior management that support the activities of ACL and the Board are employed by the holding company Impulse Leisure. As these senior managers work indirectly for ACL they are not included in this report because ACL purchase their services as part of a charge made for the whole service IL provide to ACL.

The Group is committed to ensuring a proper balance between paying staff and others who work for it fairly so that only the best people are recruited and retained.

Whilst ACL remuneration is generally competitive within the leisure industry it does not compete on pay with other industries. Leisure remains a low pay industry.

When determining the salary for a post, IL will collect information about comparable roles where possible, preferably within the Leisure sector. This information will be used to benchmark IL salaries, normally aiming to set them at a level that appears to represent the market / local area. IL will also seek advice from peers within other organisations where they employ people in similar roles. To this end IL benchmark with other south east leisure centre operators (SELCO) and the Sport and Recreation Trust Association (SPORTA). SPORTA represent charitable organisations who provide leisure and cultural services.

All posts meet the minimum requirements in respect of the National Minimum Wage, which is reviewed and amended where required in October each year. (NMW is now reviewed in April from April 2017 onwards).

All employees working for ACL will be paid at least the National Living Wage (NLW) of £7.50 with effect from 1st April 2017, this is regardless of age. This action is designed to help improve, the current poor staff turnover, recruitment and retention.

Salaries for the majority of posts will comprise a band made up of a series of salary points. Other posts have a flat rate salary. All salaries are openly stated in job adverts.

Post-holders will progress up to the next salary point within their band at the beginning of each new financial year, subject to having received a satisfactory annual appraisal (Development and Review Time (DART) and performance assessment) and having achieved their key performance indicators for the year. Following the annual appraisal (DART), an employee's manager will make a recommendation to the Chief Executive as to whether a progression up to the next band has been merited.

'Annual' Pay Award and Adjustments - During the budget setting process (in around November/December) each year, for implementation in the following new financial year (April), the IL management team will consider whether the salary points for all staff should be adjusted for the forthcoming financial year beginning 1st April, to reflect changes in cost of living.

The considerations will begin with an assumption that salaries should be adjusted to match inflation (specifically the Consumer Price Index) over the preceding 12-months. Further consideration will then determine whether this is appropriate in the context of:-

- i. ACL's financial situation - can it afford the CPI linked increase and is it sustainable?
- ii. ACL's performance - have KPIs been met?
- iii. Previous pay awards made in recent years
- iv. Pay reviews elsewhere - how might a failure to follow wider trends be perceived amongst staff, within peer organisations
- v. Overall affordability and sustainability - can ACL realistically afford it now and can it sustain it moving forwards?
- vi. ACL's ability to attract and retain suitable staff in sufficient numbers to deliver a consistent service level.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel

Based on the above, the management team will make a recommendation to the Trustees, to approve any annual pay award. If approved, annual pay awards will be applied equally to all staff including senior managers. In April 2017 most staff are benefitting from a minimum 4% pay increase.

In order to close (and or maintain the gap) to the Living Wage (Living Wage Foundation) some lower paid posts may receive a larger pay increase, where affordable and sustainable, whilst having regard to maintain a level of positive pay differential for those in more senior positions.

The Chief Executive has the responsibility to make any adhoc decisions regarding salary changes for any position/post holder. Any decision/s regarding the salary of the Chief Executive and senior managers is made by the Impulse Leisure Trustees. The Senior Management Team does not have delegated authority in matters relating to their own remuneration, and any recommendations or decisions must be ratified by the Trustees prior to implementation.

By nature of previous arrangements (TUPE transfers), some staff have previously opted to join the Local Government Pension Scheme (LGPS) in accordance with the respective Admission Agreement with West Sussex County Council.

For those staff who are not members of the LGPS, the Group complies with its statutory auto-enrolment duties in accordance with Part 1 of the Pensions Act 2008, where employees will be automatically enrolled into a defined contribution pension scheme from the date required by the Pensions Act 2008. Details are notified to each individual separately, including what he/she would need to do should they wish to opt out of membership. In this regard, the Group uses NEST to fulfil auto-enrolment obligations.

All staff, regardless of whether entitled/not entitled/eligible have the opportunity to join NEST on request. Furthermore, Impulse Leisure (and the employee) pay contributions on total earnings, irrespective of age or earnings level. Employees can only be a member of one pension scheme.

