

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
FOR
HERTSMERE LEISURE**

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HERTSMERE
LEISURE

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for the Year Ended 31 March 2017

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HERTSMERE LEISURE

REPORT OF THE TRUSTEES **for the Year Ended 31 March 2017**

The Trustees, who are also directors of the Charitable Company for the purposes of the Companies Act 2006, present their report, which includes their strategic report, with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 March 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' effective 1 January 2015.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04343347 (England and Wales)

Registered Charity number

1093653

Trustees

M Gibson		
N Walsh	-Resigned	05/12/2017
R Leboff	-Resigned	05/12/2017
G Key		
A Keating		
K O'Malley		
C Warne		
C Ayrton		
A Sinclair		
M Barnett	-Appointed	07/12/2016

Chief executive officer

D Brame

Registered office

Unit 8 Borderlake House
Lowbell Lane
London Colney
St Albans
Hertfordshire
AL2 1HG

Auditors

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

Bankers

The Royal Bank of Scotland
St Albans Branch
1 Lockey House
St Peter's Street
St Albans
Herts AL1 3LR

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

STRUCTURE GOVERNANCE AND MANAGEMENT

Constitution

Hertsmere Leisure Trust (HLT) is a Charitable Company limited by guarantee. The governing documents are its Memorandum and Articles of Association which were adopted on 1 December 2003. The Memorandum and Articles of Association were revised in 2006 to accommodate the addition of children's centres services to the portfolio. In recent years it has become very difficult to attract non-trustee members and as such, the Memorandum and Articles of Association were revised at the AGM in 2016 to remove non-trustees as Members of the Company.

The Members are the guarantors of the Charitable Company and each has undertaken to contribute such amount as may be required (but not exceeding £1 each) to the Charitable Company's assets if it should be wound up while he or she is a member or within one year after he or she should cease to be a member, for payment of the Charitable Company's debts and liabilities contracted before he or she ceased to be a member, and of the costs, charges and expenses of the winding up, and for the adjustments of the rights of the contributors among themselves.

The Trustees

The Trustees are the Trustees of Hertsmere Leisure Trust (HLT) in accordance with the Charities Act 2011 and they are also Directors in accordance with the Companies Act 2006. The Board is made up of ten industry leaders with expertise that includes charity governance, accounting, customer relations, law, IT, facility management, food & beverage, contract management, sales & marketing, services and commercial sectors, HR and business development.

The Board is continually seeking to recruit new people with the necessary attributes to complement those of the existing Board and the executive team.

Induction and training of new trustees

HLT also operates a formal procedure for inducting new Trustees, who are appointed after a period of time spent acting as observers.

Organisation

The Board of Trustees, currently ten in number, meet at least every two months and has delegated the responsibility for administering the Charity to a management team:

David Brame – appointed 01/04/2016	Chief executive officer
Nicola Taylor – resigned 01/06/2016	Head of Finance
Clifford Hedley – appointed 01/06/2016	Head of Finance
Liz Petyt – resigned 30/09/2017	Head of Commercial Development

In addition to the regular Board meetings, there are regular meetings of the Finance and Development and HR Sub-Committees and the Board also arranges an 'away day' to review development, objectives and future strategy.

In exercising its power to nominate, reappoint, re-elect, approve and dismiss Trustees, the Board ensures that it comprises of persons with a broad range of skills that are likely to contribute to the Charity's success.

None of the four Councils presently served by HLT (Hertsmere Borough Council, Milton Keynes Council, Three Rivers District Council and Hertfordshire County Council) nominate people for consideration by the Trustees for appointment.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

STRUCTURE GOVERNANCE AND MANAGEMENT- continued

Co-operation with other organisations

HLT operates independently, but occupies buildings owned by Hertsmere Borough Council, Milton Keynes Council, Three Rivers District Council and Hertfordshire County Council from whom it also receives some funding. HLT works with and supports the respective Councils in their health, leisure and children's centres objectives where they coincide with the aims of the charity.

Pay Policy for Senior Staff

The pay and remuneration for key management personnel is based on benchmarking of similar roles in comparable organisations. Any changes in remuneration of key management personnel is only made with the explicit approval of the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Assessment

Risk management is recognised as a key focus area for Trustees. Potential risks, the likelihood of their occurrence and the impact on the business are reviewed at regular intervals. Mitigating actions and changes to current practices are put in place to reduce and/or eliminate the risk altogether.

Key risks are identified as part of the annual strategic planning process. The Board and Finance & Development Sub-Committee review monthly management accounts, bi-annual re-forecasts and Key Performance Indicators at each meeting. Other non-financial risks are reviewed regularly, with the Risk Register updated on a regular basis.

The Trust still views the annual Business Continuity and Risk Management Framework Review document as integral to the assessment of the health of the Charity. The Board considers primary risks that may impact the Charity in the future. These are grouped under four headings;

- Finance
- Governance
- Operations
- Force Majeure

Financial risks remain the area considered the highest priority. The key operational risk was the continued increase in competition that all HLT centres are facing in the health and fitness market, with recognition of the challenge we face in respect of staff recruitment and pay.

AUDITOR INDEPENDENCE AND OBJECTIVITY

HLT uses its auditors to help prepare the Financial Statements. To safeguard auditor objectivity and independence, HLT request that a member of staff separate to the audit team is used to prepare the statutory accounts.

OBJECTIVES AND ACTIVITIES

The principal activities are those encompassed within the Memorandum of Association, which principally involve managing leisure and children's centres.

HLT exists to promote and preserve good health, wellbeing and more active lifestyles for the communities it serves. Specifically, it provides leisure services to the residents of Hertsmere, Three Rivers and Milton Keynes. In addition, through contracts with Hertfordshire County Council, the charity provides children's centre services to the boroughs and districts of Hertsmere, Three Rivers, St Albans, Watford and Dacorum. This entails being the lead agency in supporting work with children aged 0-5 in these areas and requires the provision of staff and expertise.

The leisure facilities managed by the trust attracted 3.2m visits (up from 3.0m in 2015/16) with visitors participating in a wide and varied programme of activities. Gym membership and swimming income provides a significant proportion of revenue received.

HLT continues to operate a concessionary pricing policy to encourage disadvantaged sections of the community to participate and the programme for each site supports 'specialist' groups to encourage them to make use of the facilities. One such continuing example is the GP referral scheme, which encourages people whose health, both mental and physical, would benefit from the services offered in HLT's facilities.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

OBJECTIVES AND ACTIVITIES CONTINUED

Public Benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Who used and benefited from our services

The services are used by individuals, groups and clubs. The wide range of activities on offer allows individuals of all ages to participate at the level and intensity that suits their personal need and ability. In leisure, the engagement and interaction with the public is through a wide variety of sports and leisure centres, a theatre, golf courses, health clubs, community halls and pavilions. Every centre is open to all and a concessionary pricing scheme is operated within each contract to encourage participation and, wherever possible, remove barriers to following a healthy lifestyle.

At our Children's Centres in the Hertfordshire boroughs of Hertsmere, Dacorum, Watford, Three Rivers, and St Albans, the engagement with local families and residents is achieved through a wide and varied programme of universal and targeted services.

