

1610 Limited

**Report of the Trustees, Strategic Report and
Audited Financial Statements
For the Year Ended 31 March 2017**

**Registered Charity Number 1130010
Registered Company Number 06727055 (England and Wales)**

1610 Limited
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For the Year Ended 31 March 2017

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1610 Limited
Reference and Administrative Information
For the Year Ended 31 March 2017

TRUSTEES: Mr M Winlow
Mr J Sladden
Mrs R Bevins
Miss M Edwards (Resigned 7 February 2017)

SECRETARY: Mr P Fox

REGISTERED OFFICE: Hestercombe House
Cheddon Fitzpaine
Taunton
Somerset
TA2 8LG

**REGISTERED COMPANY
NUMBER:** 06727055 (England and Wales)

**REGISTERED CHARITY
NUMBER:** 1130010

AUDITORS: A C Mole & Sons
Chartered Accountants and Statutory Auditors
Stafford House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

BANKERS: NatWest
49 North Street
Taunton
Somerset
TA1 1LX

SOLICITORS: The Legal Director
High Bank
Honiton Road
Taunton
TA3 7JW

1610 Limited
Trustees' Annual Report (incorporating the Strategic Report)
For the Year Ended 31 March 2017

The Trustees, who are also Directors for the purposes of company law, present their annual report and their strategic report with the financial statements for the year to 31 March 2017.

Introduction from our CEO; Tim Nightingale

Welcome to the 2016/17 1610 Trustees' annual report.

In 2016/17 1610 faced one of the most difficult and challenging operational years to date. The continuing effects of major Council budget reductions plus Government changes to public finances and living standards have impacted on businesses in all sectors. The introduction of The Living Wage by Government fundamentally altered the base operating costs for UK business, nowhere more so than in the service sector. The final prong of financial pressure on 1610 in 2016/17 has come from the triennial review of public sector pension liabilities. The impact on potential long term liabilities and the very future of the Trust has been tested by the actuarial reviews for the year.

Pressures within the labour market have generated further complications for all business across the South West. Recruitment has become increasingly difficult in terms of volume of people available for work and a lack of skilled employees. Changes to the apprenticeship UK model from 2016 and the introduction of the Apprenticeship Levy, have also presented new challenges to recruiting people into the leisure sector.

The exponential growth in 'disruptive' technologies has simultaneously fuelled an explosion of new competition for the traditional leisure operators. New online fitness services and personal trainer content has given consumers a choice of working out at home and on demand, challenging the need to visit a venue for exercise.

All of these factors have galvanised the 1610 company workforce to seek new ways to operate the 1610 business and to implement transformational change management programmes to address Council requirements for savings. It is no longer a question of just seeking growth through new business. The very essence of business for 1610 in 2016/17 has been the re-shaping and designing of operating systems, staff structures and programmes to maximise efficiency of operation, whilst remaining attractive and competitive to consumers. The very same consumers that are better informed and have a far greater choice of provider and access points to leisure and fitness than ever before.

This has been the most difficult year of trading and operation for 1610 since its inception in 2009. Change at every level from finances to people and new competition has been a daily pressure. The Trust faces difficult decisions for the future but perhaps there are also opportunities from the disruption. To survive and prosper 1610 has been forced to reflect on every aspect of business daily life, to seek out better models of delivery and to ensure that staff are fully aligned, informed and properly developed. A very testing year, one that has served to bring out the best in individuals and the staff teams within the Trust.

Structure, Governance and Management

Governing Document

1610 Limited is a charitable company limited by guarantee, incorporated on 17 October 2008 and registered as a charity on 5 June 2009. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Principal Activities

The Trust operates a number of leisure centres on behalf of local Councils, together with its own facilities, ensuring community access to sporting and leisure facilities are available to everyone and the promotion of a fit and healthy lifestyle. Complementing the leisure contracts are a range of 1610 facilities and services that operate sports development, outdoor learning, healthy and wellbeing programmes.

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Organisational Structure

1610 had four Board members in April 2016. The Board meets four times per annum. The Board is serviced by a Company Secretary. Miss M Edwards left the Board in February 2017.

Delegation of responsibilities is in place for the daily operations of the Trust, with the Chief Executive, Tim Nightingale, and senior managers, having active control. The CEO has responsibility for the delivery of any contractual outcomes, service specification requirements, and performance against agreed Key Performance Indicators (KPIs). There are clear pathways of delegation from the CEO to senior managers who individually and collectively work with site staff to manage the business across multiple venues in the South West.

Operational standards are defined through nationally recognised quality managements systems/frameworks that comprehensively document activities and processes for staff at all levels.

Recruitment and Appointment to the Trust Board

Directors of the company are also charity Trustees for the purposes of charity law. They are elected to serve for 3 years retiring on the third anniversary of their appointment, after which they may be re-elected for a further 3 years.

Potential new Trustees are identified through networking and recommendation; it is important to us that Trustees understand our ethos from the outset and are passionate about what we do.

The Company Secretary is Peter Fox. He is also the 1610 legal advisor.

Trustee Induction and Training

New Trustees are invited to meet the Senior Leadership Team members and are given a short induction to advise them on the operations, activities and key personnel within the Trust. These sessions are led by the Chief Executive and other key senior staff and include:

- A welcome pack; including materials related to the Trust operations and governance (including the financial accounts), legal status and guidance from the Charity Commission on the responsibilities, obligations and liabilities of becoming a Trustee.
- New Trustees are given an opportunity to visit one of the main Trust leisure operations to familiarise themselves with the core work and to meet Trust staff.
- New Trustees are also encouraged to contact the Chair of the Trust, a fellow Trustee or the Company Secretary to gain a further insight into the day to day business and ethos of the organisation.
- Trustees are regularly updated on training opportunities at Board sessions. Key functions around safeguarding and health and safety

All Trustees are given an induction as part of the Trust health and safety policy – with regular training given thereafter.

Payments to Trustees

During the period, no remuneration has been paid to the Trustees or any person connected with them. Travelling expenses totalling £126 (2016: £57) for all Trustees

The Trustee, Mrs R Bevins, is also a director of Rebecca Bevins HR Consultancy Limited. During the year the Trust has paid £6,072 (2016: £nil) to Rebecca Bevins HR Consultancy Limited for professional services. At the balance sheet date the Trust owed £nil (2016 £nil) to Rebecca Bevins HR Consultancy Limited.