Private Health Care

Historically some of the senior management team have private health care arrangements, to ensure that any ill-health is treated promptly, so the individual can continue/return to work with minimum absence. All private health care is declared on P11D and subject to tax in accordance in HMRC guidelines.

Use of Facilities by Employees

In order to promote health, fitness and wellbeing, employees may use the facilities free of charge, provided a paying member of the public is not prohibited from use as a result of an employee taking up space.

Neither ACL or Impulse Leisure Trustees are paid for their work as a Trustee.

Trustees can be reimbursed for reasonable out of pocket expenses. They may also be paid for undertaking special work for the charity, provided that this meets with the Charity Commission guidance 'Payments to Charity Trustees - What the Rules Are'. However, Impulse Leisure will generally avoid engaging its Trustees for work and will only do so where there is no suitable alternative supplier of that work.

Related parties and relationships with other organisations

ACL is a subsidiary of the Group Parent Impulse Leisure (IL); IL being a non-profit-distributing-organisation. ACL buys its senior management, administration, finance, human resources, support and development function from IL and an Intra-group Agreement governs this arrangement. Two ACL trustees are trustees of IL. Trustees of IL have no beneficial interest in the Group or ACL.

Another charitable subsidiary, Thurrock Community Leisure is also part of the IL Group.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Modern Slavery Act 2015

ACL takes steps to prevent modern slavery and human trafficking in our business in accordance with the Modern Slavery Act 2015.

ACL's main activity is the supply of leisure services to the public, rather than the supply of goods, but ACL does purchase goods and services from other organisations (supply chain) to enable leisure services to be delivered.

ACL's supply chain mainly consists of the receipt of goods from other organisations, all but one of which are based in the United Kingdom. The main areas of supply relate to repairs and maintenance, equipment, cleaning, utilities and catering. As part of the review for this statement ACL is in the process of questioning suppliers about their commitment to preventing modern slavery.

Procurement from these suppliers is a centralised function which requires the formation and use of only pre-approved suppliers. In this way ACL will have control in place for committed expenditure and also the option to complete due diligence and retrospective checks.

Procurement policy is designed to ensure we operate in a legal and ethical manner. All suppliers should commit to comply with all laws, regulations and ACL's policies and terms of supply. ACL take a zero tolerance approach to abuse of human rights, slavery, servitude, forced or compulsory labour and human trafficking. Any supplier that fails to meet these standards will jeopardise their ability to trade with ACL.

ACL work closely with the community at all of its centres and have noted that the most vulnerable groups in the UK for modern slavery could include migrant workers, illegal immigrants, asylum seekers, homeless people, travellers and people suffering from learning difficulties. ACL already has detailed procedures, operating documents and training for safeguarding and is working on how staff can be educated on modern slavery and help identify anyone in the community that may be at risk of abuse.

IL has strict HR policies and procedures that ensure compliance with legislation and ensures fair and equal treatment, dignity at work and prevents discrimination. IL policies and operating documents are available to all staff. Staff are encouraged to report any activity they believe to be in breach of any operating standards or policies.

ACL is committed to ensuring there is no modern slavery or human trafficking in any part of our business and will -
oIdentify and assess risks in the supply chain and ensure compliance from suppliers
oProvide training for staff on these risks
oProtect whistle blowers.

Policy for employment of disabled persons

ACL wholeheartedly supports the principle of equal opportunities and diversity in employment and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, age or disability.

It is in ACL's best interests, and those of all who work in it, to ensure the human resources, talents and skills available throughout the organisation and community are considered when employment and or training opportunities arise.

ACL is 'positive about disability', and operates a Guaranteed Interview Scheme (GIS).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Statistical reports are compiled once the whole recruitment and selection process is complete, these show the ethnic/national background, gender, age, religion/religious belief and disability (if any) of all applications; those short-listed, and those offered employment.