HLT leads or participates in a number of programmes aimed at increasing participation, including:

- Walking netball and walking football.
- 'Keep well, keep active' – programme run with the British Heart Foundation to encourage lifestyle change and reduce inactivity. Nearly 100 members of the public have completed the programme.
- Free pool time is provided to swimming clubs catering for disabled swimmers and a swimming scholarship scheme has been initiated.
- Facility hire for clubs and organisations to provide sessions such as martial arts, cultural exhibitions and educational sessions. These sessions add a broader spectrum of activities, enhancing customer choice and are usually activities the Charity cannot itself easily provide.
- In conjunction with local doctors' surgeries and the NHS, a GP Referral Programme where patients are referred to our centres. 140 members of the public have benefitted from this over the year. In addition, The Centre in South Oxhey supports a cardiac rehabilitation programme with local NHS Trusts.

HLT offers a wide range of membership options and also allows users to enjoy the facilities on a pay-and-play basis. There are special memberships specifically for juniors and senior citizens. Discounts are available for couples and joint memberships. Concession prices are also available for families, the disabled and benefit claimants.

HLT carries out regular customer surveys to measure the level of satisfaction with the services provided. The outcome of the surveys is shared with our partner Councils, informs future development opportunities and helps identify areas for improvement.

The children's and leisure centres work collaboratively and strategically to develop the 'reach' within each community in which they are located. A good example of this is HLT's summer playscheme attendance that increased by 11%. During the year staff have built up working relationships with health visitors and undertaken training to counsel victims of domestic violence.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Securing The Trust's Future

Since its inception in 2002, the Trust has made excellent strides as it moved from being a Local Authority department to a fully-fledged, growing, charitable business. It can be justly proud of the wide range of services provided to its many customers, the investments made in the facilities and the way it has adapted to the increasingly competitive leisure market.

However, the market continues to evolve. Local Authorities can no longer afford to subsidise leisure facilities; budget gyms proliferate, taking away customers and increasing the pressure on pricing; customers expect ever-higher standards, requiring us to invest ever-increasing amounts to maintain and improve facilities and purchase increasingly sophisticated equipment. Meanwhile, significant annual increases in the minimum/living wage impose upward pressure on our staffing costs. Against this background, the Trustees were concerned that the business was walking a "financial tightrope" and felt a step-change was needed to secure the medium-term future of the business.

The top priority, therefore, for CEO David Brame has been to seek out possible solutions to this issue. It is pleasing to report that considerable progress has been made on this front and, whilst all details are not currently resolved, the Trustees are confident that a robust solution is in the offing.

As part of the strategy review, it was reluctantly decided to withdraw from the bidding process for the renewal of the Three Rivers District Council contract, where HLT had reached the final round. The Board decided that undertaking this design and build contract risked leaving the Trust financially stretched during a period when other significant investment was needed, mainly in the Hertsmere Borough Council facilities.

The decision was also taken to close the "Eighth Level" facility in Ealing. This venture has proved a continuing drain on resources, whilst considerable investment would have been needed to bring the facility up to a suitable standard. The "least worst" option was to close the facility – the one-off costs of doing this will appear in the 2017-18 accounts, but substantially are comprised of £230,000 relating to the surrender of the lease and £34,000 relating to the write down of equipment.

The other big drain on the resources of the Trust is Bushey Country Club. Considerable effort has been expended on trying to improve the performance of this facility and, whilst some progress has been made, we believe it will continue to be loss-making. Finding a solution to this problem forms an important element of our future planning.

"Business as Usual"

With so much attention focused, necessarily, on the future, a number of planned initiatives – notably an updated finance system and VOIP (Voice Over Internet Protocol) phone system - were postponed, to avoid what might turn out to be wasted investment. The business continued, however, to ensure it maintained investment in its customer-facing facilities. Further detail is provided in the sections below relating to each contract.

Hertsmere Borough Council (HBC) Contract

Trading income increased marginally, to £9.63m from £9.60m, with income improvements across the range of activities making up for a fall of £227k in the Beaumonts' Gym income. This decline mainly occurred at the Venue, where the adverse impact of the opening of a local Pure Gym site has lasted longer than we envisaged. New membership structures and an increased numbers of classes have been introduced at the Venue to tackle this issue which has stemmed the decline in gym membership at the facility.

Visits to the facilities across the contract showed a fourth successive year of growth, with 1.73m visits in the year, up from 1.66m the prior year and an increase of 12% on the start on the current contract in 2012-13. This reflects our success in broadening the range of activities whilst ensuring that no activity was left without focus from management. Sports, junior courses and 50+ activities showed improvements and a more co-ordinated and efficient programme was developed in the pools and sports halls. Swimming lesson attendances exceeded 200,000 visits in the three swimming pools, offering a life-skill to many.

The recruitment of a Sports Development Officer helped improve the co-ordination and presentation of our sporting activities, which encompasses all age-ranges and extend from adult-and-baby lessons to fall prevention classes. An example is the Hawks Gymnastics Club at Hertswood, which celebrated its 40th anniversary with a public display involving the 198 children currently enrolled on a Saturday and was 'sold out' with more than 500 family members and past club members attending.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

ACHIEVEMENTS AND PERFORMANCE - continued

Of particular note was the "Herts Active" programme, headed by a funded "Get Active" specialist, which helped more than 300 individuals (who previously undertook no exercise and, as a result, suffered health problems) into a more active lifestyle.

The park and community events showed improvement, with festival-type activities such as "Sounds of the Summer" and "Unsigned and Unplugged" well-attended. Giant screens for "Films in the Parks" were affected by high winds and rain in Borehamwood, but were well received in Potters Bar and Bushey. Support from partners, local councillors and, significantly, Hertsmere Borough Council led to strong local delivery.

The much-needed refurbishment of changing facilities at Bushey Grove and Furze Field comprised the main capital investment. However, as experience has shown, an improvement in one area serves also to highlight the age of other parts of the facilities and a back-to-basics approach was taken with other works, focusing on maintenance, cleaning and tidying the facilities for users.

Efforts were intensified to turn around the performance of Bushey Country Club. An entirely new management team was recruited and the staffing restructured to provide a new platform for improvement and create a new culture at the facility. There have subsequently been glimmers of a recovery, but it has become increasingly clear that the facility, as it stands, will never achieve profitability. The losses incurred here could be better invested elsewhere and the Trust will intensify efforts to seek a permanent solution to this problem.

Three Rivers District Council Contract (TRDC)

Attendances increased to 630,000 from 557,000 last year, largely due to group fitness (participation up 13%).

A number of initiatives - junior netball, "Back to Netball" and walking netball for adults - provided improved pathways into sport. Golf attendances increased by 9% and foot golf by 96%. The introduction of the winter membership proved extremely popular. The junior gym programme was further developed during the year, with usage at William Penn increasing 50%. Additionally, a swimming scholarship scheme was started, focussed on teaching swimming skills to underprivileged children.

The "Physical Activity Referral Scheme" continued to grow, albeit from a low level. Varied referral systems and membership offers have been developed to help break down barriers. The South Oxhey Games proved a successful initiative, helping to develop the involvement of schools and the local community.

Given the significant investment made the previous year, relatively minor funding was required this year, the main improvements being:

- carpet refurbishment at William Penn
- sports hall light replacement at William Penn
- pool grating replacement at William Penn
- changing room refurbishment at The Centre in Oxhey and
- redecoration of the Fairway Inn at Rickmansworth Golf Course

ISO 14001 environmental accreditation and Quest accreditation were maintained at both Rickmansworth Golf Course and William Penn.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

ACHIEVEMENTS AND PERFORMANCE - continued
Milton Keynes Council Contract (MKC)

Visits to the facilities increased from 832,000 to 882,000 for the year.

2016-17 was a very challenging year, with strong competition in the local catchment areas from low-cost gyms affecting membership retention. To counter this threat, we focused on improving customer service at the front-of-house, particularly in the reception and fitness teams, with training sessions for all staff, along with reviewing our sales and marketing approach.

