



The Cheltenham Trust

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

For the year ending 31 March 2017

The Cheltenham Trust

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The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

The Cheltenham Trust is responsible for the management and development of five significant and well-loved venues across Cheltenham, plus an outstanding collection of cultural material, archives and heritage assets held within our Collection. The Trust remit is ambitious and challenging. We engage with audiences through the arts, heritage, performance, tourism, sport and play, wellbeing and health opportunities. This broad remit enables the Trust to devise and implement many choice opportunities for the public to engage with its activity in many different ways.

We are responsible for a portfolio of historic and contemporary facilities which are all landmark assets of the town and well known to residents as well as a cultural and sporting audience throughout Gloucestershire and beyond. They are:-

- The Wilson, Gloucestershire's premier Art Gallery and Museum,
- Cheltenham Town Hall,
- Pittville Pump Room,
- Leisure at Cheltenham,
- The Prince of Wales Stadium.

During the year our focus has been to remodel our resources to include the skills, experience and knowledge necessary to enable the charity to develop. This remodelling, to ensure a 'One Trust' approach, will enable the Trust to meet more clearly its charitable objectives and secure the role of our venues for the future. As a consequence of the re-structuring, these accounts show a net operating deficit (excluding pension scheme movements) for the year of £162k, which was not planned at the start of the period. This deficit has been met from the Trust's reserves and in the current financial year we are planning to achieve an operating surplus.

Cheltenham Borough Council (CBC) contributes significantly to the Trust's income via a management fee and support on overheads. We are grateful for the support of CBC during this period of change and for their endorsement of our strategy which was reconfirmed by their undertaking to continue as a committed partner organisation of the Trust and to provide future management fee funding. The financial support from Cheltenham Borough Council working in partnership with the Cheltenham Trust ensures that Cheltenham's cultural and sporting offer is vibrant and contributes to the economic prosperity of the town, utilising the iconic assets and places for people to improve their health, for social engagement, learning and enjoyment. Our aim is to ensure that more people can benefit from the Trust more of the time as it develops its key areas of focus.

The Trust's role in developing Cheltenham has resulted in significant developments which have been measured throughout 2016/17 as follows:

- Over 31,000 volunteer hours
- 18,061 school visits
- Over 930,000 customers engaged with annually
- Attracted exhibitions from National institutions including the National Portrait Gallery
- Hosting the Special Olympics, for disabled people across Gloucestershire
- The Trust has attracted over £900k of external funding for a wide range of projects which includes funding from Heritage Lottery Fund, Arts Council England and Sport England

The Cheltenham Trust

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The Trust has worked in partnership with and supported a number of organisations which include:

- Arts Council England
- Sport England
- Heritage Lottery Fund
- GFirst LEP
- Gloucestershire County Council (Education and Learning/Libraries)
- Create Gloucestershire
- Active Gloucestershire
- Special Olympics – Gloucestershire (disability sport)
- Wilson Arts Collective
- Friends of The Wilson
- Cheltenham BID
- Business Forum – Cheltenham

The Trust continues to support CBC initiatives and has been instrumental in ensuring that 'culture' in its widest sense is a key strategic driver for the borough's Place Strategy through the development of a 'cultural manifesto'. We have also worked with CBC to inform the Tourism Strategy and a new model for tourism delivery.

As we look to the future, we are keen to develop the assets we manage and fundraise to support these developments. The Cheltenham Trust working in partnership with Cheltenham Borough Council are focusing on the development of Cheltenham Town Hall, reimagining how the venue could be used by a 21st century audience. With a particular focus on increasing use, both day time and evening; developing new audiences; shaping the artistic programme and generating income from a wide range of activity to sustain a vibrant venue for future generations.

Similarly, through our partnership, the Trust is working with CBC to develop Leisure at with a Phase 1 proposal for capital works that will significantly enhance the quality of the visitor experience.

Having taken over the Chair of the Trust half way through the period of this Report I appreciate more than ever the talents and contribution of our staff, ably led by our CEO Julie Finch. All of them deserve our thanks. I would also like to acknowledge our previous – and founding – chair, Jo Stringer for her energy and vision in our formative period.

The Trust benefits enormously from the services of its Trustee Board. All Trustees are volunteers and provide significant time and expertise during the course of a year. I thank all my Trustee colleagues who served during this period, for their effort, wisdom and counsel, which has been particularly welcome during what has been a period of change and financial scrutiny. I am particularly grateful to the Committee Chairs, who inevitably bear a greater workload than other Trustees and amongst them I particularly thank Finance Chair Duncan Smith, who moved up to vice-Chair during the year and who has been very supportive of me.

The Trust's staff, volunteers, executives and Trustees believe that the Trust model is delivering positive advantages for our town and will continue to do so. It is a privilege and a pleasure to serve Cheltenham in this way.

Signed: Peter Harkness

Chair of the Board of Trustees

Date: 29/11/17

The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

The Cheltenham Trust, a company limited by guarantee (No. 09021431), was incorporated on 1 May 2014 and obtained charitable status on 18 September 2014. It is governed by its Memorandum and Articles of Association.

The Cheltenham Trust commenced operations on 1 October 2014 and currently operates 'The Wilson' Art Gallery and Museum, Tourist Information services, 'Leisure At' Recreational Facilities at Pittville including the Prince of Wales Stadium, plus the Cheltenham Town Hall and Pittville Pump Room entertainment venues on behalf of Cheltenham Borough Council.

Cheltenham Leisure and Culture Ltd is a trading subsidiary of The Cheltenham Trust.

The Trust's charitable objectives are set out below. Any financial surplus achieved by the Trust is re-invested in the charitable aims and objectives.

Objectives and Vision

The Trust has been established for the following charitable purposes:

- for the advancement and support of education, culture, arts and heritage including the provision of libraries, museums, galleries, learning and information centres, archives, activities, events, programmes and other related services.
- for the provision of facilities for recreation or other leisure time occupation in the interest of social welfare such facilities being provided to the public at large with special facilities being provided for various needs and demographics.
- for the promotion of good health and wellbeing through community and public participation in healthy recreation and activities.
- other such charitable purposes that are beneficial to the public and consistent with the objects as the Director Trustees shall determine.

Vision

The Trust's vision is to enrich the lives of the residents of Cheltenham and visitors to the town by building a vibrant cultural economy and creating a distinctive sense of place.

Value Outcomes

The Trust has established a value model which seeks impact and outcomes in the following areas: Social, Cultural and Economic.

The Trust operates from five main sites with a range of cultural, sport, learning, health & well-being, engagement and commercial hire and retail services provided within and across all venues, as well as in partnership with other public and charitable organisations.