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Our Aims and Objectives

1610 Trust's purposes are defined in the objects set out in the company's Memorandum of Association and can be summarised as follows:

- The advancement and support of education, cultural services and other related provision through direct management of facilities or related activity programmes.
- The delivery and management of leisure, recreation and sports facilities particularly with a focus on provision for hard to reach groups and key target groups that have barriers to participation.
- The promotion and delivery of health and wellbeing programmes with an emphasis on sport and physical activity.
- The advancement of physical education and sport.
- Other charitable proposals that have public benefit which are consistent with the core objectives of the trust.

1610 Trust seeks to deliver high quality services to Somerset and wider South West communities.

The core aims of our work is to develop 1610 facilities and programmes to improve health, sporting / leisure abilities and participation; contribute to raising the quality of life for the general community and supporting schools in their development of young people.

Throughout this work, Trustees recognise that there is a need to ensure that the Trust observes Charity Commission guidance on public benefit to ensure alignment with activities and the core Trust aims and objectives.

The Trust HQ is at Hestercombe House, near Taunton, a 100 acre estate shared with Hestercombe Gardens Trust.

How activities deliver public benefit

1610 serves a largely rural population in the South West of England through a network of 19 leisure facilities. Fourteen of the sites are dual use in nature and this model maximises the use of leisure assets on school sites. This model often provides isolated or small rural communities with access to local sports, health and learning facilities / programmes where there would be insufficient volumes of people to make dedicated leisure centres viable.

Through this network of centres, 1610 delivers a diverse programme, often being asked to target hard to reach groups, those that are financially or social excluded, isolated communities or to work in areas with significant deprivation issues.

1610 works with groups and individuals creating many examples of life changing experiences. They are often achieved through using leisure and sport as a catalyst for altering the direction of a person's life or by providing new opportunities for a whole community.

1610 tackles many cross cutting social issues through leisure and sports offerings e.g. working with partners on crime reduction and diversionary activities offering young people parkour, paintballing, climbing and fitness programmes. This delivery is often in partnership with the public sector agencies, Health Authorities, Housing Associations, local authorities and community action groups.

Strategic Report

Achievement and Performance

Managing delivery of our aims

Senior Managers and the Trustees review the Trust aims, objectives and delivery on an annual basis against the yearly business plan that includes contractual targets and the annual budgets. Each department of the Trust produces annual work stream plans to enable successful programme delivery and overall development of the Trust business.

Through the UK Growth Accelerator Programme, 1610 has fully embedded the Vision Orbit (VO) strategic business tool to review and development organisations performance. The annual VO, Vital Few and Single Page Plan form the basis of business planning within the company. Staff members at every level of the organisation use this tool to align activities.

The Trust currently manages a series of public sector service contracts in the South West of England:

- A 10 year leisure contract with Somerset County Council for the delivery of wellbeing, leisure and sports programmes in nine school based dual use leisure sites in Somerset.
- A 10 year leisure contract with Torridge District Council to operate four leisure centres in North Devon.
- A 10 year contract with Futures for Somerset, to operate two dual use leisure facilities as part of the PFI Building Schools for the Future initiative in Bridgwater, Somerset.
- A 10 year contract with West Dorset District Council to operate the £8.5m Dorchester Leisure Centre in Dorchester.

Each contract has a comprehensive performance framework that is monitored quarterly / annually by the Senior Leadership Team and the various Council contract commissioning bodies. In addition the Trust devises and develops other programmes for the core Trust business that are self financing – e.g. Sports development events, outdoor education delivery and apprenticeship opportunities. 1610 also operates its own sites that sit outside these contracts.

What sets 1610 apart from other fitness/leisure providers is the changing role of the Trust – it's much more than just management of leisure centres. Since 2012 the Trust has actively pursued a wider community role, by increasing the choice of activities - from healthy living initiatives, adult learning programmes to workforce development and training for the leisure industry. Health and wellbeing is however the platform and common denominator to the activities, and the reason 1610 has a huge impact on people's lives.

Key KPIs for the Trust are:

- Number of people attending our sites;
- Meeting fitness standards;
- Number of customer complaints, linked to customer satisfaction;
- Health & Wellbeing attendances; and
- Apprenticeship achievements.

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The Focus of Work 2016 /17

The Vision Orbit plan for 16/17 (figure 1) highlights the nine key objectives that 1610 has focussed on in delivery plans for 2016 /17. Figure 2 illustrates the success levels on each objective.

Whilst the overall financial and contractual performance remained core priorities for 1610 three major issues dominated the 2016/17 operational year:

- **Somerset County Council Budget Reduction.**

In 2015/16 the Council had requested a budget reduction of £225,252 which was successfully delivered by the Trust. In 2016/17 the Council requested a further efficiency saving of approximately £512,000. A final savings figure of £301,233 was agreed with the Council. This major impact in funding challenged the fundamental viability of the Trust. This was achieved without closure of sites but the major budget reductions put into place involved the closure of the Workout Learning Department, the loss of three senior management posts and a total reshaping of the central management team. The Council agreed to fund £183,058 of redundancy costs. 1610 was required to fund a further £108k of redundancy costs to achieve the full savings position.

- **The Living Wage.**

The financial impact of the management fee reduction was further compounded by the introduction of The Living Wage in the UK from April 1st 2016. This new legislation required 1610 to undertake a complete strategic review of staff structures, roles and remunerations packages at every level of the business. Whilst a portion of the required increase in salary costs were absorbed within contracts, through consequential price rise, the Trust elected to undertake a transformational management programme to reshape the entire company.

- **LGPS Triennial Pension review.**

The end of year actuarial LGPS was the third, and most substantial financial challenge for the Trust to manage and will be a very major threat to the ongoing future of the Trust. The final budget outturn reflects the enormity of the challenge 1610 faces to ensure future viability. The estimated pension liability for the Trust increased from £848,000 to £2.4m, moving the Trust to an overall negative position of £914,330. Whilst this is a projected pension position, many years into the future, the full effect on 1610 is as yet unknown. In 2017/18 the Trust management team will be fully focussed on addressing the pension liability, the solvency of the Trust and the continued streamlining of operations to produce efficiencies.

- **1610 Operational Targets**

There were nine key performance targets for the year in the Vision Orbit Plan. Figure 2 below highlights how the Trust performed against the targets, with five outcomes fully achieved, two significantly delivered and 2 partially achieved.

P4 Transformational Management- a company wide transformational review was the single most critical piece of activity undertaken over the year. This workstream delivered the required efficiency savings for Somerset County Council. It also shaped the new workforce to enable the implementation of The Living Wage. The process included redundancies, new recruitment, annualisation of staff contracts, price increases and completely new operational teams at sites.