ACL recognises that during employment a persons' capability to carry out their duties may deteriorate. This can be for a number of reasons, the most common ones being that either the job changes over a period of time, or because of health reasons (including disability). Should this be the case, ACL will make every effort to ensure staff receive adequate training and supervision to reduce any impact. Informal meetings are used in the first instance with a view to resolving any issues. ACL will also consider the possibility of a transfer to more suitable work, if this is possible. If issues persist ACL will normally seek a medical diagnosis and prognosis and with the benefit of this professional medical advice, consult with the employee to enable a decision to be made about the future, either in the current role or, where circumstances permit, in a more suitable role.

Where concerns about work arise due to the nature of a disability as defined under the Act, ACL will endeavour to make reasonable adjustments to work and/or working pattern wherever possible.

Employee information

Employees are provided with information in a number of ways including general electronic communication to personal email addresses, staff notice boards, staff newsletters (3 times per annum), staff forums (2 times per annum per site), team briefings, staff satisfaction survey (once per annum) and one to one meetings where appropriate. These communications are used to provide employees with relevant information on matters of concern to them, common awareness of the financial and economic factors affecting ACL's performance and seek the employees' views about the business and how it might be improved. Although Performance Related Pay (PRP) was not applicable and therefore not paid in 2016 for the outcomes of the 2015/16 financial year, staff are aware that PRP may be applicable to future years should the financial performance of ACL be sufficient.

ACL recognise the trade union Unison and staff can seek their advice and support where applicable. ACL consult with Unison in line with the recognition agreement in place.

ADUR COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Adur Community Leisure Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with 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".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, 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 Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:

.....
Dr P Wilson - Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ADUR COMMUNITY LEISURE LIMITED

We have audited the financial statements of Adur Community Leisure Limited for the year ended 31 March 2017 on pages twenty one to forty. 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 charitable company'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 members those matters we are required to state to them in an auditors' report 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 members 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 set out on page eighteen, 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 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 31 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 the 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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Report of the Trustees:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ADUR COMMUNITY LEISURE LIMITED

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.

Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date:

ADUR COMMUNITY LEISURE LIMITED**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

		Unrestricted fund	Restricted fund	31.3.17 Total funds	31.3.16 Total funds
	Note	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	-	-	-	643,874
Charitable activities	4				
Leisure centres activities		2,822,358	51,965	2,874,323	2,833,901
Catering activities		176,202	-	176,202	171,121
Office rent activities		5,000	-	5,000	5,000
Investment income	3	<u>1,247</u>	<u>-</u>	<u>1,247</u>	<u>501</u>
Total		<u>3,004,807</u>	<u>51,965</u>	<u>3,056,772</u>	<u>3,654,397</u>
 EXPENDITURE ON					
Raising funds	5	49,187	-	49,187	69,329
Charitable activities	6				
Leisure centres activities		2,739,125	54,368	2,793,493	2,816,792
Catering activities		<u>172,526</u>	<u>-</u>	<u>172,526</u>	<u>154,325</u>
Total		<u>2,960,838</u>	<u>54,368</u>	<u>3,015,206</u>	<u>3,040,446</u>
 NET INCOME/(EXPENDITURE)		<u>43,969</u>	<u>(2,403)</u>	<u>41,566</u>	<u>613,951</u>
 Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		<u>(183,000)</u>	<u>-</u>	<u>(183,000)</u>	<u>83,000</u>
Net movement in funds		<u>(139,031)</u>	<u>(2,403)</u>	<u>(141,434)</u>	<u>696,951</u>
 RECONCILIATION OF FUNDS					
Total funds brought forward		<u>1,163,072</u>	<u>2,403</u>	<u>1,165,475</u>	<u>468,524</u>
 TOTAL FUNDS CARRIED FORWARD		<u><u>1,024,041</u></u>	<u><u>-</u></u>	<u><u>1,024,041</u></u>	<u><u>1,165,475</u></u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