Management Agreement

The Trust operates independently, occupying buildings owned by Cheltenham Borough Council. A Management Agreement has been established between Cheltenham Borough Council and The Cheltenham Trust to deliver key outcomes that are consistent with the Borough Council's social objectives and the Trust's creation of social value.

Activity during the year

The main activities at each of the five main sites are:

- **Leisure At Cheltenham**
A community leisure centre offering a wide range of wet and dry facilities and services.
- **Prince of Wales Stadium**
A 2,000-seat sports stadium, providing rugby and athletics facilities, and offering hire facilities for parties and events.

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For the year ending 31 March 2017

- **The Wilson – Cheltenham Art Gallery and Museum**

The Wilson holds several outstanding collections, including the internationally designated Arts and Crafts Movement collection, much of which relates to the Cotswolds and the Edward Wilson collection. Following a £6m redevelopment scheme completed in October 2013, The Wilson now offers a greater opportunity for the display of local, regional, national and international art and heritage collections, attracting national and international touring exhibitions. There are also dedicated learning and research facilities.

The Wilson hosts the tourist information services for Cheltenham.

- **Cheltenham Town Hall**

A Grade 2 listed heritage landmark set in Cheltenham's Imperial Gardens with a 900 seat main concert hall and 300 seat second venue. It offers a wide and varied range of events and activities including live music, comedy, dancing as well as festivals.

- **Pittville Pump Room**

A Grade 1 star listed spa building dating from the early 1800's and sited in one of Cheltenham's finest parks. The Pump Room is a popular venue for weddings, musical events, meetings and gatherings, as well as a visitor destination.

During the year, the Trust has undergone significant change, and has concentrated much of its efforts in the development of the 'One Trust' model combining corporate activity in support of the wider aims of the Trust. Customer and Commercial Services and Public Programme incorporate all operational activity for the Trust and recalibrating these has resulted in changes in how we collect data, market our offer, welcome visitors, raise our standards to compete in different markets and ultimately how we fundraise and work with our partners.

Across the Trust the activity has included:

A focus on volunteering has enabled a more professional approach to supporting the work of the Trust, and our volunteers are a significant part of our operations. Significant activity to build support from volunteers has taken place. This includes gallery invigilation at The Wilson, work on collections care, behind the scenes talks and tours.

The Wilson Arts Collective has become a flagship youth engagement programme offering the opportunity to develop enterprise skills for future careers within the cultural and creative industries; including print-making, ceramics, silver-smithing and graphic design.

More than 20 sports clubs partner the Trust and also support the delivery of holiday programmes and events. In addition, wider relationships have been developed with other national organisations which include Morris and Co, the Arts Council Collection, The Tate and the National Portrait Gallery.

Our creative and enterprising sports and culture programme provided a number of highly successful events including:- Rio 2016 community event; the introduction of Glow Sports; 'Roll Up-Roll Up' a family friendly inaugural event at the Town Hall; and our 'Pitt Sunday' programme; all of which clearly demonstrated the Trust's ability to creatively originate and shape content. Our work with the Arts Council Collection resulted in the Pop Art exhibition, which was highly successful in bringing both the best art to the region and diversity in audiences.

During the year we have also increased awareness and use of The Wilson collection. Exhibitions such as Hidden Agenda, Wild Worlds and Last Word in Art have not only drawn on collections managed by the Trust but have also drawn on the skill of staff within the Trust and the artistic sector. The Trust has built relationships with national organisations such as TATE, National Portrait Gallery and Art Fund. The aim of The Trust is to develop this further in the future.

We've also seen a number of successful funding bids, resulting in the development of much needed work to support the ongoing improvement of The Wilson. This has included: Resilience funding from Arts Council England; a Heritage Lottery Funded project for 2018 relating to World War 1; and Swim Local funding from Sport England to enable swimming to be available to a wider range of inactive people. Whilst the funding bids were successful during the year, the roll out of projects will run through to 2018.

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For the year ending 31 March 2017

Our commercial activity continues to support the work of the Trust. We have seen growth in gym membership, hires, food and beverage contributions, rental incomes, ticket sales. The Trust has attracted significant media coverage and is leveraging all digital channels to build relationships with customers and audiences.

Our work with learning and engagement continues to benefit a wide range of audiences and is in the process of being further developed across all demographics.

We aim to build on our success by growing and widening the diversity of our customer base. We do this with energy and enthusiasm, building our offering, so that as many people as possible benefit from the Trust. Audiences will be central to helping to shape future projects as The Trust begins to focus on capital developments.

Cheltenham Town Hall represents another key area of activity, working with Cheltenham Borough Council, with the feasibility work for a major capital project beginning in 2017/18. Similarly, the first phase of a strategic plan for Leisure At will be shaped further and delivered during 2017/18.

The development of our venues is vital in underpinning future income streams and rewarding and relevant engagement opportunities that will ensure our sustainability.

The Trust also worked on developing infrastructure which has included:

- Data Collection through the Data and Systems Project
- Website development and e communications
- Customer Charter and associated training and development for teams

Financial Report Summary

Over the last twelve months the Trust and its subsidiary (the Group) focused on a number of key activities: a new structure, reconstitution of budgets, matrix working and measuring impact for the first time. Undoubtedly undertaking such a transitional change impacted on the Trust's financial position. Such changes however are fundamental in establishing the new organisation following the transition from local authority control to that of control residing with a board of trustees.

Total income of £5.90m comprised the following:-

Income from operations	£4.48 m
Management Fee	£0.89 m
Refund of LGPS from CBC	£0.25 m
Grants, donations and other contributions	£0.28 m

Net operating loss (excluding the pension scheme movements) for the year was £162k with an in year deficit of £251k on unrestricted funds (excluding FRS102 pension costs).

Cheltenham Leisure and Culture Ltd

The Trust's wholly-owned subsidiary, Cheltenham Leisure and Culture Ltd, generated turnover of £164k and made a profit of £21k for the year.

The principal activities of the trading company are sales of various retail items through its Art Gallery & Museum Shop, plus the provision of a Tourism Information service.

Reserves Policy and Going Concern

As a new business, the trustees are focussed on building sufficient reserves to ensure that the Trust is able to deliver its charitable objectives and is resilient and sustainable in the long term.

The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

In the initial 5 years of operation, the policy is to utilise any surpluses to build income generating capacity and to accumulate unrestricted reserves to a target of £500k. The unrestricted reserves deficit (excluding the pension deficit) is £88k as at 31 March 2017.

To address the 2016/17 deficit, the Trust has undertaken a significant review of its activities and carried out a reforecasting exercise to deliver operating surpluses for 2017/18 and 2018/19.