To enable this work a comprehensive training programme, new communication strategy and business meeting structure were designed and delivered by the Senior leadership team and core central staff.

Figure 1 - Making sense of the Vision Orbit 2016/17

Corporate Structure

1610 is currently a registered Charitable Trust Limited by Guarantee, we are reviewing whether this is the correct business model moving forward.

Profit Margin

This is represented as a % and is the difference between turnover less operational and central costs (1610 surplus). The expectation is that as the Trust becomes more commercial the % will increase and therefore create more surplus to reinvest.

Operational Cost

With pressure from Local Authorities the Trust aims to reduce the proportion of total costs to turnover. Starting with a reduction in Central costs, then focusing on increasing turnover and the efficiencies of operational costs, thereby reducing the proportion. This is not a cost cutting exercise.

Personalisation

This is the principle of ensuring that "everyone matters". All stakeholders have an impact on our business so it is important to treat them as individuals and tailor our approach accordingly, be it customers, staff, suppliers, partners, advisors etc...

Education Market

There is a significant opportunity to develop and implement relationships with a wide range of educational partners, from schools to prisons; to support our communities through health and well-being and training and development.

Acquisitions & Joint Ventures

The Trust will seek to identify and explore opportunities to acquire new business, or engage in business partnerships with the aim of a 20% success rate.

Business Mix

This is 1610's business as split between traditional local authority contracts, such as Dorchester, and directly controlled by 1610, such as the new Chard facility. The projected turnover split for 2016/2017 is 87.5%:12.5% respectively; the objective is to grow the directly controlled element to at least 40% by March 2019.

Organisational Resource

Looking at the financial impact of the living wage increases we are reviewing staffing structures and resources needed for operations and business development. This will make efficiencies at site as well giving employees the opportunity to develop and create clear career pathways within 1610.

New Product Development

Implement 5 sustainable new products per year across the Trust. This may consist of equipment, classes, programmes, training solutions, outreach and business development for all departments.

Target 87% Non Users

Within the UK only 13% of the population currently use a fitness facility. 1610 will concentrate on trying to understand some of these barriers and then look at what products, programmes, outreach and communication we use to try and attract and engage a % of this new audience.

Research & Development

Throughout 2016, 1610 will undertake a number of research projects to help inform and ensure we convert 5 out of 15 sustainable projects. The research will include new markets, new centres, new products or programmes.



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For the Year Ended 31 March 2017

Despite the external financial pressures 1610 continued to achieve strong business growth. The company also elected to review and continue to invest in the 'back office' systems to drive additional efficiencies and automate administration.

- Investment in ABS HR systems to provide online 'self service' functions for staff across the company
- Appointment of new ICT providers and a refresh of the companywide ICT infrastructure
- Commissioning of new Direct Debit external providers to replace previous in house manual systems
- Creation of new finance reporting systems to streamline the capture and management of all financial data
- Launch of WorkPlace – Facebook solution for improved communications across the workforce

Investment Policy

Other than making provision for the development and growth of the reserve fund, the vast majority of the funds the Trust generates on an annual basis will be committed to annual operations. It is unlikely, in the short or medium term, that there will be significant funds generated for long term investment.

Cash in hand is currently held in a special interest bearing account with NatWest. The bank offers a basic treasury service to maximise the investment of these funds whilst covering day to day operational business needs.

The Trustees recognise that the level of Cash at Bank held is significant; however with the changing nature of the business and investment opportunities it is essential that the Trust has the flexibility to react accordingly. In addition with one contract due to terminate in two years, and continuing pressure from Councils to deliver efficiency savings, it is crucial that funds are available to support the Trust during this transitional phase, to manage the exit process and meet any exit costs.

Reserves Policy

The Trustees recognise the requirement to establish a reserves policy; in setting the reserves policy the Trustees have considered the need to manage resources for the benefit of the charity's aims and objectives and to maintain financial stability, taking into account the risks and potential impact in the current economic environment.

As income covers operational costs the need to maintain reserves is based on any unforeseen call on funds, and for future capital and operational expenditure. The Trustees consider that the minimum level of free reserves which the Trust should hold at 31 March 2017 is £200,000.

This has been determined based on the Trust Risk Register; identifying the financial impact of these risks being realised, and future plans of the Trust.

This level of reserves is considered acceptable as it meets the minimum reserves policy, and allows the Trust to set aside resources to meet the requirements of the National Living Wage and for future investment projects. As the Trust develops more commercial projects the expectation is that it will be in a position to build and maintain this Reserves Policy to enable the Trust to be independently sustainable as management fees from Councils are reduced and contracts come to full term.

The Reserves Policy continues to be reviewed and updated on a regular basis. It is the intention of the trustees that level of reserves will be built up over a period of time to a higher value, to enable reinvestment at a number of the leisure sites, provide funds for future capital projects and development work.

Key Management Remuneration and Performance Criteria

Remuneration for all job roles are evaluated according to the role and level of responsibility; and this applies to members of SLT (Senior Leadership Team), and the CEO. CEO remuneration is separately reviewed, set by the Trustees and agreed annually by the Board. SLT and the CEO are given clear objectives both in their area and at a strategic level; this is incorporated in to the Trust's Vision Orbit Business Plan. These objectives are reviewed on a regular basis both at SLT level and at regular "job chats", which are the equivalent to appraisals. The CEO reports to the Board on the objectives together with performance of those objectives. Given the

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financial pressures the Board elected not to increase senior management pay and no inflation increases were offered to staff within the Trust

Employee Information

1610 depends on the skill and enthusiasm of its employees in order to achieve its objectives. The Trustees are therefore committed to effective employee communication and equal opportunities. The selection, training development and promotion policies ensure equal opportunities for all employees regardless of gender, marital status, race, age or disability. Internal communications are designed to ensure that employees are well informed about the activities of the charity and staff attitudes are researched so that the Senior Leadership Team can respond positively to the ideas and needs of employees. The introduction of WorkPlace, a Facebook product for internal business communications is a market leading step and forms part of the change management programme communications strategy. Over 65% of the workforce has registered on the system.

Following the budget reductions and the ending of operations of Shepton Mallet Leisure Centre the average number of employees fell by 10% - 2016 - 544, 2017 – 487

Trust payroll fell from £4,736,998 in 2015/16 to £4,471,060 in 2016/17 (approx. 6%). It is anticipated that annual salary costs will continue to fall in 2017/18

Financial Review

The 1610 Trust Board and the Senior Leadership Team continued to seek to diversify and expand the Trust activities to spread the potential risk of over reliance on Council contracts within the South West. A long term core business objective has been to reduce the overall reliance on Council contract subsidies from 28% to 16% of turnover in the three year period to 2017. The major reduction in funding for the Somerset Leisure contract has seen this figure reduce to 18.84% at the end of 2016/17.