BALANCE SHEET
AT 31 MARCH 2017

	Note	Unrestricted fund £	Restricted fund £	31.3.17 Total funds £	31.3.16 Total funds £
FIXED ASSETS					
Tangible assets	11	1,805,381	-	1,805,381	1,816,807
CURRENT ASSETS					
Stocks	12	22,479	-	22,479	15,049
Debtors	13	56,829	-	56,829	30,867
Cash at bank		<u>423,304</u>	<u>-</u>	<u>423,304</u>	<u>150,461</u>
		502,612	-	502,612	196,377
CREDITORS					
Amounts falling due within one year	14	(342,475)	-	(342,475)	(313,065)
NET CURRENT ASSETS/(LIABILITIES)		<u>160,137</u>	<u>-</u>	<u>160,137</u>	<u>(116,688)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,965,518	-	1,965,518	1,700,119
CREDITORS					
Amounts falling due after more than one year	15	(954,477)	-	(954,477)	(733,644)
PENSION ASSET	19	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>199,000</u>
NET ASSETS		<u><u>1,024,041</u></u>	<u><u>-</u></u>	<u><u>1,024,041</u></u>	<u><u>1,165,475</u></u>
FUNDS	18				
Unrestricted funds				1,024,041	1,163,072
Restricted funds				<u>-</u>	<u>2,403</u>
TOTAL FUNDS				<u><u>1,024,041</u></u>	<u><u>1,165,475</u></u>

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

.....
Dr P Wilson -Chair

The notes form part of these financial statements

ADUR COMMUNITY LEISURE LIMITED**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	31.3.17 £	31.3.16 £
Cash flows from operating activities:			
Cash generated from operations	1	219,471	(438,955)
Interest paid		<u>(24,189)</u>	<u>(37,330)</u>
Net cash provided by (used in) operating activities		<u>195,282</u>	<u>(476,285)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(143,272)</u>	<u>(274,694)</u>
Net cash provided by (used in) investing activities		<u>(143,272)</u>	<u>(274,694)</u>
Cash flows from financing activities:			
New loans in year		360,000	648,583
Capital repayments in year		<u>(139,167)</u>	<u>(64,841)</u>
Net cash provided by (used in) financing activities		<u>220,833</u>	<u>583,742</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		272,843	(167,237)
Cash and cash equivalents at the beginning of the reporting period		<u>150,461</u>	<u>317,698</u>
Cash and cash equivalents at the end of the reporting period		<u>423,304</u>	<u>150,461</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.17	31.3.16
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	41,566	613,951
Adjustments for:		
Depreciation charges	154,698	164,558
Interest paid	24,189	37,330
Transfer of assets (net book value)	-	(1,277,927)
(Increase)/decrease in stocks	(7,430)	4,578
Increase in debtors	(25,962)	(18,720)
Increase in creditors	29,410	27,275
Difference between pension charge and cash contributions	<u>3,000</u>	<u>10,000</u>
Net cash provided by (used in) operating activities	<u>219,471</u>	<u>(438,955)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy or note.

The presentational currency of the financial statements is the Pound Sterling (£). Amounts included in the financial statements are rounded to the nearest Pound Sterling (£).

Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether capital grants or revenue grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Interest receivable:

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, and conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to the activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following bases which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives, and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- Leisure centres 94%
- Catering activities 6%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £20,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Leasehold property	50 years
Leasehold improvements	10 - 40 years
Assets on finance lease	over the length of the lease

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rental charges are charged on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102. The Charitable Company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016.

The Charitable Company provides pension benefits for eligible staff through a West Sussex County Council administered pension scheme. The West Sussex County Council administered scheme is a multi-employer scheme which provides benefits based upon final pensionable pay. For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Contributions made by the Charitable Company to defined contribution pension schemes are charged to the Statement of Financial Activities as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like plant and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

ADUR COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

2. DONATIONS AND LEGACIES

	31.3.17	31.3.16
	£	£
Donations	<u>-</u>	<u>643,874</u>

On 1 April 2015 all of the activities, assets and funds of WCRA (another charitable company within the Impulse Leisure Group) were transferred to Adur Community Leisure.

3. INVESTMENT INCOME

	31.3.17	31.3.16
	£	£
Bank Interest	<u>1,247</u>	<u>501</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.3.17	31.3.16
		£	£
Leisure Centre Income	Leisure centres activities	2,874,323	2,833,901
Leisure Centre Income	Catering activities	176,202	171,121
Office and Cottage Rent	Office rent activities	<u>5,000</u>	<u>5,000</u>
		<u>3,055,525</u>	<u>3,010,022</u>

Leisure centre income includes £170,000 funding received from Adur District Council (2016: £180,000).

Leisure centre income includes restricted funding £51,965 (2016: £54,495). This includes a grant of £9,000 from West Sussex County Council (2016: £38,000), and various other grants received from other funders for healthy living, sports, and programmes to help improve health and fitness in the community.