To this end, we re-launched the gym at Oakgrove, with a new look, new equipment and a new price. This has seen our membership here increase from 180 to 650 and the site continues to grow each month.

The outstanding performance continues in respect of swimming lessons and wet-side activities, with swimming galas at a record level. Bletchley is fast becoming known as a fantastic venue for swimming events and this year saw us host our first regional championships. This success has been reinforced with a number of strong, long-term partnership bookings, including MK College and CMK Swimming Club.

We continued to manage a number of community facilities successfully. However, local politics makes this a particularly difficult challenge. Our performance was rated highly in an initial audit, but we await the results of a second audit to assess whether there are areas we need to address.

96 Shenley Road

This facility has gone from strength-to-strength. Far from acting as merely a key-holder/caretaker of the facility, the Trust has worked with a large number of partners and at three tiers of local government to develop a strong local identity and deliver a range of activities and shows. Using links with Wylyotts Theatre and the events programme, the management have delivered an exciting programme including licenced Jonglers shows, children's plays and historic local film screenings

Eighth Level

As referred to earlier, this facility continued to be loss-making, despite the hard work of the local managers and staff. The decision was therefore taken to close the facility and seek the best deal available from the lessors. The facility closed in July 2017.

Children's Centres and Nurseries

In order to drive improvement and meet our annual priorities, significant resources have been allocated to workforce development over 2016/17. There has been a particular focus on developing skills and knowledge of our teams to further develop our service offer for expectant parents, parents with young babies, women who have experienced domestic violence and families in need of more intensive support including developing their parenting skills.

In addition every member of the Children's Centre team has been involved in working towards accreditation of the Hertfordshire Healthy Children's Centre programme, which was awarded in Spring 2017. The programme focused on eight key public health priorities (healthy weight, oral health, emotional wellbeing, sexual health, alcohol/drugs, smoking, childhood immunisations and safety.) Some of the many achievements of the programme include:

- 20 of our Children's Centre and Nursery staff becoming accredited instructors in the Les Mills 'Born to Move' physical activity programme, hundreds of young children have already benefited from this,
- increasing the support for breastfeeding mothers who can now receive advice from our Level 3 trained Breastfeeding Champions,
- the creativity of staff in the way they promote key health promotion campaigns throughout all the services they offer, and
- the 100 plus parents that have benefited from completing a Family Outcome Star assessment and going on to receive tailored family support packages.

Children's Centre and Nursery Leaders have also attended a range of leadership training and all Children's Centre and Nursery staff have attended workshops on communication and team work. As a result of this training there has been an increase in self-awareness, understanding of different communication needs of team members, enhanced teamwork and more effective leadership, all of which we hope will hold staff in good stead for the forthcoming re-commissioning process in 2017/18.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

ACHIEVEMENTS AND PERFORMANCE - continued

There is a new Family Centre contract due to commence in 2018, replacing the current Children's Centre contract, whereby Children's Centres and Health Visiting / School Nursing services will be required to work in a more integrated manner. In preparation, throughout 2016/17, we have taken numerous opportunities to further develop our working relationships with the local Health Visiting and School Nursing service both at strategic and operational levels. As a result many services have been reviewed, re-designed collaboratively and in many examples are now being co-delivered across the 2 services. One such project being the Two Year Old Group Reviews which is a finalist for the national 2017 Nursing Times Awards.

Environmental Impact

ISO 14001 assessment and registration continued in the year, with all Centres confirmed as achieving the standards. HLT has been working to reduce its impact on the environment throughout the year. All investments are reviewed for their environmental impact and the replacement programme of all leisure centres' lights with low power LED lights is ongoing.

FINANCIAL REVIEW

The results for the year are set out in the annexed financial statements.

Total income reduced by 0.7% to £20,089,265.

The net loss for unrestricted funds for the financial year, before the pension adjustment, was £205,413 (2016: £152,629 surplus). The prior year figures have been restated, reduced by £186,238 due to a change in accounting treatment in respect of accruing for casual staff costs. This was a one off adjustment.

The pension adjustment this year was a loss of £57,000 (2016: loss £51,000) which resulted in an overall loss of £410,381 (2016: £781,391 surplus). After allowing for actuarial loss on the defined benefit pension scheme of £27,000 (2016: gain of £280,000).

During the year the on-going capital investments continued with a further £511,356 (2016: £797,182) being spent on fixed assets to enhance the facilities and add new activities.

Reserves Policy

HLT's policy on reserves is to achieve free reserves of at least £0.5m annually, after net capital expenditure (before the pension adjustment) in order to have a sufficient buffer to deal with possible fluctuations in income levels. This was not achieved in 2016/17. The nature of HLT's business necessitates significant investment in its facilities in the form of either fixed assets or repairs and maintenance from time to time. At the end of the period the Trust held unrestricted reserves of £1.15m (2016: £1.36m) and a cash balance of £2.03m (2016: £2.46m). The Trustees consider these balances to be acceptable in view of the need for regular investment in the facilities.

The existence of the defined benefit pension fund obligation is not seen as an immediate threat to the day-to-day business of the Trust although it is monitored closely. In years where HLT make a surplus it is the intention of the trustees to set aside suitable levels of reserves towards covering any pension scheme deficits which may crystallise at the end of the contracts which the Trust has.

REPORT OF THE TRUSTEES
for the Year Ended 31 March 2017

PLANS FOR FUTURE PERIODS

The outcome of the strategic review will determine the shape, size and structure of the business, but it is already clear that the current entity will focus its attention on its existing contracts. Here we see a bright and exciting future.

Hertsmere Borough Council Contract

The Trust has shared with the Council its ideas on how their facilities can be significantly enhanced. Discussions have progressed well and it is hoped the Trust will be able to start driving a step-change in the provision of HBC's leisure facilities that the Trust manages over the next few months. In the meantime, with the strategy review completed, management can focus fully on improving day-to-day performance and implementing initiatives that had been put on hold.

Three Rivers District Council Contract

It was with great reluctance that the Board of Trustees decided to withdraw from the bidding to renew this contract. HLT's bid would have meant investing £6m in reconstructing The Centre, South Oxhey and further improving William Penn Leisure Centre. The risks surrounding this investment, when set against the likely benefits and other challenges faced by the Trust, were considered too great.

Our focus is therefore on maintaining the high standards we believe we have achieved over the 10 years that we have been running TRDC's facilities, achieving a smooth handover to the new operator and maintaining the good relationship we have built up with the Council.

Milton Keynes Council Contract

Milton Keynes Council are providing significant capital investment to enhance a number of the community facilities, including a complete refit of Westcroft Pavilion, redecoration of Crownhill Meeting Place and, biggest of all, the installation of a new 3G Astro pitch at Tattenhoe. A key objective, therefore, is to ensure these investments are fully exploited. We also believe that there is scope to improve the financial performance of Bletchley Leisure Centre. HLT have recently undertaken the management of the Milton Keynes Central facility which offers outdoor 4G facilities in the heart of Milton Keynes.

Children's Centres

It seems only yesterday that we were celebrating the considerable success of winning a three-year contract to manage an enlarged portfolio of Children's Centres, yet we have now already started the re-bidding process. The nature and scope is to change significantly, with the new "Family Centre" contract, due to commence in 2018, requiring Children's Centres and Health Visiting / School Nursing services to work in a more integrated manner. As described earlier in the report, we have been preparing for this change and are hopeful of a successful bid.