Last year, income reduced to £7,514,029 in comparison to the 2015/16 outturn of £7,967,054. However, given the £301,233 reduction in the management fee and the removal of Shepton Mallet leisure centre from the portfolio (£332,624) the Trust has seen an underlying substantial growth in its core business. This trend is very heartening given the strategic impacts of the pension liability deficit, the funding reduction on contract management and the potential impact on staff morale due to re-organisation.

Total expenditure shows a significant reduction through strong internal controls and as a result of the redundancies and restructuring exercise, expenditure is down from £7,979,638 to £7,524,881

The impact of the triennial pension review on the LGPS schemes in Somerset and Dorset has completely distorted the annual financial outcomes. Despite a healthy growth in pension fund assets the nett swing was a projected increase in liabilities from £848,000 to £2.4m. This is a major concern for Trustees and Senior Management and efforts will be made in early 2017/18 to identify a strategy to exit the pension schemes or to quickly reduce funding liabilities.

One off payments for redundancy costs mid-year has impacted on the cash position at 31 March 2017, with the balance reducing to £899,155 from £1,123,095.

The end of year position is negative (£914,330) (2016: positive £613,522).

Plans for Future Periods

Continued pressure comes from our contract partners to deliver significant savings within the contracts. Work is ongoing to ensure we can deliver those savings through efficiencies, growth in developing our own income streams and existing business.

The Trust is actively seeking new business opportunities and the 2017/18 Vision Orbit Plan sets out the core work streams (see figures 3 & 4).





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Trustees' Annual Report (incorporating the Strategic Report)
For the Year Ended 31 March 2017

Principal Risks and Uncertainties

A full review of the Business Risk Register takes place during the year; this is reviewed on a regular basis and the Board is presented with a Business Risk Improvement Plan at each Board meeting, together with any additional risks that are identified. The risk assessment covers all areas of the business including operational, financial, compliance, external and governance risks, particularly in the light of any new projects undertaken and changes to the political climate and local economies.

The principal risks and uncertainties faced by the Trust are:

- Failure of Duty of Care (Health & Safety and safeguarding)
- Reliance on low margin activities
- Loss of key management (Trustee/CEO/SLT)
- Contract efficiency requests
- Pool plant failure, where 1610 have no maintenance responsibility
- Local government defined benefit pension schemes

Systems and processes have been put in place to manage and mitigate the risks 1610 face.

For health and safety and safeguarding, external consultants are used to assess operational performance and highlight risk management issues and actions needed. All staff undergo formal training and regular update courses to ensure they understand their responsibilities with regard to safeguarding. Recruitment process are robust ensuring everyone follows due process and all staff are Disclosure and Barring Service (DBS) cleared before they can commence employment with the Trust. The Trust uses QUEST, a national accredited quality assurance sports framework, to externally assess all aspects of operational performance - highlighting excellence and areas for improvements. These external processes support periodic reviews at Board level prompting adjustment to operations as risks change or new challenges arise.

Robust financial processes are in place to ensure performance is regularly reviewed and corrective action taken quickly.

Whilst significant reliance is placed on the CEO and SLT's skills; each has a strong team supporting them and no individual works in isolation, ensuring adequate cover can be put in place immediately, temporary cover could also be provided by recruiting external professionals, together with support from the Trustees.

At a more strategic level; legal and financial risks are identified and mitigated through our work with professional advisers and auditors.

1610 continually strive to improve their margins by developing their own branded products and reviewing work practices to ensure the Trust operates as efficiently as possible. 1610 remains flexible in its approach to ensure it can adapt to changes in legislation and contractual requests.

Pool plant failure will always remain a risk that is difficult for 1610 to mitigate against, however we work closely with our contractual partners to ensure the plant is maintained appropriately where it is not our direct contractual responsibility to do so.

Risk management is a standing item on the monthly Senior Leadership Team agenda and quarterly Board agenda.

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Financial Risk Management Objectives and Policies

The trustees are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.

- a) Price risk - The charity is exposed to price risk as a result of its operations. Due to the economic climate the charity has to sell and provide services at competitive prices in order to maintain membership levels.
- b) Credit risk – Due to the charity's activities, credit is very rarely given. Any credit extended to customers is subject to appropriate review and monitoring.
- c) Liquidity risk – As a result of the latest triennial pension review, the charity has negative reserves as noted in the annual report. Plans are in place to address this in 2017/18 by either exiting the pension scheme or to reduce funding liabilities to return the charity into a positive position.
- d) Interest rate cash flow risk - The charity has bank loans arranged at a competitive rate of interest. The loan balances at 31 March 2017 was £361,863 and this balance is repayable over the next 5 years.
- e) Economic risk - The charity's performance is directly impacted by the economic environment. In order to manage this risk the charity strives to deliver competitively priced products and services. The charity is actively concentrating on improving efficiency and reducing costs.

1610 Limited
Trustees' Annual Report (incorporating the Strategic Report)
Statement of Trustees' Responsibilities
For the Year Ended 31 March 2017

The Trustees, who are also Directors of 1610 Limited for the purposes of company law, are responsible for preparing the Trustees' Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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.

Authorisation of Financial Statements, Trustees' Report and Strategic Report

The financial statements, which incorporate the Trustees' Report, the Trustees' Responsibilities, and the Strategic Report, were approved by the Board of Trustees on 21 December 2017 and signed on their behalf by:

M Winlow
Trustee
21 December 2017

1610 Limited
Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2017

We have audited the financial statements of 1610 Limited for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Update Bulletin 1.

This report is made solely to the Charity's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's Members those matters we are required to state to them in an auditor's 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 Charity and the Charity's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Annual Report 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report (which incorporates the strategic report and directors' report required by company law) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2017

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;
- the financial statements are not in agreement with the accounting records and returns;
- 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.