The use of reserves is monitored by the Trust's Finance Committee.

The pension reserve deficit of £1,511k is explained in note 29, along with Cheltenham Borough Council's role as guarantor for any LGPS liability in the name of the Trust.

Investment Powers and Policy

In order to support the growth and investment strategy of the Trust and its cash flow requirements, surpluses are invested in interest bearing deposits.

Future Plans

Following the reorganisation and establishment of the Trust model, a continued period of consolidation is required during 2017/18 with a clear commercial focus to support charitable activities. This will include expenditure and income growth to underpin the future of the organisation.

Retention of our existing customers whilst accessing new markets is essential to enable us to leverage financial support. The completion of the Data Systems project, consolidation of the Customer Charter and robust financial controls, as well as plans to extend the reach of marketing collateral to attract new audiences will underpin our business activity. Further development of our cultural and sporting programmes to both shape and position the Trust for future funding opportunities is very important. This will be supported by learning, health and wellbeing and community engagement programmes.

Establishing the Trust as a vital part of Gloucestershire's cultural and sporting community for local people and visitors to the area is a priority.

Developing the assets is imperative to establish a refreshed business model to support the sustainability of the Trust.

The Town Hall project remains a priority with the successful completion of the feasibility stage. The Phase 1 development of Leisure At provides further opportunity to improve the visitor offer, extend the choices for engagement in health and wellbeing and improve overall customer experience. The Trust will also seek funding to establish options for Phase 2 development of The Wilson Art Gallery and Museum, optimising the collections and their audience reach and engagement.

Access to our services

The Trust remains committed to equal access to our services for everyone. The Trust strives to be an open employer; welcoming staff and volunteers from all backgrounds. The Trust aims to reflect the diversity of the population in both our user group and our staffing mix.

The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

Reference and Administration Details

Registered charity name	The Cheltenham Trust
Charity registration number	1158606
Company registration number	09021431
Registered office	Cheltenham Town Hall Imperial Square Cheltenham GL50 1QA

Legal Advisors

Bevan Brittan LLP Kings Orchard 1 Queen Street Bristol BS2 0HQ	One-Legal C/O Tewkesbury Borough Council Council Offices Gloucester Road Tewkesbury Gloucestershire GL20 5TT
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Financial and Human Resources Advisors

Publica Group Limited (a shared service between Cheltenham Borough Council, Cotswold, Forest of Dean and West Oxfordshire District Councils)
c/o Cotswold District Council
Trinity Road
Cirencester
Gloucestershire GL7 1PX

Auditor

Mazars LLP
45 Church Street
Birmingham
B2 3RT

Banker

Lloyds TSB Bank PLC
130 High Street
Cheltenham
GL50 1EW

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Key management personnel of The Cheltenham Trust: Trustees and Directors

Chair:	Peter Harkness appointed 24 February 2017 Joanna Stringer resigned 1 January 2017
Vice Chair:	Duncan Smith from 24 February 2017 Peter Harkness resigned 24 February 2017
Trustees:	Laura Brookes Jacqueline Grange Joanna Stringer resigned 1 January 2017 Cllr Colin Hay Judith Hodsdon Martin Horwood Ian Renton Peter Harkness David Shelmerdine - resigned 28 July 2017 Duncan Smith – stepped down as CBC nominated Trustee 22 June 2016, appointed as an independent Trustee 1 October 2016 Cllr Karl Hobley – appointed as CBC nominated Trustee 22 June 2016 Jacqueline Meekings-Davis – from 1 October 2016 Jeremy Paul Owen – from 1 October 2016

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For the year ending 31 March 2017

Key management personnel: Senior managers of The Cheltenham Trust

Chief Executive
Finance Director

Julie Finch
Lynn Todman to 16 June 2017

Head of Commercial & Customer Development
Head of Public Engagement
Head of Content & Programmes

Stephen Petherick
Craig Mortiboys to 22 August 2017
Riah Pryor

Key management personnel of Cheltenham Leisure and Culture Ltd: Trustees and Directors

	Appointed	Resigned
Julie Finch		
Martin Horwood		1 October 2016
Joanna Stringer		28 November 2016
Duncan Smith		
Peter Harkness	1 October 2016	
Jeremy Paul Owen	1 October 2016	
Laura Thomas	1 October 2016	

Senior Management personnel Cheltenham Leisure and Culture Ltd

Chief Executive of the Group Julie Finch

Structure, Governance and Management

Governing Document

The Cheltenham Trust is a company limited by guarantee governed by its Memorandum and Articles of Association formed when the charitable company was incorporated in May 2014. It is registered as a charity with the Charity Commission.

Appointment of Trustees

The Board shall be composed of at least seven and not more than fifteen Trustees including two Council appointed Trustees, nominated by Cheltenham Borough Council. The Trustees are appointed on a three year term, with an option to extend for a further three years. The Board meets on a minimum of five occasions during the year.

A process to select new Trustees based on the skills and competencies required by the Board at the time when the vacancy arises began in September 2017 to fill up to three vacant positions.

Trustee Induction and Training

On joining the organisation, Trustees are given an induction and introduced to the organisation's culture.

Trustees have significant experience from various professions and use their skills to inform their responsibilities to ensure the good governance of the charity. The Board membership includes a balance of backgrounds and capabilities relevant to the overall strategic requirements of the Trust, and there is a recognised commitment by the Board to maintain this balance. The Board of Trustees participate in board development opportunities, and the overall board is subject to an annual skills audit that is aligned to the strategic direction of the Trust.

The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

Directors' Indemnity insurance

The trust holds indemnity insurance with Zurich insurance for the directors with liability cover of £1 million (2016: £1 million). The annual premium for this is £509 (2016: £509).

Organisation

The business of the charitable company is delegated to and managed on a day to day basis by the Chief Executive, who is supported by an Executive Management Team of senior managers.

The Board of Trustees has established a Finance Committee, an Audit & Governance Committee and a Nominations and Remunerations Committee so that specific issues delegated can be studied in detail and recommendations made back to the Board. A Capital Development Committee is also in place to ensure that assets are developed appropriately, and a Trading Company has been established, Cheltenham Leisure and Culture Ltd.

The Chief Executive and the Executive Team advise the Board on strategy development and support for the Board's governance activities and have responsibility for operating the services of the charity on a day to day basis. The Board undertakes its role using the Code of Conduct for Good Governance and agrees the overall strategic direction of the Trust.

Related Parties and Co-operation with Other Organisations

None of our Trustees receive remuneration from their work with the charity. Any connection between a Trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Two Trustees are nominated representatives of Cheltenham Borough Council. Transactions between the Trust and CBC, along with other related party disclosures are recorded in note 15.