Capital expenditure

Capital Expenditure projects will be delivered across all the contracts, as identified in the board approved programme. In agreeing the list of projects, three considerations were uppermost: investment to keep the facilities up-to-date; improving access, attendances & customer satisfaction; and energy efficiency. Projects range from the refurbishment of changing rooms to replacing existing lighting with more efficient LED lighting.

Financial management policies

The Charitable Company's business and strategic plans and its associated financial budgets are prepared by management and approved by the Board of Trustees. The risk register is updated as part of this process on an annual basis.

Performance against the plans and budget is reported monthly and reviewed by the Board and sub-committees. Budget accountability within the Trust is defined in line with the organisational structure and this is the basis for monthly internal reporting and review. Budgetary control is supported by documented internal financial procedures which are reviewed annually. These procedures include the sign-off process for investment expenditure.

HERTSMERE LEISURE

REPORT OF THE TRUSTEES **for the Year Ended 31 March 2017**

STATEMENT OF TRUSTEES RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The trustees (who are also the directors of Hertsmere 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).

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 2015 (FRS102);
- 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; and
- 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.

Approved by order of the board of trustees on 5 December 2017 and signed on its behalf by:


.....
C Wame – Chairman


.....
K O Malley - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HERTSMERE LEISURE
for the Year Ended 31 March 2017

We have audited the financial statements of Hertsmere Leisure Group for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement 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 FRS 102 (the financial reporting standard applicable in the UK and R.O.I).

This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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 ten the trustees 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. 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 group's and charitable company's affairs as at 31 March 2017 and of the group's 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

The trustees were not entitled to prepare the financial statements in accordance with the small company's regime and to take



Liam McHugh FCA (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: 5 December 2017

HERTSMERE LEISURE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES **(Incorporating an Income and Expenditure Account and a Statement of Total Recognised Gains and Losses)** **for the Year Ended 31 March 2017**

	Notes	Un- restricted Funds	Restricted Funds	FRS 102 (Retirement Benefits) Adjustment Un-restricted	Total Funds 2017	Total Funds 2016 as restated
		£	£	£	£	£
Income						
Donations and legacies	3	-	-	-	-	70,016
Income from charitable activities						
Operation of recreation and leisure sites	6	16,748,361	2,799,992	-	19,548,353	19,567,666
Income from other trading activities						
Commercial trading operations	4	539,409	-	-	539,409	585,691
Investment income	5	1,503	-	-	1,503	2,040
Total income		17,289,273	2,799,992	-	20,089,265	20,225,413
Expenditure						
Costs of raising funds						
Commercial trading operations	4	534,522	-	-	534,522	574,926
Expenditure on charitable activities						
Operation of recreation and leisure sites	11	16,960,095	2,947,960	30,000	19,938,055	19,149,026
Total expenditure		17,494,617	2,947,960	30,000	20,472,577	19,723,952
Net (expenditure)/income before transfers		(205,344)	(147,968)	(30,000)	(383,312)	501,461
Transfers between funds	29	-	-	-	-	-
Net (expenditure)/income before other recognised gains and losses before taxation		(205,344)	(147,968)	(30,000)	(383,312)	501,461
Tax on commercial trading operations	4	(69)	-	-	(69)	(70)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	-	(27,000)	(27,000)	280,000
Net (expenditure)/income after other recognised gains and losses		(205,413)	(147,968)	(57,000)	(410,381)	781,391
Funds brought forward as previously reported		1,545,967	517,971	(51,000)	2,012,938	1,045,309
Prior year adjustment	31	(186,238)	-	-	(186,238)	-
Funds brought forward as restated		1,359,729	517,971	(51,000)	1,826,700	1,045,309
Total funds carried forward		1,154,316	370,003	(108,000)	1,416,319	1,826,700

Continuing operations

All of the above results are derived from continuing operations.

HERTSMERE LEISURE**CONSOLIDATED BALANCE SHEET****31 March 2017**

	Notes	31.3.17 £	31.3.17 £	31.3.16 As restated £	31.3.16 As restated £
FIXED ASSETS					
Tangible assets	15		<u>1,695,975</u>		<u>2,003,029</u>
			1,695,975		2,003,029
CURRENT ASSETS					
Stocks	17	151,576		151,227	
Debtors	18	2,163,189		2,016,717	
Cash at bank and in hand		<u>2,028,811</u>		<u>2,460,033</u>	
		4,343,576		4,627,977	
CREDITORS					
Amounts falling due within one year	19	(4,342,795)		(4,341,090)	
NET CURRENT ASSETS BEFORE PENSION LIABILITY			<u>781</u>		<u>286,887</u>
CREDITORS					
Amounts falling due after one year	20		(172,437)		(412,216)
NET ASSETS BEFORE PENSION LIABILITY			<u>1,524,319</u>		<u>1,877,700</u>
PENSION LIABILITY	25		108,000		51,000
THE FUNDS OF THE CHARITY FUNDS					
Unrestricted income funds	29	1,154,316		1,359,729	
Pension liability	29	(108,000)		(51,000)	
Restricted funds	29	<u>370,003</u>		<u>517,971</u>	
TOTAL FUNDS	29		<u>1,416,319</u>		<u>1,826,700</u>
			<u>1,524,319</u>		<u>1,877,700</u>

The financial statements were approved by the Board of Trustees on 5 December 2017 and were signed on its behalf by:


C Wame – Chairman


K O Malley – Trustee

Company registered number: 04343347

HERTSMERE LEISURE**COMPANY BALANCE SHEET****31 March 2017**

	Notes	31.3.17 £	31.3.17 £	31.3.16 As restated £	31.3.16 As restated £
FIXED ASSETS					
Tangible assets	15		1,547,744		1,816,528
Investments	16		<u>1</u>		<u>1</u>
			1,547,745		1,816,529
CURRENT ASSETS					
Stocks	17	136,974		139,280	
Debtors	18	2,723,453		2,286,073	
Cash at bank and in hand		<u>1,499,264</u>		<u>2,258,997</u>	
		4,359,691		4,684,350	
CREDITORS					
Amounts falling due within one year	19	<u>(4,275,436)</u>		<u>(4,269,904)</u>	
NET CURRENT ASSETS BEFORE PENSION LIABILITY					
			<u>84,255</u>		<u>414,446</u>
CREDITORS					
Amounts falling due after one year	20		(171,787)		(412,216)
NET ASSETS BEFORE PENSION LIABILITY					
			<u>1,460,213</u>		<u>1,818,759</u>
PENSION LIABILITY					
	25		108,000		51,000
THE FUNDS OF THE CHARITY FUNDS					
Unrestricted income funds		1,090,210		1,300,788	
Pension liability		(108,000)		(51,000)	
Restricted funds		<u>370,003</u>		<u>517,971</u>	
TOTAL FUNDS					
	24		<u>1,352,213</u>		<u>1,767,759</u>
			<u>1,460,213</u>		<u>1,818,759</u>

The financial statements were approved by the Board of Trustees on 5 December 2017 and were signed on its behalf by:



 C Warne – Chairman



 K O Malley - Trustee

Company registered number: 04343347

HERTSMERE LEISURE**CONSOLIDATED CASH FLOW STATEMENT**
for the Year Ended 31 March 2017