Alexandra Shore FCA CTA (Senior Statutory Auditor)
For and on behalf of A C Mole & Sons
Chartered Accountants and Statutory Auditor
Stafford House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

22 December 2017

1610 Limited
Statement of Financial Activities (incorporating the Income and Expenditure Account)
For the Year Ended 31 March 2017

		Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016 as restated
	Note	£	£	£	£
INCOME FROM					
Donations and legacies	3	14,347	4,700	19,047	158,714
Charitable activities	4	7,261,190	607	7,261,797	7,575,082
Other trading activities	5	231,612	-	231,612	230,832
Investments		1,573	-	1,573	2,426
Total		7,508,722	5,307	7,514,029	7,967,054
EXPENDITURE ON					
Raising funds	5	128,675	-	128,675	134,913
Charitable Activities	6	7,384,755	11,451	7,396,206	7,844,725
Total		7,513,430	11,451	7,524,881	7,979,638
Net (expenditure)		(4,708)	(6,144)	(10,852)	(12,584)
Remeasurement of net defined benefit liability	22	(1,517,000)	-	(1,517,000)	591,000
Net movement in funds		(1,521,708)	(6,144)	(1,527,852)	578,416
Total funds brought forward		563,742	49,780	613,522	35,106
Total funds carried forward	21	(957,966)	43,636	(914,330)	613,522

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

The notes form part of these financial statements.

1610 Limited
Balance Sheet (registered no: 06727055)
For the Year Ended 31 March 2017

		2017		2016 as restated	
FIXED ASSETS	Note	£	£	£	£
Tangible assets	11		<u>1,999,014</u>		<u>2,241,492</u>
			1,999,014		2,241,492
CURRENT ASSETS					
Stocks	12	31,394		21,115	
Debtors: due within one year	13	294,827		335,094	
Cash at Bank		<u>899,155</u>		<u>1,123,095</u>	
		1,225,376		1,479,304	
CREDITORS					
Amounts falling due within one year	14	<u>(1,033,021)</u>		<u>(1,468,240)</u>	
NET ASSETS LESS CURENT LIABILITIES			192,355		11,064
CREDITORS					
Amounts falling due after more than one year	15		(625,699)		(791,034)
PENSION LIABILITY	22		(2,480,000)		(848,000)
NET (LIABILITIES) / ASSETS			<u>(914,330)</u>		<u>613,522</u>
CAPITAL AND RESERVES					
Unrestricted income funds	21		(981,237)		540,471
Designated funds	21		<u>23,271</u>		<u>23,271</u>
Total unrestricted funds	21		(957,966)		563,742
Restricted funds	21		43,636		49,780
Total Reserves	21		<u>(914,330)</u>		<u>613,522</u>

The directors' acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The financial statements were approved by the Board of Directors on 21 December 2017 and were signed on their behalf by:

J Sladden
TRUSTEE

M Winlow
TRUSTEE

The notes form part of these financial statements.

1610 Limited
Statement of Cash Flows
For the Year Ended 31 March 2017

		2017	2016
		£	£
	Note		
Cash flows from operating activities			
Cash generated from operations	1	362,942	732,446
Net cash generated from operating activities		<u>362,942</u>	<u>732,446</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(252,646)	(1,229,483)
Sale of tangible fixed assets		8,124	43,592
Interest received		1,573	2,426
Net cash used in investing activities		<u>(242,949)</u>	<u>(1,183,465)</u>
Cash flows from financing activities			
New loan in year		33,632	426,368
Loan repayments in year		(95,016)	(19,218)
Interest element on hire purchase payments		(40,031)	(32,039)
Capital repayments in year		(242,518)	(223,461)
Net cash (used in)/generated from financing activities		<u>(343,933)</u>	<u>598,572</u>
(Decrease)/Increase in cash and cash equivalents		(223,940)	147,553
Cash and cash equivalents at beginning of year	2	1,123,095	975,542
Cash and cash equivalents at end of year	2	<u>899,155</u>	<u>1,123,095</u>

The notes form part of these financial statements.

1610 Limited
Notes to the Statement of Cash Flows
For the Year Ended 31 March 2017

1. RECONCILIATION OF NET (EXPENDITURE) TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Net (expenditure)	(10,852)	(12,584)
Pension scheme adjustments	115,000	181,000
Net interest expense	54,556	29,613
Depreciation charges	468,299	379,972
Loss on disposal of fixed assets	18,701	1,559
(Increase)/decrease in stocks	(10,279)	6,549
Decrease in debtors	40,267	95,817
(Decrease)/increase in creditors	(312,750)	50,520
Cash generated from operations	<u>362,942</u>	<u>732,446</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	2017	2016
	£	£
Cash at bank and in hand	69,770	67,057
Short term investments – deposit account	829,385	1,056,038
	<u>899,155</u>	<u>1,123,095</u>

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

1. ACCOUNTING POLICIES

General information

1610 Limited carries out its objects as noted in the Trustees' annual report.

The company is a charitable company and is incorporated and domiciled in the UK. The address of the registered office is Hestercombe House, Cheddon Fitzpaine, Taunton, Somerset, TA2 8LG.

Basis of preparation and statement of compliance

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

1610 Limited meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of the accounts on a going concern basis

The trustees have considered the going concern definition requirements and are of the opinion that the accounts should be prepared on this basis.

Summary of significant accounting policies

The principal accounting policies adopted, critical accounting estimates, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been applied consistently unless otherwise stated.

Income

All incoming resources are recognised once the Charity has entitlement to the resources, it is probable that the incoming resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

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.

Donated services

There were no donated services received during the year.

1 ACCOUNTING POLICIES - Continued.

Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to the category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of support costs.

Raising funds comprises all costs associated with raising additional funds for Charity through vending and other sales.

Charitable activities comprise all costs directly incurred in undertaking activities to fulfil the Charity's objects, together with any support costs allocated in accordance with the support cost accounting policy as described below.

Other expenditure represents those items not falling into any other heading.

Support costs include administration and head office costs not directly attributable to particular charitable activities are apportioned to charitable activities as detailed in note 7 to the financial statements.

Fund accounting

The unrestricted general fund represents the accumulation of the Charity's income and expenditure that has not been earmarked for specific projects and is not considered by the Trustees to be for a restricted purpose. To the extent that the fund is represented by readily realisable assets it provides a means of financing the day-to-day operations.

Designated funds represent amounts set aside by the Trustees for a particular purpose.

Restricted funds represent the funds received by the Charity for particular purposes as directed by the donors.

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 the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1 ACCOUNTING POLICIES - Continued.

Tangible Fixed Assets

Tangible fixed assets costing over £500 are initially recorded at cost. Depreciation is provided at the following annual rates in order to write off the cost less estimate residual value of each asset over its estimated useful life:

Leasehold improvements		-	straight-line over the remaining lease term.
Sports equipment:	-	Cardio equipment	- straight-line over 5 years.
	-	Resistance equipment	- straight-line over 10 years.
All other fixtures and equipment:		-	straight-line over 5 years.