The charity's wholly owned subsidiary, Cheltenham Leisure and Culture Ltd was established to operate commercial activities including selling goods at 'The Wilson' shop, selling wedding packages and providing a Tourism agency.

Pay Policy for Senior Staff

The senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis.

The pay of the Chief Executive is reviewed annually by the Trust's Nominations and Remuneration Committee.

Trust Staff

The Cheltenham Trust employs an average of 210 staff including 98 casuals. They undertake 105 full time equivalent roles across its sites. The Trust also benefits from the contribution of 151 volunteers delivering over 31,000 hours of volunteer time across its activities

The Trustees and Executive Management Team support the involvement and engagement of staff in the day to day running, policy making and general management of the charity. Members of staff are kept informed on matters affecting them as employees and on various factors affecting the performance of the Trust. This is achieved largely through formal and informal meetings and also, where practicable, by circulating notices.

The policy of the Trust is to offer the same opportunities to a diverse range of people in respect of recruitment and career progression. Where employees of the Trust become disabled, the employee will wherever possible be retained, rehabilitated and retrained.

The Cheltenham Trust

TRUSTEES' REPORT

For the year ending 31 March 2017

Risk Management

The Trustees have adopted a risk management policy from which they have identified potential risks and the likelihood of their occurrence. In addition, they have identified measures to be put in place to mitigate the risks and further action that might be necessary to limit that risk.

The Board receives quarterly risk information at board meetings and sufficient commitments are made to cover known liabilities. The Board and its committees receive regular financial information and manage financial risk accordingly.

The Trustees attend at least one risk focused workshop a year to identify potential strategic risks aligned to the Trust's 3 Year Strategic Plan and gain assurances on the management of previously identified risks. The key strategic risks facing the Trust are represented as follows:

<u>Risk Identified</u>	<u>Management Action</u>	<u>Managing Future Uncertainty</u>
1. If Capital projects are not undertaken in a timely manner the Trust's strategy will be undermined.	Ensure the relationship with Cheltenham Borough Council is successful and projects are enabled.	Invest in solid decision making at board level and time in ensuring the relationship with funders and Cheltenham Borough Council is consistent with the aims of the Trust to develop the assets and collections.
2.If funding is cut significantly within the service level agreement with Cheltenham Borough Council, the Trust will not be able to meet its charitable objectives or operate successfully.	Develop income generating opportunities outside of the service level agreement. Ensure that the Leases in place enable fundraising optimisation.	Ensure all legal, contractual and agreement arrangements are in place to protect the Trust's position in order to develop the assets.
3.If the Trust fail to meet income targets in 2017/18, a loss will show in the accounts for a second year running.	Investing in mechanisms and processes to ensure that the budget control is consistent with income generation. Ensure the Board have the appropriate information on which to base decisions. Board approval of an operational financial strategy aimed at delivering a surplus in 2017/18 and 2018/19.	Seek optimal model for charitable and trading opportunities.

Events since the Balance Sheet date

There are no events since the balance sheet date that impact on The Trust and therefore no change in its 'going concern' status.

The Cheltenham Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

For the year ending 31 March 2017

Statement of Trustees' Responsibilities In relation to the Financial Statements

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

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the incoming resources and application of resources, including income and expenditure, of the Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commissioner's general guidance on public benefit. When reviewing the aims and objectives of the charitable company and in planning its future activities the Trustees refer to the guidance and consider, in particular, how planned activities will contribute to the aims and objectives they have set.

Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take a director in order to make themselves aware of any audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to appoint Mazars LLP as auditor of the company was approved at a meeting of Trustees on 29th November 2017.

The Trustees have prepared this report in accordance with the provisions applicable to companies subject to the small companies' regime.

By order of the board of Trustees and signed on their behalf by:



Peter Harkness
Trustee & Chair of the Board



Date

The Cheltenham Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CHELTENHAM TRUST

For the year ending 31 March 2017

We have audited the financial statements of The Cheltenham Trust for the year ended 31st March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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".

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 charitable company'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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31st 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

The Cheltenham Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CHELTENHAM TRUST For the year ending 31 March 2017

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements..

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

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



Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street, Birmingham, B3 2RT

12 December 2017

Signed and Dated

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Cheltenham Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including a consolidated income and expenditure account) For the year ending 31 March 2017

		Unrestricted Funds		Restricted	Total Funds for the year ended 31 March 2017	Total Funds for the year ended 31 March 2016
	Note	FRS102 Pension £	General £	Funds £	£	£
Income						
Donations and legacies	4	-	-	11,302	11,302	16,436
<i>Income from charitable activities:</i>						
Operation of leisure and cultural facilities	5	-	5,492,688	234,835	5,727,523	5,604,649
<i>Income from other trading activities</i>						
Commercial trading operations	6	-	164,081	-	164,081	145,637
Investment income	7	-	1,618	-	1,618	2,145
Total Income		-	5,658,387	246,137	5,904,524	5,768,867
Expenditure						
<i>Cost of raising funds:</i>						
Commercial trading operations	6	-	161,293	-	161,293	100,666
<i>Expenditure on charitable activities</i>						
Operation of leisure and cultural facilities	8	101,000	5,747,762	157,399	6,006,161	5,834,067
Total expenditure		101,000	5,909,055	157,399	6,167,454	5,934,733
Net income / (expenditure)		(101,000)	(250,668)	88,738	(262,930)	(165,866)
Other Recognised Gains and Losses						
Actuarial (loss) / gain arising on defined benefit pension scheme		(773,000)	-	-	(773,000)	605,000
Net Movement In Funds before transfers		(874,000)	(250,668)	88,738	(1,035,930)	439,134
Transfers between funds		-	-	-	-	-
Net Movement in funds		(874,000)	(250,668)	88,738	(1,035,930)	439,134
<i>Reconciliation of Funds:</i>						
Total Funds brought forward		(637,000)	162,860	42,989	(431,151)	(870,285)
Total Funds carried forward		(1,511,000)	(87,808)	131,727	(1,467,081)	(431,151)

The statement of financial activities includes all gains and losses recognised in the year. Comparative figures for the period ended 31st March 2016 are included in note 10.
All income and expenditure derive from continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