		Year Ended 31.3.17 £	Year Ended 31.3.16 As restated £
Cash flows from operating activities	Notes		
Cash inflow from operating activities	1	386,424	1,387,544
Tax paid		-	(36)
		<u>386,424</u>	<u>1,387,508</u>
Cash flows from investing activities			
Interest received		1,503	2,040
Purchase of tangible fixed assets		<u>(511,356)</u>	<u>(797,182)</u>
Net cash outflow from investing activities		<u>(509,853)</u>	<u>(795,142)</u>
Cash flows from financing activities			
New finance lease agreements in year		-	173,734
Interest paid		(15,429)	(24,281)
Loan repayments in year		(135,787)	(129,178)
Hire purchase repayments in year		(138,722)	(175,873)
Interest element of hire purchase and lease payments		<u>(17,854)</u>	<u>(19,529)</u>
Net cash outflow from investing activities		<u>(307,792)</u>	<u>(175,127)</u>
		<u>(431,222)</u>	<u>417,239</u>
Change in cash and cash equivalents in the reporting period		<u>(431,222)</u>	<u>417,239</u>
Cash and cash equivalents at the beginning of the reporting period		<u>2,460,033</u>	<u>2,042,794</u>
Cash and cash equivalents at the end of the reporting period		<u>2,028,811</u>	<u>2,460,033</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2017

1. RECONCILIATION OF NET INCOMING RESOURCES FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31.3.17	Year Ended 31.3.16 As restated
	£	£
Net (outgoing)/incoming resources for the year	(383,312)	501,461
Interest received	(1,503)	(2,040)
Interest element of hire purchase/finance lease payments	17,854	19,529
Interest paid	15,429	24,281
Depreciation charges	818,410	774,254
(Increase)/decrease in stocks	(349)	24,112
(Increase)/decrease in debtors	(146,472)	74,701
Increase/(decrease) in creditors	36,366	(79,754)
Interest cost on defined benefit pension scheme	304,000	278,000
Expected return on defined benefit pension scheme	(301,000)	(268,000)
Difference between pension charge and cash contributions	<u>27,000</u>	<u>41,000</u>
Net cash inflow from operating activities	<u>386,424</u>	<u>1,387,544</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company meets its day to day working capital requirements largely through its own activities but also through financial and grant support from the Local Authorities for which it operates facilities. The grant and management fee support is agreed for contractual terms of varying lengths. The Trustees expect this financial support to continue for the foreseeable future and therefore consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of its financial support by the Local Authorities.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Under Financial Reporting Standard 102 (Retirement benefits) the deficit on the trust's pension scheme is included in the financial statements and the trust's reserves have therefore been reduced by the pension deficit creating net assets of £1,416,319 (2016: net assets of £1,826,700) at the year end. The Board are satisfied that the Trust will be able to meet all of its obligations as and when they fall due.

Accounting convention

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 provisions of 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. There were no material departures from Financial Reporting Standard 102.

Company Status

The Charitable Company is limited by guarantee and the guarantors are the Members of the charitable company.

Incoming Resources

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers, and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

Grants receivable

Grants receivable in respect of a specified period relating to the general activities of the Group are recognised in the income and expenditure account in the period in which they become receivable.

Unrestricted Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

Resources Expended

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

Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Head Office. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with the use of the resources.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 3-10 years
Fixtures and Fittings	- straight line over 3-5 years

Intangible fixed assets

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of 10 years. Goodwill is reviewed for impairment annually. Impairment is determined by assessing the recoverable amount of the cash generating centre to which the goodwill relates. Where the recoverable amount of the cash generating centre is less than the carrying amount of the goodwill an impairment loss is recognised in the statement of financial activities.

Service Concession Arrangements

The Charitable Company has Service Contracts with Local Authorities for the maintenance and operation of leisure centres owned by the respective Local Authority to which it has a lease and management service contract. Each Local Authority has rights under the contract to specify the activities offered by the centres and has influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contracts specify minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

Property, plant and equipment

The buildings and plant at the centres are leased to the Charitable Company as part of the overall contractual relationship with the Local Authority but the Local Authority maintains ultimate control of these assets. Accordingly the access which the Charitable Company has in the use of these assets is to enable it to operate the leisure centres, so that the Charitable Company can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the Charitable Company's Balance Sheet.

Receipts

The Charitable Company receives an agreed payment from the Local Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Local Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

1. ACCOUNTING POLICIES (continued)**Irrecoverable VAT**

Given the nature of the Charitable Company's activities it attracts exempt supplies, which results in the Charitable Company falling under the partial exemption scheme. Input VAT is fully recovered on taxable supplies, together with a proportion of non attributable input VAT. Irrecoverable VAT is written off to the Statement of Financial Activities.

Stocks

Inventories have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

Leasing commitments

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

Pension costs and other post-retirement benefits

The charitable company operates a pension scheme providing benefits based on final pensionable pay. Contributions to the defined benefit scheme are charged to the Statement of Financial Activities in order to allocate the cost of providing the pension recognising any actuarial surplus or deficit (where appropriate), over the working lives of the relevant employees as assessed in accordance with the advice of professional qualified actuaries. The assets of the scheme are held separately in an independently administered fund.

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred. These include contributions to the stakeholder pension scheme and employee's personal pension schemes.

Taxation

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going Concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiary Herts Leisure Limited.

A summary of the financial activities undertaken by the Charitable Company is set out below:

	31.3.17	31.3.16
	£	£
Incoming resources	19,549,512	19,639,371
Expenditure on charitable activities	(19,921,068)	(19,126,241)
Governance costs	<u>(16,987)</u>	<u>(22,785)</u>
Net (outgoing)/incoming resources	(388,543)	490,345
Actuarial (losses)/gains on defined benefit pension schemes	<u>(27,000)</u>	<u>280,000</u>
	<u><u>(415,543)</u></u>	<u><u>770,345</u></u>

HERTSMERE LEISURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**3. DONATIONS AND LEGACIES**

	31.3.17	31.3.16
	£	£
Donations as a result of business combinations	<u>-</u>	<u>70,016</u>

On 1 April 2015 the Charitable Company acquired the assets of 9 Children's Centres.

4. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

A summary of the trading results of the wholly owned subsidiary Herts Leisure Limited is shown below:

	31.3.17	31.3.16
	£	£
Turnover	539,409	585,691
Cost of sales and administration costs	(534,522)	(574,926)
Interest receivable	344	351
Taxation	(69)	(70)
Net profit	<u>5,162</u>	<u>11,046</u>

5. INVESTMENT INCOME

	31.3.17	31.3.16
	£	£
Deposit account interest	<u>1,503</u>	<u>2,040</u>

All of the group's investment income arises from interest bearing deposit accounts.

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016 As restated
	£	£	£	£
Operation of leisure centres	16,224,684	-	16,224,684	15,605,783
Government grants	<u>523,677</u>	<u>2,799,992</u>	<u>3,323,669</u>	<u>3,961,883</u>
Total	<u>16,748,361</u>	<u>2,799,992</u>	<u>19,548,353</u>	<u>19,567,666</u>

7. INCOMING/OUTGOING RESOURCES OF THE PARENT CHARITABLE COMPANY

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net outgoing resources after actuarial gains/losses under defined benefit schemes for the financial year was £415,843 (2016: £770,345 net incoming resources).

8. STAFF COSTS

	Year Ended 31.3.17	Year Ended 31.3.16 As restated
	£	£
Wages and salaries	9,561,419	9,663,038
Social security costs	528,432	482,689
Other pension costs	<u>240,283</u>	<u>371,947</u>
	<u>10,330,134</u>	<u>10,517,674</u>

HERTSMERE LEISURE**NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**8. STAFF COSTS - continued**

Included within wages expenditure are the following transactions.