Stocks

Stocks and work in progress is stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions

Provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

Basic financial assets, including trade and other debtors, cash and bank balances and investments in term deposits, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment

Any impairment losses are recognised in profit or loss.

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price. Trade and other creditors are measured at amortised cost using the effective interest method. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Pension costs and other post retirement benefits

Defined contribution pension plan

- (a) The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

- (b) The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

1 ACCOUNTING POLICIES - Continued.

Defined benefit pension plan (continued)

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of future payments (discount rate).

The fair value of plan assets is measured in accordance with FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of financial activities. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan, recognised in the profit or loss as employee costs, except where included in the cost of an asset, comprises:

- i) The increase in pension benefit liability arising from employee service during the period; and
- ii) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is recognised in the statement of financial activities as a finance expense.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Defined benefit pension scheme

- (a) The company has an obligation to pay pensions benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures relating to the defined benefit pension scheme.

2 NET INCOMING RESOURCES

Net incoming resources are stated after charging/(crediting):

	2017	2016
	£	£
Depreciation	468,299	379,972
Auditors remuneration for audit work	12,000	9,400
Auditors remuneration for accountancy services	3,000	2,030
Auditors remuneration for taxation and other services	9,638	2,900
Loss on disposal of fixed assets	18,701	1,559
Interest on bank loans	16,098	3,794
Interest on hire purchase	40,031	32,039
Rentals under operating leases – land and buildings	26,500	26,500
Rentals under operating leases – plant and machinery	40,551	33,436
Reimbursement of Trustees' travel costs	126	56
Defined contribution pension scheme costs	21,942	49,342

3 DONATIONS AND LEGACIES

	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
			£	£
Grants and donations	14,347	4,700	19,047	158,714
	<hr/>	<hr/>	<hr/>	<hr/>
	14,347	4,700	19,047	158,714
	<hr/>	<hr/>	<hr/>	<hr/>

4 INCOME FROM CHARITABLE ACTIVITIES

	Management Fee	Membership	Swimming Pool	Sports and Other Activities	Other Income	2017 Total	2016 Total
		£	£	£	£	£	£
Somerset contract	885,972	766,312	150,175	577,213	39,682	2,419,354	3,270,815
Devon contract	120,653	353,292	565,229	95,906	4,166	1,139,246	1,072,982
BSF contract	128,000	631,926	602,484	239,776	607	1,602,793	1,526,972
Dorset contract	234,142	626,438	499,420	171,166	-	1,531,166	1,454,910
Activities	-	293,636	3,573	217,642	54,387	569,238	249,403
Total 2017	1,368,767	2,671,604	1,820,881	1,301,703	98,842	7,261,797	7,575,082
Total 2016	1,676,623	2,565,512	1,659,790	1,532,202	140,955	7,575,082	

5 OTHER TRADING ACTIVITIES

	Income from Vending and Bar Sales		Cost of sales	
	2017	2016	2017	2016
	£	£	£	£
Somerset Contract	17,725	17,198	10,175	11,080
Devon Contract	28,459	25,532	17,274	16,344
BSF Contract	149,876	126,343	79,303	77,794
Dorset Contract	30,801	25,673	15,838	18,027
Activities	4,751	36,086	6,085	11,668
Total Sites	231,612	230,832	128,675	134,913

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Staff Costs	Premises and Equipment Costs	Onsite Admin Costs	Other Costs	Total Direct Costs	Support Costs (Note 7)	2017 Total	2016 Total
	£	£	£	£	£	£	£	£
Somerset contract	1,230,907	507,931	268,290	77,268	2,084,396	473,246	2,557,642	3,103,733
Devon contract	686,735	362,923	71,732	20,239	1,141,629	157,208	1,298,837	1,157,247
BSF contract	772,015	314,691	38,776	87,419	1,212,901	172,957	1,385,858	1,400,520
Dorset contract	764,543	383,936	88,568	23,347	1,260,394	172,958	1,433,352	1,364,355
Activities	436,467	127,037	51,494	65,583	680,581	39,936	720,517	818,870
Total 2017	3,890,667	1,696,518	518,860	273,856	6,379,901	1,016,305	7,396,206	7,844,725
Total 2016	4,078,005	1,646,501	711,782	223,530	6,659,818	1,184,907	7,844,725	

7 SUPPORT COSTS

	Staff Costs	Premises Costs	IT and Office Costs	Legal and Professional Fees	Finance Costs	2017 Total	2016 Total
	£	£	£	£	£	£	£
Somerset contract	270,262	103,887	43,262	36,019	19,816	473,246	526,940
Devon contract	89,778	34,512	14,371	11,965	6,582	157,208	175,863
BSF contract	98,773	37,967	15,811	13,165	7,241	172,957	255,404
Dorset contract	98,773	37,968	15,811	13,165	7,241	172,958	212,033
Activities	22,807	8,767	3,650	3,040	1,672	39,936	14,667
Total 2017	580,393	223,101	92,905	77,354	42,552	1,016,305	1,184,907
Total 2016	658,993	370,353	75,491	47,677	32,393	1,184,907	

Support costs have been allocated to the contracts on the basis of directly relating to a specific contract or apportioned as follows:
Staff costs – based on percentage of income from each contract; Other costs – by number of contracts.

8 STAFF COSTS

	Note	2017 £	2016 £
Salaries and Wages		4,046,030	4,229,532
Social security costs		214,575	208,124
Other pension costs	22	210,455	299,342
		<u>4,471,060</u>	<u>4,736,998</u>

One employee's emoluments fell within the band of £90,000 - £99,999, and pension contributions on behalf of this employee amounted to £11,400 (2016: One employee fell within the band of £90,000 - £99,999 and pension contribution for this employee amounted to £11,400).

Some employees are members of a defined benefit pension scheme, details of which are provided in note 22.

Key management personnel remuneration is disclosed in note 23.

The average number of employees during the period, analysed by contract, was as follows:

	2017	2016
Somerset Contract	152	194
Devon Contract	79	85
BSF Contract	112	120
Dorset Contract	87	89
Activities	37	25
Total Direct Staff	<u>467</u>	<u>513</u>
Head Office Admin Support	20	31
	<u>487</u>	<u>544</u>

9 TRUSTEES' REMUNERATION

During the period, no remuneration has been paid to the Trustees or any person connected with them (2016: £nil). Travelling expenses totalling £126 (2016: £56) were paid to 1 (2016: 1) Trustee.