5. RAISING FUNDS

Other trading activities

	31.3.17	31.3.16
	£	£
Promotion and publicity	<u>49,187</u>	<u>69,329</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

6. ANALYSIS OF EXPENDITURE

	Cost of raising funds	Charitable activities		Governance costs	Support costs	31.03.17	31.03.16
	£	Leisure centres	Catering	£	£	Total	Total
		£	£			£	£
Staff costs	-	1,258,184	39,645	-	155,276	1,453,105	1,444,339
Promotion and publicity	49,187	-	-	-	-	49,187	69,329
Premises costs	-	329,021	8,174	-	-	337,195	357,117
Purchases for resale	-	100,054	55,552	-	-	155,606	154,588
Office administration costs	-	241,949	13,988	-	759,026	1,014,963	1,006,035
Audit and accountancy	-	-	-	5,150	-	5,150	8,900
Legal and professional	-	-	-	-	-	-	138
	49,187	1,929,208	117,359	5,150	914,302	3,015,206	3,040,446
Support costs	-	859,444	54,858	-	(914,302)	-	-
Governance costs	-	4,841	309	(5,150)	-	-	-
Total expenditure 2017	49,187	2,793,493	172,526	-	-	3,015,206	
Total expenditure 2016	69,329	2,816,792	154,325	-	-		3,040,446

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.17	31.3.16
	£	£
Auditors' remuneration	5,150	8,900
Depreciation - owned assets	89,857	99,717
Depreciation - assets on hire purchase contracts and finance leases	64,841	64,841

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

Trustees only receive remuneration in respect of the services they provide undertaking the roles of staff and not in respect of their services as Trustees. The value of Trustees' remuneration was as follows:

E Scrymgeour (appointed 25/07/2016):		
Remuneration	2017: £13,732	2016: n/a
Employer's pension	2017: £2,038	2016: n/a
R Brattle (resigned 25/07/2016):		
Remuneration	2017: £7,099	2016: £20,899
Employer's pension	2017: £1,278	2016: £3,994

Trustees' expenses

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2016: £138) incurred by no members (2016: one member) relating to attendance at meetings of the trustees.

9. STAFF COSTS

	31.3.17	31.3.16
	£	£
Wages and salaries	1,341,518	1,325,983
Social security costs	64,730	62,633
Other pension costs	46,857	55,723
	<u>1,453,105</u>	<u>1,444,339</u>

The total employee benefits including pension contributions of the key management personnel were £185,227 (2016: £196,125).

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

	31.3.17	31.3.16
Leisure centres	155	152
Catering	8	8
Support	6	6
	<u>169</u>	<u>166</u>

No employees received emoluments in excess of £60,000.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	643,874	-	643,874
Charitable activities			
Leisure centres activities	2,779,406	54,495	2,833,901
Catering activities	171,121	-	171,121
Office rent activities	5,000	-	5,000
Investment income	<u>501</u>	<u>-</u>	<u>501</u>
Total	3,599,902	54,495	3,654,397
 EXPENDITURE ON			
Raising funds	69,329	-	69,329
Charitable activities			
Leisure centres activities	2,764,700	52,092	2,816,792
Catering activities	<u>154,325</u>	<u>-</u>	<u>154,325</u>
Total	2,988,354	52,092	3,040,446
 NET INCOME/(EXPENDITURE)	611,548	2,403	613,951
 Other recognised gains/(losses)			
Actuarial gains/losses on defined benefit schemes	<u>83,000</u>	<u>-</u>	<u>83,000</u>
Net movement in funds	694,548	2,403	696,951
 RECONCILIATION OF FUNDS			
Total funds brought forward	468,524	-	468,524
 TOTAL FUNDS CARRIED FORWARD	<u>1,163,072</u>	<u>2,403</u>	<u>1,165,475</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 April 2016	2,105,716	324,207	2,429,923
Additions	<u>143,272</u>	<u>-</u>	<u>143,272</u>
At 31 March 2017	<u>2,248,988</u>	<u>324,207</u>	<u>2,573,195</u>
DEPRECIATION			
At 1 April 2016	521,243	91,873	613,116
Charge for year	<u>89,857</u>	<u>64,841</u>	<u>154,698</u>
At 31 March 2017	<u>611,100</u>	<u>156,714</u>	<u>767,814</u>
NET BOOK VALUE			
At 31 March 2017	<u>1,637,888</u>	<u>167,493</u>	<u>1,805,381</u>
At 31 March 2016	<u>1,584,473</u>	<u>232,334</u>	<u>1,816,807</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £
COST	
At 1 April 2016	<u>324,207</u>
DEPRECIATION	
At 1 April 2016	91,873
Charge for year	<u>64,841</u>
At 31 March 2017	<u>156,714</u>
NET BOOK VALUE	
At 31 March 2017	<u>167,493</u>
At 31 March 2016	<u>232,334</u>