	Amount £	Reason
Ex-gratia payments	41,035	Compromise
Redundancy pay	22,982	

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

	Year Ended 31.3.17	Year Ended 31.3.16
Senior Management and administration	31	28
Charity	765	902
Support	194	244
	<u>990</u>	<u>1,174</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year and the preceding year was as follows:

£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£90,000 - £100,000	1	-

The number of employees earning in excess of £60,000 (for the year and the preceding year) to whom retirement benefits were accruing was as follows:

Defined benefit schemes	-	<u>1</u>
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The total amount of employee remuneration received by key management personnel is £182,436 (2016: £234,750). The Charitable Company considers its key management personnel comprises of the CEO, the Head of Finance and the Head of Commercial Development.

9. NET EXPENDITURE/INCOME FOR THE PERIOD

The net expenditure/income is stated after charging:

	Year Ended 31.3.17 £	Year Ended 31.3.16 As restated £
Plant Hire	102,731	28,721
Depreciation - owned assets	681,756	595,390
Depreciation – assets on hire purchase	<u>136,654</u>	<u>178,864</u>
Governance costs:		
Auditors remuneration	<u>19,755</u>	<u>22,785</u>
Trustees' emoluments		
Trustees' emoluments	<u>-</u>	<u>-</u>

The number of trustees to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>-</u>	<u>-</u>
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No trustees received any allowance for attendance. No payments were paid to Trustees in respect of travelling or other expenses (2016: £nil).

HERTSMERE LEISURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year Ended 31.3.17	Year Ended 31.3.16 As restated
	£	£
Loan interest	15,429	24,281
Hire purchase interest	<u>17,854</u>	<u>19,529</u>
	<u>33,283</u>	<u>43,810</u>

11. CHARITABLE ACTIVITIES

	Direct Costs	Staff Costs	Support Costs	2017 Total Charitable Activities	2016 Total Charitable Activities As restated
	£	£	£	£	£
Leisure Centres	<u>1,457,294</u>	<u>10,330,134</u>	<u>8,150,627</u>	<u>19,938,055</u>	<u>19,149,026</u>

Major components of Support Costs

	Year Ended 31.3.17	Year Ended 31.3.16 As restated
	£	£
Premises Expenses	4,130,827	3,879,687
Governance Costs	16,987	22,785
Overheads	2,169,567	2,070,399
Communications	155,623	141,045
Marketing	410,032	306,845
Computer Expenses	216,756	225,713
Legal & Professional	281,443	278,558
Irrecoverable VAT	766,392	765,181
FRS 102 Pension Costs	<u>3,000</u>	<u>10,000</u>
	<u>8,150,627</u>	<u>7,700,213</u>

All support costs relate to the sole activity of the Charity, being the provision of Leisure Activities.

12. TAXATION

The company is a registered Charity and is subject neither to Corporation Tax nor Income Tax on its charitable activities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund As restated £	Restricted funds As restated £	Total funds As restated £
INCOME			
Donations and legacies	-	70,016	70,016
Income from charitable activities			
Operation of leisure and recreation sites	16,607,889	2,959,777	19,567,666
Income from other trading activities			
Commercial trading operations	585,691	-	585,691
Investment Income	2,040	-	2,040
Total	17,195,620	3,029,793	20,225,413
EXPENDITURE ON			
Costs of raising funds:			
Commercial trading operations	574,996	-	574,996
Charitable activities			
Charitable activities	16,518,254	2,630,772	19,149,026
Total	17,093,250	2,630,772	19,724,022
NET INCOME	102,370	399,021	501,391
Transfers between funds	(741)	741	-
	101,629	399,762	501,391
Other recognised gains			
Actuarial gains on defined benefit schemes	280,000	-	280,000
Net movement in funds	381,629	399,762	781,391
RECONCILIATION OF FUNDS			
Total funds brought forward	927,100	118,209	1,045,309
TOTAL FUNDS CARRIED FORWARD	1,308,729	517,971	1,826,700

HERTSMERE LEISURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**14. INTANGIBLE FIXED ASSETS****Group and company**Goodwill
£**COST**

At 1 April 2016 and 31 March 2017

14,464**AMORTISATION**

At 1 April 2016 and 31 March 2017

14,464**NET BOOK VALUE**

At 31 March 2017

-

At 31 March 2016

-**15. TANGIBLE FIXED ASSETS****Group**

	Improvements to property £	Plant and Machinery £	Fixtures and fittings £	Totals £
COST				
At 1 April 2016	1,903,924	3,341,183	37,136	5,282,243
Additions	<u>2,466</u>	<u>508,890</u>	<u>-</u>	<u>511,356</u>
At 31 March 2017	<u>1,906,390</u>	<u>3,850,073</u>	<u>37,136</u>	<u>5,793,599</u>
DEPRECIATION				
At 1 April 2016	1,060,565	2,189,374	29,275	3,279,214
Charge for year	<u>229,420</u>	<u>588,240</u>	<u>750</u>	<u>818,410</u>
At 31 March 2017	<u>1,289,985</u>	<u>2,777,614</u>	<u>30,025</u>	<u>4,097,624</u>
NET BOOK VALUE				
At 31 March 2017	<u>616,405</u>	<u>1,072,459</u>	<u>7,111</u>	<u>1,695,975</u>
At 31 March 2016	<u>843,359</u>	<u>1,151,809</u>	<u>7,861</u>	<u>2,003,029</u>

HERTSMERE LEISURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**15. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 April 2016	738,133
Transfer to ownership	<u>(253,260)</u>
At 31 March 2017	<u>484,873</u>
DEPRECIATION	
At 1 April 2016	446,103
Charge for year	136,654
Transfer to ownership	<u>(253,260)</u>
At 31 March 2017	<u>329,497</u>
NET BOOK VALUE	
At 31 March 2017	<u>155,376</u>
At 31 March 2016	<u>292,030</u>

Company

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 April 2016	1,599,757	3,341,183	4,940,940
Additions	<u>-</u>	<u>508,890</u>	<u>508,890</u>
At 31 March 2017	<u>1,599,757</u>	<u>3,850,073</u>	<u>5,449,830</u>
DEPRECIATION			
At 1 April 2016	935,037	2,189,375	3,124,412
Charge for year	<u>189,435</u>	<u>588,239</u>	<u>777,674</u>
At 31 March 2017	<u>1,124,472</u>	<u>2,760,774</u>	<u>3,902,086</u>
NET BOOK VALUE			
At 31 March 2017	<u>475,285</u>	<u>1,072,459</u>	<u>1,547,744</u>
At 31 March 2016	<u>664,720</u>	<u>1,151,808</u>	<u>1,816,528</u>

HERTMSERE LESIURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
for the Year Ended 31 March 2017**15. TANGIBLE FIXED ASSETS- continued**
Company- continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 April 2016	738,133
Transfer to ownership	<u>(253,260)</u>
At 31 March 2017	<u>484,873</u>
DEPRECIATION	
At 1 April 2016	446,103
Charge for year	136,654
Transfer to ownership	<u>(253,260)</u>
At 31 March 2017	<u>329,497</u>
NET BOOK VALUE	
At 31 March 2017	<u>155,376</u>
At 31 March 2016	<u>292,030</u>

16. FIXED ASSET INVESTMENTS
Company

COST	
At 1 April 2016 and 31 March 2017	<u>120,000</u>
PROVISIONS	
At 1 April 2016 and 31 March 2017	<u>119,999</u>
NET BOOK VALUE	
At 31 March 2017	<u>1</u>
At 31 March 2016	<u>1</u>

There were no investment assets outside the UK. The charity's investments at the balance sheet date in the share capital of companies include the following:

Herts Leisure Limited

Nature of business: Management of catering and functions

	% holding		
Class of shares:	100.00		
Ordinary		31.3.17	31.3.16
		£	£
Aggregate capital and reserves		64,104	58,942
Profit for the period		<u>5,162</u>	<u>10,695</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2017

17. STOCKS

	Group		Company	
	31.3.17	31.3.16	31.3.17	31.3.16
	£	£	£	£
Stocks	<u>151,576</u>	<u>151,227</u>	<u>136,974</u>	<u>139,280</u>

Group

Stock amounts recognised within expenditure for the current period are £916,644 (2016: £852,884).