10 PRIOR PERIOD ADJUSTMENT

A contractual obligation in relation to maintenance costs for the years ending 31 March 2010 to 31 March 2015 were invoiced by a supplier during this reporting period. As these expenses relate to previous periods the Trustees consider that including them in the Statement of Financial Position in this reporting period would not present a true and fair view of the performance in the year.

The effect of recording this obligation is to decrease opening reserves at 1 April 2015 by £35,722 and increase creditors by £35,722 at 1 April 2015.

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

11 FIXED ASSETS

	Leasehold Property Improvements	Fixtures and Equipment	Total
	£	£	£
Cost			
At 1 April 2016	1,332,670	2,426,554	3,759,224
Additions	54,307	198,339	252,646
Disposals	-	(121,172)	(121,172)
	<hr/>	<hr/>	<hr/>
At 31 March 2017	1,386,977	2,503,721	3,890,698
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 April 2016	207,875	1,309,857	1,517,732
Charge for year	122,761	345,538	468,299
Eliminated on disposal	-	(94,347)	(94,347)
	<hr/>	<hr/>	<hr/>
At 31 March 2017	330,636	1,561,048	1,891,684
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value			
At 31 March 2017	1,056,341	942,673	1,999,014
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2016	1,124,795	1,116,697	2,241,492
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within fixed assets are assets with a net book value of £463,474 (2016: £645,945) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under finance lease agreements amounted to £182,371 (2016: £152,756).

12 STOCKS

	2017	2016
	£	£
Trading stock	31,394	21,115
	<hr/> <hr/>	<hr/> <hr/>

13 DEBTORS: DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	104,169	142,188
Other debtors	28,805	25,348
Prepayments and accrued income	161,853	167,558
	<u>294,827</u>	<u>335,094</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	147,502	303,451
Social security and other taxes	106,588	134,601
Finance leases	175,190	242,979
Other creditors	29,978	40,678
Bank loans	80,401	85,626
Accruals and deferred income	493,362	625,183
	<u>1,033,021</u>	<u>1,432,518</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Finance leases	294,781	469,510
Deferred Income	49,456	-
Bank Loans	281,462	321,524
	<u>625,699</u>	<u>791,034</u>

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Bank loans		
Amounts falling due within one year	<u>80,401</u>	<u>85,626</u>
Amounts falling due between one and two years	<u>83,857</u>	<u>90,382</u>
Amounts falling due between two and five years	<u>197,605</u>	<u>231,142</u>

16 SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Creditors: amounts falling due within one year:		
Finance leases	175,190	242,979
Bank loans	80,401	85,626
 Creditors: amounts falling due after one year:		
Finance leases	294,781	469,510
Bank loans	281,462	321,524
	<hr/>	<hr/>
	831,834	1,119,639
	<hr/> <hr/>	<hr/> <hr/>

The finance leases are secured on the related leased assets.

The bank loan is secured by a fixed charge over all plant and machinery and goodwill, owned now or in the future and a floating charge over all other property assets and rights of the company.

17 FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	104,169	142,188
Other debtors	28,805	25,348
	<hr/>	<hr/>
	132,974	167,536
	<hr/>	<hr/>
 Financial liabilities measured at amortised cost:		
Trade creditors	147,502	303,451
Other creditors	29,978	40,678
Bank loans	361,863	407,150
Finance leases	469,971	712,489
	<hr/>	<hr/>
	1,009,314	1,463,768
	<hr/>	<hr/>

18 CONTINGENT LIABILITY

The Trust has guaranteed its' payment obligations under a contract for the management of leisure facilities by arranging performance bonds for £84,611 and £66,178. These expire on 31 March 2018.

19 LEASE COMMITMENTS

Minimum lease payments fall due as follows:

Hire purchase contracts

	2017	2016
	£	£
Net obligations repayable:		
Within one year	175,190	242,979
Between one and five years	294,781	469,510
	<hr/> 469,971 <hr/>	<hr/> 712,489 <hr/>

Non-cancellable operating leases

	Land and Buildings		Other operating leases	
	2017	2016	2017	2016
	£	£	£	£
Leases expiring:				
Within one year	26,500	15,900	40,645	33,572
Between one and five years	41,958	-	31,986	49,325
	<hr/> 68,458 <hr/>	<hr/> 15,900 <hr/>	<hr/> 72,631 <hr/>	<hr/> 82,897 <hr/>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Net current assets	Long term Liabilities	Pension Liability	Total
	£	£	£	£	£
Restricted Income Funds					
GAP funding	-	1,742	-	-	1,742
Somerset County Council	-	4,700	-	-	4,700
Torridge	37,194	-	-	-	37,194
Total Restricted Funds	37,194	6,442	-	-	43,636
Unrestricted Income Funds					
Trinity Sinking Fund - designated	-	23,271	-	-	23,271
Unrestricted income funds	1,961,820	162,642	(625,699)	-	1,498,763
Pension Reserve	-	-	-	(2,480,000)	(2,480,000)
Total Unrestricted Funds	1,961,820	185,913	(625,699)	(2,480,000)	(957,966)
Total Funds	1,999,014	192,355	(625,699)	(2,480,000)	(914,330)

Purposes of Restricted Funds

- GAP funding is for supporting the programme of play schemes in Glastonbury. The money was for purchasing and maintaining equipment to benefit the children.
- Torridge District Council provided funds to improve the facilities at Torridge.
- Somerset Country Council provided funds to deliver a number of Buggy Walks and green gym programmes.
- Sedgemoor District Council provided funding for functional fitness equipment to enable the implementation of a “move” class.

Purposes of Designated Funds

The Trustees have set aside the following designated fund:

- The Trinity sinking fund – which represents fund set aside in respect of future facilities management services of the Trinity centre.