The Cheltenham Trust

CONSOLIDATED BALANCE SHEET As at 31 March 2017

	Note	Group		Charity	
		2017	2016	2017	2016
		£	£	£	£
Fixed Assets					
Tangible assets	18	32,208	14,530	32,208	14,530
Investments	19	-	-	1	1
Total Fixed Assets		32,208	14,530	32,209	14,531
Current Assets					
Stock	20	38,729	46,303	12,098	16,787
Debtors	21	727,295	501,223	772,559	627,285
Cash at bank and in hand		329,018	747,097	283,436	613,720
Total Current Assets		1,095,042	1,294,623	1,068,093	1,257,792
Liabilities					
Creditors falling due within one year	22	(1,082,302)	(1,102,275)	(1,076,335)	(1,083,374)
Net Current Assets		12,740	192,348	(8,242)	174,418
Total assets less current liabilities		44,948	206,878	23,967	188,948
Creditors: falling due after more than one year	24	(1,029)	(1,029)	(1,029)	(1,029)
Net assets excluding pension fund liability		43,919	205,849	22,938	187,919
Pension Fund Liability	29	(1,511,000)	(637,000)	(1,511,000)	(637,000)
Net Liabilities		(1,467,081)	(431,151)	(1,488,062)	(449,081)
The funds of the charity:					
General unrestricted funds	25	(87,808)	162,860	(108,789)	144,930
Unrestricted pension reserve	29	(1,511,000)	(637,000)	(1,511,000)	(637,000)
Restricted funds	26	131,727	42,989	131,727	42,989
		(1,467,081)	(431,151)	(1,488,062)	(449,081)

The Trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Peter Harkness
Trustee & Chair of the Board

29/11/17
Date

The notes on pages 17 to 36 form an integral part of these financial statements.

The Cheltenham Trust
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ending 31 March 2017

		Group	
		For year ended 31 March 2017	For year ended 31 March 2016
	Note	£	£
Cash used in operating activities	28	(392,040)	40,635
Cash flows from investing activities			
Interest income		1,618	2,145
Purchase of tangible fixed assets		(27,657)	(18,412)
Cash used in investing activities		(26,039)	(16,267)
Cash flows from financing activities			
Repayment of borrowing		-	-
Cash used in financing activities		-	-
(Decrease) / increase in cash and cash equivalents in the period		(418,079)	24,368
Cash and cash equivalents at the beginning of the period		747,097	722,729
Cash and cash equivalents at the end of the year		329,018	747,097

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

1. Accounting Policies

(a) Basis of preparation

The financial statements of the Trust 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) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The Cheltenham Trust 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).

(b) Preparation of the accounts on a going concern basis

To address the 2016/17 deficit, the Trust has undertaken a significant review of its activities and carried out a reforecasting exercise to deliver operating surpluses for 2017/18 and 2018/19.

The Trustees (who are Directors of The Cheltenham Trust for the purposes of company law) have prepared an operating budget that shows that the Trust will make sufficient surpluses to enable it to continue to meet its operating liabilities as they fall due.

The Trustees have taken into consideration the level of employer contributions required to fund the defined benefit obligation for the foreseeable future and the Trustees consider that contributions do not compromise the Trust's ability to continue to operate due to the Council's guarantee.

Accordingly, the Trustees have concluded that it remains appropriate to prepare the accounts on the basis that the charitable company is a going concern.

(c) Judgements and estimations

Management has not made any significant judgements in the process of applying the accounting policies and there are no areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(d) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Cheltenham Leisure and Culture on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

(e) Income

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

Income received in advance of a theatrical performance or provision of other specified service is deferred until the criteria for income recognition are met (see note 23).

(f) Donated services and facilities

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

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

(g) Interest receivable

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

(h) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

(i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the shop and the Tourism agency and their associated support costs.
- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

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

(j) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trust's artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 11.

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

(k) Tangible fixed assets

Individual fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

Asset Category	Annual rate
Furniture and fixtures	20%
Equipment	33%

(l) Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(n) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(o) Creditors and provisions

Creditors and 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.

(p) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

(q) Pensions

Employees that transferred to the Trust under TUPE were entitled to remain with the Local Government Pension Scheme administered by the County Council which is funded by contributions from employee and employer. Alternatively they may have opted to join the group money purchase defined contribution pension scheme operated by Scottish Life. Members of the County Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee only. Since 1st October 2014 new employees are only able to join the money purchase scheme and cannot join the County Pension Scheme. New and existing employees who are not in the County Pension Scheme were automatically enrolled into the money purchase scheme unless they have exercised their right to opt out of scheme membership.

The County Pension Scheme is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). Past and present employees are covered by the provisions of the County Pension Scheme.

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

Members of the County Scheme used to accrue an index linked pension of $1/80^{\text{th}}$ of the best of their last three years pensionable service for each year of service, but from April 2014 this is now $1/49^{\text{th}}$ of their average earnings for each year of service. Additional benefits for service before April 2014 included a lump sum on retirement, but this has now been replaced with a lump sum option but a reduced annual pension from April 2014. Other benefits include continued (reduced) pensions for a spouse on the death of the member and benefits for dependents on death or permanent incapacity in service.

The Trustees are unable to confirm the charity's share of the underlying assets and liabilities of the County Pension Scheme and therefore the Scheme is accounted for as a defined contribution scheme. The County Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the Trustees consider it highly improbable that such a liability will ever fall to the Trust.

The employer's contributions made to the scheme in 2016-17 were £259,000 (2015-16 £291,000) with an employer's contribution rate of 18.5% of pensionable pay and an employee's contribution of between 5.5% and 7.5% of pensionable pay. The Trustees are satisfied that any foreseeable change in employer's contributions can be budgeted for without detriment to the charity's ongoing activities.

The Company also offers a Stakeholder pension administered by Scottish Life, and employees joining the money purchase scheme contract directly with the insurance company. The Trust now makes a matching contribution to a maximum of 3% of salary to this pension scheme and acts as agent in collecting and paying over employee pension contributions. The contributions made for the accounting period are treated as an expense and were £6,027 (2015-16: £3,811). See note 29 for pension disclosures.

The Company started auto enrolment from November 2017.

2. Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the company being wound up, the liability of each member is limited to £1.

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

3. Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned trading subsidiary, Cheltenham Leisure and Culture Ltd, which runs wedding packages, the Wilson shop and the Tourism agency.

The summary financial performance of the individual charity is:

	2017	2016
	£	£
Income	5,854,376	5,673,960
Gift Aid from subsidiary	17,931	-
	5,872,307	5,673,960
Expenditure on charitable activities	(6,037,288)	(5,686,550)
Net income/ (expenditure)	(164,981)	(12,590)
Movement in Pension reserve	(874,000)	422,000
Total funds brought forward	(449,081)	(858,491)
Total funds carried forward	(1,488,062)	(449,081)
Represented by:		
Restricted income funds	131,727	42,989
Unrestricted pension reserve	(1,511,000)	(637,000)
Unrestricted income funds	(108,789)	144,930
	(1,488,062)	(449,081)

4. Income from donations and legacies

	2017	2016
	£	£
Gifts	10,290	13,436
Legacies	-	3,000
Donated services	1,012	-
	11,302	16,436

The income from donations and legacies was £11,302 (2016: £16,436) of which £4,687 was unrestricted (2016: £16,048) and £6,615 restricted (2016: £388).