12. STOCKS

	31.3.17 £	31.3.16 £
Stocks	<u>22,479</u>	<u>15,049</u>

ADUR COMMUNITY LEISURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2017**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.17	31.3.16
	£	£
Other debtors	3,298	5,935
VAT	19,815	-
Prepayments and accrued income	<u>33,716</u>	<u>24,932</u>
	<u>56,829</u>	<u>30,867</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17	31.3.16
	£	£
Bank loans and overdrafts (see note 16)	48,632	48,632
Other loans (see note 16)	33,800	33,800
Finance lease(see note 17)	64,841	64,841
Trade creditors	50,904	77,809
Amounts owed to group undertakings	82,573	79,876
VAT	-	7,015
Accruals and deferred income	<u>61,725</u>	<u>1,092</u>
	<u>342,475</u>	<u>313,065</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.17	31.3.16
	£	£
Bank loans (see note 16)	320,158	360,684
Other loans (see note 16)	531,667	205,467
Finance lease(see note 17)	<u>102,652</u>	<u>167,493</u>
	<u>954,477</u>	<u>733,644</u>

The charitable company has loans transferred from West Chancetonbury Recreation Association as part of the merger. These loans helped to fund the facility improvement works in 2014/15. These loans are:

A loan of £409,316 from National Westminster Bank plc which commenced in August 2014 and is repayable over 10 years of instalments. Interest is charged at 3.5% over base rate.

A loan of £171,600 from the Parent Company (Impulse Leisure Limited) which commenced in December 2014 and is payable in instalments over 10 years at a fixed interest rate of 5%.

The charitable company has a loan of £67,667 from Thurrock Community Leisure Limited (part of Impulse Leisure Group), which commenced in February 2016, and is payable over 5 years at a fixed interest rate of 5%. This loan was used to fund the Astro Turf Pitch at Lancing Manor.

The charitable company has a loan of £360,000 from Thurrock Community Leisure Limited (part of Impulse Leisure Group) which is repayable over a term of 6 years at an interest rate of 7% fixed with the first capital repayment falling due in April 2018.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

16. LOANS

An analysis of the maturity of loans is given below:

	31.3.17 £	31.3.16 £
Amounts falling due within one year on demand:		
Bank loans	48,632	48,632
Other loans	<u>33,800</u>	<u>33,800</u>
	<u>82,432</u>	<u>82,432</u>
 Amounts falling due between two and five years:		
Bank loans - 2-5 years	320,158	360,684
Other loans - 2-5 years	<u>531,667</u>	<u>205,467</u>
	<u>851,825</u>	<u>566,151</u>

17. LEASING AGREEMENTS

	Finance leases 31.3.17 £	31.3.16 £
Net obligations repayable:		
Within one year	64,841	64,841
Between one and five years	<u>102,652</u>	<u>167,493</u>
	<u>167,493</u>	<u>232,334</u>

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.17 £	31.3.16 £
Within one year	61,777	84,695
Between one and five years	<u>683</u>	<u>62,348</u>
	<u>62,460</u>	<u>147,043</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

18. MOVEMENT IN FUNDS

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
Unrestricted funds			
General fund	1,163,072	(139,031)	1,024,041
Restricted funds			
Restricted funds - leisure centres	2,403	(2,403)	-
TOTAL FUNDS	<u>1,165,475</u>	<u>(141,434)</u>	<u>1,024,041</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,004,807	(2,960,838)	(183,000)	(139,031)
Restricted funds				
Restricted funds - leisure centres	51,965	(54,368)	-	(2,403)
TOTAL FUNDS	<u>3,056,772</u>	<u>(3,015,206)</u>	<u>(183,000)</u>	<u>(141,434)</u>

Purposes of restricted funds

Grant funding was received from Sport England for the Make Your Move initiative. The project is a joint project with Thurrock Community Leisure, forming part of the 'Sporta Family Series'.