21 MOVEMENT IN FUNDS

	Balance as at 1 April 2016 as restated	Income	Expenditure	Actuarial losses	Balance as at 31 March 2017
	£	£	£	£	£
GAP funding	1,742	-	-	-	1,742
Somerset County Council	-	4,700	-	-	4,700
Sedgemoor District Council Torridge Leasehold	-	607	(607)	-	-
Improvements	48,038	-	(10,844)	-	37,194
Total Restricted Funds	49,780	5,307	(11,451)	-	43,636
Trinity Sinking Fund - designated	23,271	-	-	-	23,271
General funds	1,388,471	7,508,722	(7,398,430)	-	1,498,763
Pension reserve	(848,000)	-	(115,000)	(1,517,000)	(2,480,000)
Total Unrestricted Funds	563,742	7,508,722	(7,513,430)	(1,517,000)	(957,966)
Total Funds	613,522	7,514,029	(7,524,881)	(1,517,000)	(914,330)

22 EMPLOYEE BENEFIT OBLIGATIONS

Somerset County Council scheme

Part of the transfer of the leisure centre operations on 31 July 2009 from Somerset County Council (SCC) to 1610 Limited included the transfer of employees and their associated pension benefit obligations. As part of the transfer agreement the defined benefit pension obligations in respect of transferred employees became the responsibility of 1610 Limited. These pension scheme obligations at the balance sheet date showed a deficit of £1,992,000 (2016: £652,000).

The employer contributions expected to be paid to SCC scheme during the year ending 31 March 2018 are £75,000.

West Dorset District Council scheme

Additionally, during the year ended 31 March 2013, 1610 Limited agreed a contract to provide leisure services for West Dorset District Council. Part of this contract included the transfer of employees and their associated pension benefit obligations. As part of the transfer agreement the defined pension obligations in respect of transferred employees became the responsibility of 1610 Limited from 1 October 2012. These pension scheme obligations at the balance sheet date showed a deficit of £488,000 (2016: £196,000).

The employer contributions expected to be paid to DCC scheme during the year ending 31 March 2018 are £17,000.

The assets of both of these defined benefit schemes are held separately from those of the company and comprise segregated funds of the Somerset County Council Pension Fund and the Dorset County Council Pension Fund in respect of pension benefits provided by the Local Government Pension Scheme (LGPS) to employees of 1610 Limited. The LGPS is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2014. It is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement. The scheme is now closed to new members.

Contributions are set every three years as a result of the actuarial valuation of the Funds required by the Regulations. The most recent full valuation was 31 March 2016. The next actuarial valuation of the Funds will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The company does not operate any unfunded schemes.

22 EMPLOYEE BENEFIT OBLIGATIONS – continued

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

	2017	2016
	£	£
Defined benefit scheme:		
Current service cost	145,000	243,000
Past service cost	34,000	7,000
Defined contribution scheme	21,942	49,342
Total charge in operating profit	<u>200,942</u>	<u>299,342</u>
Defined benefit scheme:		
Net interest expense	36,000	44,000
Total charge	<u>236,942</u>	<u>343,342</u>

The amounts recognised in the balance sheet are as follows:

	Defined Benefit Pension Plans	
	2017	2016
	£	£
Present value of funded obligations	(7,413,000)	(4,706,000)
Fair value of plan assets	4,933,000	3,858,000
Pension fund liabilities	<u>(2,480,000)</u>	<u>(848,000)</u>

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

The principal actuarial assumptions at the balance sheet date were:

	2017	2016
Discount rate	2.8%	3.9%
Future salary increases	2.7%	2.5%
Future pension increases	2.7%	2.5%
Consumer Price Index price increase	2.7%	2.5%
Retail Price Index price increase	3.6%	3.4%

Mortality

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 85% for males and 95% for females. These base tables are then projected using the CMI 2015 Model, with an allowance for future longevity improvement of 1.5% per annum.

The average life expectancy in years for a member from the age of 65 are:

		2017 (years)	2016 (years)
Retiring today:	Males	23.9	23.8
	Females	25.5	26.2
Retiring in 20 years	Males	26.1	26.1
	Females	27.85	28.5

Demographic / statistical assumptions:

A set of demographic assumptions that are consistent with those used for the most recent fund valuation as at March 2016 were adopted.

Pension fund details:

Reconciliation of scheme assets and liabilities

	Assets £000	Liabilities £000	Total £000
At 1 April 2016	3,858	(4,706)	(848)
Benefits paid	(95)	95	-
Employer contributions	100	-	100
Contributions by scheme participants	43	(43)	-
Current service cost	-	(145)	(145)
Admin expenses	(3)	-	(3)
Past service cost	-	(34)	(34)
Interest income/(expense)	151	(184)	(33)
<u>Remeasurement gains/(losses)</u>			
Actuarial gains/(losses)	79	(2,396)	(2,317)
Return on plan assets excluding interest income	800	-	800
			(1,517)
At 31 March 2017	4,933	(7,413)	(2,480)

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

The fair value of the major categories of scheme assets are as follows:

	Defined Benefit Pension Plans-Total	
	2017	2016
	£000	£000
Equities	3,430	2,623
Gilts	353	299
Other Bonds	537	431
Property	435	433
Cash	178	72
	<hr/>	<hr/>
	4,933	3,858
	<hr/>	<hr/>

The return on plan assets was:

	2017	2016
	£000	£000
Interest income	151	130
Return on plan assets less interest income	800	(102)
	<hr/>	<hr/>
Total return on plan assets	951	28
	<hr/>	<hr/>

23 RELATED PARTY TRANSACTIONS

The Trustee, Mrs R Bevins, is also a director of Rebecca Bevins HR Consultancy Limited.

During the year the Trust has paid £6,072 (2016: £nil) to Rebecca Bevins HR Consultancy Limited for professional services. At the balance sheet date the Trust owed £nil (2016: £nil) to Rebecca Bevins HR Consultancy Limited.

The key management of the charity comprise the Chief Executive Officer and the Senior Leadership Team. The total employee benefits of the key management personnel were £335,599 (2016: £342,783)

24 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no authorised or issued share capital. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

25 ULTIMATE CONTROLLING PARTY

As a company limited by guarantee, the company is not under the control of any one individual. All decisions are taken by the Board of Directors who are the members of the company.

26 COMPARATIVE INFORMATION

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2016

	Unrestricted Funds as restated	Restricted Funds	Total Funds 2016 as restated
	£	£	£
INCOME FROM			
Donations and legacies	55,467	103,247	158,714
Charitable activities	7,575,082	-	7,575,082
Other trading income	230,832	-	230,832
Investments	2,426	-	2,426
Total	7,863,807	103,247	7,967,054
EXPENDITURE ON			
Raising funds	134,913	-	134,913
Charitable Activities	7,786,808	57,917	7,844,725
Total	7,921,721	57,917	7,979,638
Net (expenditure)/income before other recognised gains and losses	(57,914)	45,330	(12,584)
Actuarial gains on defined benefit pension scheme	591,000	-	591,000
Net movement in funds	533,086	45,330	578,416
Total funds brought forward	30,656	4,450	35,106
Total funds carried forward	563,742	49,780	613,522