The Trust benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

The Cheltenham Trust

NOTES TO THE ACCOUNTS For the year ending 31 March 2017

5. Income from charitable activities

	Restricted and Unrestricted funds 2017 £	Restricted and Unrestricted funds 2016 £
Income from Charitable Activities operations:		
Public Engagement		
Income from Public Engagement Activities	1,149,095	1,449,076
Grants and donations for Public Engagement Activities	1,040	36,186
Sub-total: Income from Public Engagement activities	1,150,135	1,485,262
Commercial & Customer Services		
Income from Commercial & Customer Services	2,119,496	1,493,071
Grants and donations for CCS	-	5,594
Sub-total: Income from Customer Service activities	2,119,496	1,498,665
Content & Programming		
Income from Content & Programming	1,281,315	1,253,646
Grants and donations towards content & programming	27,759	65,031
Sub-total: income from Content& Programming activities	1,309,074	1,318,677
Support from sponsors and local authorities	1,130,887	1,302,045
Gift Aid from Subsidiary Company	17,931	-
Total income from charitable activities	5,727,523	5,604,649

6. Income earned from other trading activities

The wholly owned trading subsidiary, Cheltenham Leisure and Culture Ltd (CLC Ltd), is incorporated in the United Kingdom (company number 09133998) and any profits contributed to the charity are made under the gift aid scheme. CLC Ltd operates the Wilson shop and the Tourism agency, and provides wedding packages. A summary of the trading result is shown below:

The summary financial performance of the subsidiary alone is:

	2017 £	2016 £
Turnover before intercompany transactions eliminated on consolidation	164,081	181,119
Investment Income	264	196
Cost of sales and administration costs	(143,362)	(151,590)
Net profit / (loss)	20,983	29,725
Amount gift aided to the charity	(17,931)	-
Retained in subsidiary	3,052	29,725
The assets and liabilities of the subsidiary were:		
Current assets	79,078	173,807
Current liabilities	(58,094)	(155,875)
Total net assets / (liabilities)	20,984	17,932
Aggregate share capital and reserves	20,984	17,932

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

For the year ended 31 March 2017 Cheltenham Leisure and Culture Ltd was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with Section 476.

7. Investment income

All of the group's investment income of £1,618 (2016: £2,145) arises from money held in interest bearing deposit accounts.

8. Analysis of expenditure on charitable activities

	2017				Total
	FRS102 Pension	Public Engagement	Commercial and Customer Services	Content and Programming	
		£	£	£	£
Art Gallery & Museum	-	159,220	488,919	400,652	1,048,791
Performance	-	-	663,892	827,122	1,491,014
Sports & Leisure	-	659,256	1,170,341	44,007	1,873,604
Exec & Corporate Overheads	-	332,663	786,428	372,661	1,491,752
FRS102 pension adjustment	101,000	-	-	-	101,000
	101,000	1,151,139	3,109,580	1,644,442	6,006,161

	2016				Total
	FRS102 Pension	Public Engagement	Commercial and Customer Services	Content and Programming	
		£	£	£	£
Art Gallery & Museum	-	149,757	438,279	331,644	919,680
Performance	-	-	714,162	806,048	1,520,210
Sports & Leisure	-	567,716	991,172	34,607	1,593,495
Exec & Corporate Overheads	-	420,864	699,559	497,259	1,617,682
FRS102 pension adjustment	183,000	-	-	-	183,000
	183,000	1,138,337	2,843,172	1,669,558	5,834,067

All costs relate to the activities of the charity, being the provision of management of leisure, recreation and cultural activities.

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

9. Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the three main charitable activities and the sources of income directly to support those activities.

	Public Engagement	Commercial and Customer Services	Content and Programming	Total
	£	£	£	£
Costs	(1,151,139)	(3,109,580)	(1,644,442)	(5,905,161)
Fees and charges	1,149,095	2,119,496	1,281,315	4,549,906
	(2,044)	(990,064)	(363,127)	(1,355,255)
Direct grant support	1,040	-	27,759	28,799
Net cost funded from other Income	(1,004)	(990,084)	(335,368)	(1,326,456)

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

10. Consolidated Statement of Financial Activities

For the year ending 31 March 2016 (including a consolidated income and expenditure account)

		Unrestricted Funds		Restricted	Total Funds for the 12 months ended 31 March 2016	Total Funds for the 6 months ended 31 March 2015
	Note	FRS102 Pension £	General £	Funds £	£	£
Income						
Donations and legacies	4	-	16,436	-	16,436	-
<i>Income from charitable activities:</i>						
Operation of leisure and cultural facilities	5	-	5,512,518	92,131	5,604,649	2,970,186
<i>Income from other trading activities</i>						
Commercial trading operations	6	-	145,637	-	145,637	159,922
Investment Income	7	-	2,145	-	2,145	-
Total Income		-	5,676,736	92,131	5,768,867	3,130,108
Expenditure						
<i>Cost of raising funds:</i>						
Commercial trading operations	6	-	100,666	-	100,666	145,584
<i>Expenditure on charitable activities</i>						
Operation of leisure and cultural facilities	8	183,000	5,347,272	303,795	5,834,067	2,866,809
Total expenditure		183,000	5,447,938	303,795	5,934,733	3,012,393
Net income / (expenditure)		(183,000)	228,798	(211,664)	(165,866)	117,715
Other Recognised Gains and Losses						
Actuarial gain / (loss) arising on defined benefit pension scheme		605,000	-	-	605,000	(109,000)
Donated pension liability defined benefit pension		-	-	-	-	(879,000)
Net Movement In Funds before transfers		422,000	228,798	(211,664)	439,134	(870,285)
Transfers between funds		-	(142,551)	142,551	-	-
Net Movement in funds		422,000	86,247	(69,113)	439,134	(870,285)
<i>Reconciliation of Funds:</i>						
Total Funds brought forward		(1,059,000)	76,613	112,102	(870,285)	-
Total Funds carried forward		(637,000)	162,860	42,989	(431,151)	(870,285)