Company

Stock amounts recognised within expenditure for the current period are £774,966 (2016: £668,792).

18. DEBTORS

	Group		Company	
	31.3.17	31.3.16	31.3.17	31.3.16
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,756,515	1,620,149	1,752,681	1,614,711
Other debtors	9,800	17,519	8,999	17,519
Prepayments and accrued income	<u>396,874</u>	<u>373,397</u>	<u>396,560</u>	<u>373,397</u>
	<u>2,163,189</u>	<u>2,011,065</u>	<u>2,158,240</u>	<u>2,005,627</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	565,213	274,794
Prepayments and accrued income	<u>-</u>	<u>5,652</u>	<u>-</u>	<u>5,652</u>
	<u>-</u>	<u>5,652</u>	<u>565,213</u>	<u>280,446</u>
Aggregate amounts	<u>2,163,189</u>	<u>2,016,717</u>	<u>2,723,453</u>	<u>2,286,073</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.17	31.3.16 As restated	31.3.17	31.3.16 As restated
	£	£	£	£
Other loans (see note 21)	142,734	135,787	142,734	135,787
Hire purchase contracts (see note 22)	78,282	140,470	78,282	140,470
Trade creditors	895,337	875,741	881,337	862,064
Taxation	139	70	-	-
Other taxes and PAYE	22,193	-	22,193	-
VAT	99,548	71,588	78,605	55,917
Other creditors	45,944	79,395	40,457	72,169
Accruals and deferred income	<u>3,058,618</u>	<u>3,038,039</u>	<u>3,031,828</u>	<u>3,003,497</u>
	<u><u>4,342,795</u></u>	<u><u>4,341,090</u></u>	<u><u>4,275,436</u></u>	<u><u>4,269,904</u></u>

Deferred income (excluding capital grants)	31.3.17 £
Deferred income at 1 April 2016	2,186,414
Resources deferred in the year	2,146,036
Amounts released from previous periods	<u>(2,299,426)</u>
Deferred income at 31 March 2017	<u><u>2,033,024</u></u>

Deferred income at 31 March 2017 represents annual leisure memberships income, swimming courses income and room bookings, where the consideration has been received in the year ended 31 March 2017 but the services were only provided in the year ending 31 March 2018.

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

	Group		Company	
	31.3.17	31.3.16	31.3.17	31.3.16
	£	£	£	£
Other loans (see note 21)	86,610	229,344	86,610	229,344
Hire purchase contracts (see note 22)	40,336	116,870	40,336	116,870
Accruals and deferred income	<u>45,491</u>	<u>66,002</u>	<u>44,841</u>	<u>66,002</u>
	<u><u>172,437</u></u>	<u><u>412,216</u></u>	<u><u>171,787</u></u>	<u><u>412,216</u></u>

21. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.3.17	31.3.16	31.3.17	31.3.16
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans – less than 1 year	<u>142,734</u>	<u>135,787</u>	<u>142,734</u>	<u>135,787</u>
Amounts falling due between one and two years:				
Other loans – 1-2 years	<u>86,610</u>	<u>142,734</u>	<u>86,610</u>	<u>142,734</u>
Amounts falling due between two and five years:				
Other loans – 2-5 years	<u>-</u>	<u>86,610</u>	<u>-</u>	<u>86,610</u>

Other loans, totalling £229,344 (2016: £365,131), comprises loans from Hertsmere Borough Council used for various fixed asset acquisitions. These loans are secured by way of a fixed and floating charge over all of the charitable company's assets.

HERTSMERE LEISURE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**
for the Year Ended 31 March 2017**22. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	Group		Company	
	31.3.17	31.3.16	31.3.17	31.3.16
	£	£	£	£
Net obligations repayable				
Within one year	78,282	140,470	78,282	140,470
Between one and five years	<u>40,336</u>	<u>116,870</u>	<u>40,336</u>	<u>116,870</u>
	<u>118,618</u>	<u>257,340</u>	<u>118,618</u>	<u>257,340</u>

23. OPERATING LEASE COMMITMENTS

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

Group and company

	Land and buildings	
	31.3.17	31.3.16
	£	£
Expiring:		
Within one year	15,000	60,000
Between one and five years	<u>60,000</u>	<u>240,000</u>
	<u>75,000</u>	<u>300,000</u>

24. FUNDS**Group**

	Income and Expenditure Account As restated £
At 1 April 2016	1,826,700
Net expenditure for the year	(383,381)
Actuarial loss on pension scheme assets	<u>(27,000)</u>
At 31 March 2017	<u>1,416,319</u>
Income and expenditure account excluding pension asset / (liability)	1,524,319
Pension reserve	<u>(108,000)</u>
Funds	<u>1,416,319</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

24. FUNDS – continued

Company

	Income and Expenditure Account As restated £
At 1 April 2016	1,767,759
Net expenditure for the year	(388,546)
Actuarial loss on pension scheme assets	<u>(27,000)</u>
At 31 March 2017	<u>1,352,213</u>
Income and expenditure account excluding pension asset / (liability)	1,460,213
Pension reserve	<u>(108,000)</u>
Funds	<u>1,352,213</u>

25. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2016 and updated to 31 March 2017 by a qualified independent actuary.

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	(9,112,000)	(8,003,000)
Fair value of plan assets	<u>9,004,000</u>	<u>7,952,000</u>
	(108,000)	(51,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(108,000)</u>	<u>(51,000)</u>
Net liability	<u>(108,000)</u>	<u>(51,000)</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	133,000	156,000
Net interest cost	<u>3,000</u>	<u>10,000</u>
	<u>136,000</u>	<u>166,000</u>
Actual return on plan assets	<u>301,000</u>	<u>3,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

25. EMPLOYEE BENEFIT OBLIGATIONS- continued

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

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Opening defined benefit obligation	8,003,000	8,241,000
Current service cost / (gain)	133,000	156,000
Contributions by scheme participants	39,000	46,000
Interest cost	304,000	278,000
Changes in assumptions	792,000	(428,000)
Benefits paid	(159,000)	(290,000)
	<u>9,112,000</u>	<u>8,003,000</u>

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

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Opening fair value of scheme assets	7,952,000	7,961,000
Contributions by employer	106,000	115,000
Contributions by scheme participants	39,000	46,000
Return on assets less interest	301,000	268,000
Asset remeasurement	765,000	(148,000)
Benefits paid	(159,000)	(290,000)
	<u>9,004,000</u>	<u>7,952,000</u>

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.3.17	31.3.16
	£	£
Actuarial (losses)/gains	<u>(27,000)</u>	<u>280,000</u>
	<u>(27,000)</u>	<u>280,000</u>
Cumulative amount of actuarial losses	<u>(77,000)</u>	<u>(50,000)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

25. EMPLOYEE BENEFIT OBLIGATIONS- continued

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	60.00%	58.00%
Bonds	19.00%	19.00%
Property	7.00%	9.00%
Cash	3.00%	3.00%
Gifts	6.00%	6.00%
Hedge funds	2.00%	2.00%
Absolute return portfolio	2.00%	2.00%
Alternative assets	1.00%	1.00%
	<u>100.00%</u>	<u>100.00%</u>

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

	31.3.17	31.3.16
Discount rate	2.55%	3.45%
Future salary increases	3.25%	3.58%
Future pension increases	2.45%	2.18%

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

	Year Ended 31.3.17	Year Ended 31.3.16	Year Ended 31.3.15	Year Ended 31.3.14	Year Ended 31.03.13
Defined benefit obligation	(9,112,000)	(8,003,000)	(8,241,000)	(6,029,000)	(6,004,000)
Fair value of scheme assets	9,004,000	7,952,000	7,961,000	6,895,000	6,039,000
Surplus/(deficit)	(108,000)	(51,000)	(280,000)	886,000	35,000
Experience adjustments on scheme liabilities	-	-	-	-	-
Experience adjustments on scheme assets	-	-	-	-	848,000

26. CAPITAL COMMITMENTS

The group had no capital commitments at 31 March 2017.

27. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

28. CONTINGENT LIABILITY

The charitable company's bankers, The Royal Bank of Scotland ("RBS"), issued a performance bond of £100,000 to Three Rivers District Council on 21 January 2008 which was valid until 31 March 2018 in relation to the charitable company's contract with the Council. The charitable company has undertaken to reimburse RBS for any amount called under this guarantee and has given RBS a charge over a deposit totalling £50,000. A pension indemnity bond of £30,000 was also issued to Hertfordshire County Council which is valid until 31 March 2018 in relation to the charitable company's contract with Three Rivers District Council. The charitable company has undertaken to reimburse RBS for any amount called under this guarantee and has given RBS a charge over a deposit totalling £15,000. The charitable company has also issued a performance bond of £100,000 to Milton Keynes Council on 1 November 2009 which is valid for 15 years in relation to the charitable company's contract with the Council. The charitable company has undertaken to reimburse RBS for any amount called under this guarantee and has given RBS a charge over a deposit totalling £50,000.

29. MOVEMENTS IN FUNDS

	Balance at 1.4.16 As restated £	Incoming resources £	Outgoing resources £	Gains/(losses) and transfers between funds £	Balance at 31.3.17 £
Unrestricted Funds					
General unrestricted funds	1,359,729	17,289,273	(17,494,686)	-	1,154,316
Pension liability	(51,000)	-	(30,000)	(27,000)	(108,000)
Total unrestricted funds	1,308,729	17,289,273	(17,524,686)	(27,000)	1,046,316
Restricted funds:					
Children's centres	514,235	2,792,421	(2,947,405)	-	359,251
50+ Community	2,217	3,171	-	-	5,388
Home learning bursary	177	-	-	-	177
Equipment for 2 year olds	73	-	-	-	73
Locality budget	557	-	(549)	-	8
Toy library	121	7	(6)	-	122
Baby funding	2	-	-	-	2
Herts Sport	589	4,393	-	-	4,982
Total restricted funds	517,971	2,799,992	(2,947,960)	-	370,003
Total funds	1,826,700	20,089,265	(20,472,646)	(27,000)	1,416,319

RESTRICTED FUNDS**Sure Start Children's Centres**

Since 2006, Hertfordshire County Council (HCC) has overseen the development of 82 Children's Centres across the County. In all HLT manages 15 Children's Centres across Hertsmere, 1 in Three Rivers, 2 in St Albans and 1 in North Herts district.

The total funding/grant received in 2016/17 was £2,779,992 (2015/16 - £3,025,533).

The Core Purpose of Sure Start Children's Centres

The Government believes that Children's Centres should have a clear core purpose, focused on improving outcomes for young children and their families, with a particular focus on the most disadvantaged families, in order to reduce inequalities in:

- Child development and school readiness;
- Parenting aspirations, self esteem and parenting skills; and
- Child and family health and life chances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

29. MOVEMENTS IN FUNDS (continued)

The Government has worked with sector leaders to consider evidence and good practice, resulting in a co-produced statement of intent about how the core purpose can be achieved, by:

- Assessing need across the local community;
- Providing access to universal early years services in the local area including high quality and affordable early years education and childcare;
- Providing targeted evidence based early interventions for families in greatest need, in the context of integrated services;
- Acting as a hub for the local community, building social capital and cohesion;
- Sharing expertise with other early years settings to improve quality; and
- Respecting and engaging parents working in partnership across professional/agency boundaries

Funding

Annual funding is provided by HCC to a pre-determined level and services have to be provided within that limit with any unspent funds being carried forward with the prior agreement of the council. The funding is to support the infrastructure and the delivery of appropriate services to the discrete communities served. The contract stipulates submission of expenditure reports against budget, which will be reviewed by HCC and are subject to audit.

50+ Community

Chair based exercise funding for 50+ activity programme. Funding has been secured to continue this service as part of the communities funding provided through Hertsmere Borough Council. It provides entry and advanced exercise for those with reduced mobility in a class environment.

Home learning bursary

This bursary was provided by HCC to help Early Years Settings and Children's Centres develop a set of resources to help parents to support their children's home learning environment. The focus of the project was to provide resources that particularly targeted communication and language development, parents reading to their child and parents teaching their child songs, poems and nursery rhymes.

Equipment for 2 year olds

This grant was provided by HCC to Early Years Settings who offer free early years funded places to 2 year olds. The grant was to ensure that settings have a good range of age appropriate equipment/resources for the 2 year old children attending their setting.

Buggy park

In response to parental feedback and increased numbers of families with children under 1 year accessing services, Oughton Children's Centres secured local funding which was used to cover the cost of constructing a Buggy Park at the front of the Centre. Grants were received from North Hertfordshire District Council's Area Committee fund and a Local Borough Councillor, David Barnard.

Locality budget

Each elected member of HCC has £10,000 to spend on worthwhile projects in their community that promote social, economic or environmental wellbeing. A number of Hertsmere Leisure Children's Centres successfully applied for funding to support a range of projects including the development of an allotment plot and gardening resources for families at The BECC in Borehamwood, and a healthy eating project in Bushey. Further funds were received at the end of the year to allow the Children's Centre at Bushey to play music at their sessions to support children's learning and physical development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

29. MOVEMENTS IN FUNDS (continued)

Toy Library

This funding has been provided to increase the choice of sensory toys available through the Toy Library. The advantage of sensory toys is that they can be matched to the ability of the child and changed as the child develops. Children's Centre Toy Library Co-ordinators will help parents select the right sensory toy and then arrange for delivery, collection and the evaluation of the benefits of the individual toys.

Baby funding

Locality Funding has been secured to support breastfeeding mothers and expectant mothers. This funding has been provided to promote and increase the uptake of breastfeeding in Potters Bar by supporting parents with appropriate resources, such as books and DVDs for them to borrow, and by encouraging more mums to attend the weekly Breastfeeding Support group.

30. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party. The board of Trustees and the management team are responsible for the strategic and operational decisions of the charity.

31. PRIOR YEAR ADJUSTMENT

Previously the charity did not accrue for wages costs for casual staff incurred during the last two weeks of the financial year. It has now decided to accrue for these costs. A prior year adjustment has been made to account for this cost.

32. POST BALANCE SHEET EVENT

The decision was taken to close the Eighth Level facility and seek the best deal available from the lessors. The facility closed in July 2017. The cost of the closure was substantially comprised of £230,000 plus VAT relating to the surrender of the lease and £34,000 relating to the write down of equipment.