Grant was received from West Sussex County Council in the year to provide short break services and inclusive activities for disabled children.

Various other grants were received from other funders for healthy living, sports, and programmes to help improve health and fitness in the community.

19. EMPLOYEE BENEFIT OBLIGATIONS

Employees of Adur Community Leisure are admitted to the West Sussex County Council Pension Fund, a defined benefit scheme which is administered by West Sussex County Council under the regulations governing the Local Government Pension Scheme. The calculation can also be very sensitive to the actuarial assumptions used in valuing the scheme. The figures disclosed below have been derived by approximate methods from the full actuarial valuation of the fund carried out by the actuary as at 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

19. EMPLOYEE BENEFIT OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Present value of funded obligations	(2,272,000)	(1,612,000)
Fair value of plan assets	<u>2,285,000</u>	<u>1,811,000</u>
	<u>13,000</u>	<u>199,000</u>
Surplus	<u>13,000</u>	<u>199,000</u>
Net asset	<u><u>13,000</u></u>	<u><u>199,000</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Current service cost	46,000	54,000
Net interest from net defined benefit asset/liability	<u>62,000</u>	<u>56,000</u>
	<u>108,000</u>	<u>110,000</u>
Actual return on plan assets	<u><u>395,000</u></u>	<u><u>(23,000)</u></u>

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

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Defined benefit obligation	1,612,000	1,615,000
Current service cost	46,000	54,000
Contributions by scheme participants	13,000	14,000
Interest cost	62,000	56,000
Actuarial losses/(gains)	578,000	(106,000)
Benefits paid	<u>(39,000)</u>	<u>(21,000)</u>
	<u><u>2,272,000</u></u>	<u><u>1,612,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

19. EMPLOYEE BENEFIT OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Fair value of scheme assets	1,811,000	1,741,000
Interest on assets	69,000	60,000
Contributions by employer	36,000	40,000
Contributions by scheme participants	13,000	14,000
Actuarial gains/(losses)	395,000	(23,000)
Benefits paid	(39,000)	(21,000)
	<u>2,285,000</u>	<u>1,811,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Actuarial gains/(losses)	(183,000)	83,000
	<u>(183,000)</u>	<u>83,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Equities	1,592,000	1,304,000
Bonds	286,000	290,000
Property	180,000	163,000
Other	168,000	-
Cash	59,000	54,000
	<u>2,285,000</u>	<u>1,811,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.3.17	31.3.16
Discount rate	2.8%	3.8%
Future salary increases	3.3%	3.2%
Future pension increases	2.3%	2.2%

The charitable company expects to contribute £37,000 to its defined benefit pension plan in 2017/18.

Amounts for the current and previous four periods are as follows:

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

19. EMPLOYEE BENEFIT OBLIGATIONS
- continued

	2017 £	2016 £	2015 £	2014 £	2013 £
Defined benefit obligation	(2,272,000)	(1,612,000)	(1,615,000)	(1,582,000)	(1,567,000)
Plan assets	2,285,000	1,811,000	1,741,000	1,484,000	1,409,000
Surplus / (deficit)	13,000	199,000	126,000	(98,000)	(158,000)

The following table sets out the impact of a change in the discount rate, salary increase rate, and pension increase rate on the defined benefit obligation:

Change in assumptions at 31 March 2017:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount
0.5% decrease in Real Discount Rate	12%	£281,000
0.5% increase in the Salary Increase Rate	2%	£50,000
0.5% increase in the Pension Increase Rate	10%	£227,000

20. ULTIMATE PARENT COMPANY

The parent company is Impulse Leisure Limited, company registration number 05220291. The parent's principal purposes relate to the management of its charitable subsidiaries. The parent exercises control through its right to appoint or remove a majority of the board of trustees of the charitable company.

21. RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose for 2017 (2016: £nil).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

22. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.