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

11. Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	General support	Governance function	Total	Basis of apportionment
	£	£	£	
Catering & venue hire for trustee and other business meetings	840	3,631	4,471	Invoiced events
Salaries, wages & related costs	240,719	88,550	329,269	Allocated on time basis, 27% Governance, 73% support
General office	163,807	5,983	169,790	Pro rata to staff full time equivalents
External audit fees	-	10,700	10,700	Governance
Internal audit fees	-	9,750	9,750	Governance
Accountancy & HR services	160,033	59,190	219,223	Pro rata to staff full time equivalents
Legal & other professional fees	98,684	8,292	106,976	Governance
	664,083	186,096	850,179	

12. Net income (expenditure) for the year

	2017	2016
	£	£
This is stated after charging:		
Depreciation	9,979	3,882
Auditor's remuneration:		
- Audit fees	10,700	14,150
- other services	1,050	1,000
Accountancy & HR services	284,523	293,250
Legal & other professional fees	107,329	38,133

13. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2017	2016
	£	£
Salaries and wages	2,826,376	2,570,899
National insurance	203,048	147,132
Pension costs	336,417	438,331
Other staff costs	18,535	12,557
Agency	38,902	49,888
	3,423,278	3,218,807

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

Employees receiving salaries, including benefits in kind, of more than £60,000 per annum were in the following bands:

	2017	2016
£70,000 to £79,999	1	2

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. Staff costs and emoluments include payments relevant to income generating and charitable activities. During the period, pension contributions of £2,310 (2016: £9,465) were made on behalf of staff earning in excess of £60,000.

The charity Trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year in their capacity as Directors' (2016: £nil), however one Trustee was paid expenses of £488 (2016: £1,682) for reimbursement of travel costs, subsistence and stakeholder engagement expenses in the period. No charity Trustee received payment for professional or other services supplied to the charity (2016: £nil).

The key management personnel of the parent charity, The Trust, comprise the Trustees, the Chief Executive Officer, Finance Director, Head of Commercial and Customer Development, Head of Public Engagement and Head of Content and Programmes. The total employee benefits of the key management personnel of the Trust were £299,032 (2016: £297,961). No staff are directly employed by the subsidiary, Cheltenham Leisure and Culture Ltd.

Termination payments (contractual £22,912, non-contractual £5,930) totalling £28,842 (2016: contractual £29,438, non-contractual £17,020, totalling £46,438) were made to 5 employees in the event of redundancy (2016: 3).

14. Staff numbers

The average monthly headcount was 210 staff (2016: 217 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year 2016-17 was 105 (year 2015-16: 116) analysed across services as follows:

	2017	2016	2017	2016
	No	No	FTE	FTE
Art Gallery & Museum	37.0	40.1	19.8	23.8
Performances	50.2	47.3	20.1	21.8
Sports and Leisure	109.2	113.8	52.9	56.0
Management	14.1	15.4	12.6	14.1
	210.5	216.6	105.4	115.7

15. Related party transactions

The Trust was set up to operate the leisure, entertainments and cultural facilities of Cheltenham Borough Council (CBC). During the period the Trust received amounts of £1,244,955 from CBC under a Management Agreement (2015-16: £1,256,545). At the period end there was £369,121 outstanding (2016: £nil).

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

Various administrative support for finance, HR, legal and ICT services is from providers associated with CBC under service level agreements as follows:

	2017	2016
	£	£
Cheltenham Borough Council	328,213	274,240
GO Shared Services	219,515	200,792
One Legal	9,600	19,000
Audit Cotswolds	-	7,312
	557,328	501,344

See note 6 in respect of The Trust's subsidiary undertaking, Cheltenham Leisure and Culture Ltd (CLC Ltd). At 31 March 2017 the Trust was owed £97,128 (2016: £200,574) by the trading subsidiary for staff costs provided to it in respect of wedding packages, the Wilson shop and the Tourism agency, and the Trust owed CLC Ltd £45,000 (2016: £35,428) in respect of income due for services provided. Advantage is taken of the FRS102 exemption from disclosure of certain intergroup transactions.

Mr D Smith was appointed as a Trustee in May 2014. He was an elected member of Cheltenham Borough Council until May 2016. The paragraphs at the start of note 15 provide details in respect of Cheltenham Borough Council transactions. During the year the Trust made sales to Cheltenham Borough Council for a value of £1,244,996, (2016: £1,264,384) and received goods and services from CBC to the value of £220,736 (2016: 179,781). At the end of the year, there was a net balance of £255,609 owing from CBC to the Trust (2016: £215,686 net owing from CBC to the Trust). During the year, the Trust made sales of £406 for room hire (2016: £1,152) to Cheltenham Borough Homes Ltd, a subsidiary company of Cheltenham Borough Council. £800 (2016: £744) was outstanding at year end.

Councillor K Hobley was appointed as CBC nominated Trustee 22 June 2016. Paragraphs at the start of note 15 provide details in respect of Cheltenham Borough Council transactions.

Councillor C Hay was appointed as a CBC nominated Trustee in May 2014. He is an elected member of Cheltenham Borough Council and a County Councillor of Gloucestershire County Council. During the year the Trust made sales to Gloucestershire County Council for a value of £2,602, (2016: £6,133) and received goods and services from GCC to the value of £3,024 (2016: £554). £nil (2016: £nil) was outstanding at year end. He is also a member of the Pension Committee of Gloucestershire LGPS. Note 29 provides details in respect of the pension scheme which is administered by Gloucestershire County Council, Note 26 provides the value of transactions and balances of GCC Grants and the paragraphs at the start of note 15 provide details in respect of Cheltenham Borough Council transactions.

Mr P Harkness was appointed as a Trustee in May 2014. He is an ordinary member of the Friends of The Wilson Art Gallery & Museum.

Ms J Hodsdon was appointed as a Trustee in May 2014. She is an ordinary member of the Friends of The Wilson Art Gallery & Museum.

Ms J Meekings-Davis was appointed as a Trustee in October 2016. She is a Trustee of the Friends of The Wilson Art Gallery & Museum.

During the year the Company received £1,169 from the Friends (2016: £12,225) and held a balance of £nil of this sum at 31 March 2017 (2016: £3,369).

There were no other outstanding balances with related parties as at 31 March 2017 (2016: £nil).

The Cheltenham Trust

NOTES TO THE ACCOUNTS

For the year ending 31 March 2017

16. Government Grants

Income from government grants comprises sport related grants made by local authorities to fund healthy lifestyles and cultural activity in the community. See note 26 for more information and to the amount and source of these grants.

17. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

18. Tangible fixed assets – group & charity

	Equipment	Furniture and Fixtures	Total
	£	£	£
Cost			
As at 1 April 2016	18,412	-	18,412
Additions	25,111	2,546	27,657
Disposals	-	-	-
As at 31 March 2017	43,523	2,546	46,069
Depreciation			
As at 1 April 2016	3,882	-	3,882
Charges	8,814	1,165	9,979
Disposals	-	-	-
As at 31 March 2017	12,696	1,165	13,861
Net Book value as at 31 March 2017	30,827	1,381	32,208
Net Book value as at 31 March 2016	14,530	-	14,530

19. Investments

The charity holds one share of £1 in its wholly owned trading subsidiary company Cheltenham Leisure & Culture Ltd which is incorporated in the United Kingdom. This is the only share allotted, called up and fully paid. The activities and results of this company is summarised in note 6.

20. Stock

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Recreation Centre goods for resale	12,098	16,787	12,098	16,787
The Wilson shop goods for resale	26,631	29,516	-	-
	38,729	46,303	12,098	16,787

Expenditure incurred on stock during the year ended 31 March 2017 was £145,665 (period ended 31 March 2016: £106,686).

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For the year ending 31 March 2017

21. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	163,314	358,336	161,014	348,917
Other debtors	496,226	71,566	491,662	70,071
Prepayments and accrued income	67,755	71,321	67,755	71,321
Amounts due from subsidiary undertaking	-	-	52,128	136,976
	<u>727,295</u>	<u>501,223</u>	<u>772,559</u>	<u>627,285</u>

22. Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	624	14,479	624	13,251
Other creditors and accruals	449,987	359,429	445,020	350,423
Deferred income	545,314	569,469	544,314	560,802
Taxation and social security costs	86,377	158,898	86,377	158,898
	<u>1,082,302</u>	<u>1,102,275</u>	<u>1,076,335</u>	<u>1,083,374</u>

23. Deferred Income

Deferred income comprises advance ticket sales relating to various performances at the Town Hall in 2017-18 and for advance memberships at the recreation centre and for venue hires.

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Balance as at 1 April 2016	569,469	518,471	560,802	508,971
Amount released to income earned from charitable activities	(568,469)	(513,138)	(560,802)	(508,971)
Amount deferred in year	<u>544,314</u>	<u>564,136</u>	<u>544,314</u>	<u>560,802</u>
Balance as at 31 March 2017	<u>545,314</u>	<u>569,469</u>	<u>544,314</u>	<u>560,802</u>

24. Creditors: amounts falling due after more than one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Office rental deposit	(1,029)	(1,029)	(1,029)	(1,029)
	<u>(1,029)</u>	<u>(1,029)</u>	<u>(1,029)</u>	<u>(1,029)</u>

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For the year ending 31 March 2017

25. Analysis of movements in unrestricted funds

	Balance				Funds at
	1 April	Income	Expenditure	Transfers	31 March
	2016				2017
	£	£	£	£	£
General fund	162,860	5,658,387	(5,909,055)	-	(87,808)
FRS 102 Pension fund	(637,000)	-	(874,000)	-	(1,511,000)
Total Unrestricted Funds	(474,140)	5,658,387	(6,783,055)	-	(1,598,808)

Name of unrestricted Fund	Description, nature and purpose of the fund
General fund	The 'free reserves' after allowing for all designated funds
FRS 102 Pension fund	Pension fund asset / (liability) recognised in the balance sheet

26. Analysis of movements in restricted funds

	Balance	Income	Expenditure		Funds as at
	1 April			Transfers	31 March
	2016				2017
	£	£	£	£	£
The Wilson Resilience	-	109,366	(67,082)	-	42,284
The Order of Things	-	8,957	(4,810)	-	4,147
Whitlittern portrait	-	2,765	(2,295)	-	470
Archaeology	4,975	260	(790)	-	4,445
Active for Life	-	1,500	-	-	1,500
Wilson Arts Collective	696	-	-	-	696
Art & Culture Learning Donations	939	-	-	-	939
Street Games	9,810	6,275	(10,609)	-	5,476
Friends of Wilson Projects	4,369	1,169	(5,538)	-	-
Pool Pod	-	55,320	-	-	55,320
World War 1 Project	-	16,450	-	-	16,450
The Wilson Collective	-	4,162	(4,162)	-	-
Phase 2 Development AGM	828	-	(828)	-	-
Urban Projects 2016	-	4,500	(4,500)	-	-
Hidden Agenda Engagement Project	-	4,378	(4,378)	-	-
Healthy Lifestyles (Active Together)	8,724	-	(8,724)	-	-
Swim Local Research	-	25,000	(25,000)	-	-
Sportivate	-	535	(535)	-	-
Domestic Violence Project	3,514	-	(3,514)	-	-
Artist Rooms (Bill Viola)	9,134	-	(9,134)	-	-
Activation event	-	1,000	(1,000)	-	-
Create Glocs interns	-	4,500	(4,500)	-	-
Total Restricted Funds	42,989	246,137	(157,399)	-	131,727

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Details of Restricted Funds

Name of fund	Description, nature and purpose of the fund
The Wilson Resilience	A broad programme of activity across creative, fundraising and volunteering to increase The Wilson's creative and financial sustainability.
The Order of Things	A joint exhibition with the University of Gloucestershire.
Whitltern portrait	A crowdfunding campaign to undergo conservation and display work to an item of our collection.
Archaeology	Contributions from local archaeology groups towards shelving and storage for finds.
Active for Life	An engagement project for over 50's to develop volunteer ambassadors and volunteering opportunities.
Wilson Arts Collective	An arts collective group of young people aged 11-25 years who meet and run projects within The Wilson.
The Wilson Collective	As above.
Arts & Culture Learning donations	Amounts received in donation boxes specifically labelled.
Street Games	Sport England, delivery of year round sports sessions.
Friends of Wilson Projects	Specific projects as determined by funding agreements with the Friends of the Wilson.
Pool Pod	GCC Short Breaks Funding to install a pool pod in swimming pool.
World War 1 Project	HLF funding through Cheltenham Borough Council for workshops, exhibitions and activities to understand WW1.
Phase 2 Development AGM	Amounts received in donation boxes specifically labelled.
Urban Projects 2016	Project working with young people engaging them in urban art forms.
Hidden Agenda Engagement Project	A community engagement project to support the Hidden Agenda Crafting Change exhibition.
Healthy Lifestyles (Active Together)	Gloucestershire County Council, Grant for older people's engagement in physical activities to improve health and well-being.
Swim Local Research	A research study in to data for swimmers and non-swimmers at Leisure At to inform further revenue and capital project.
Sportivate	Lottery funded programme to give 14-25 year-olds who are not particularly sporty access to coaching in a range of sports.
Domestic Violence Project	Grant via the Roses Theatre for a community project with those suffering domestic violence.
Artist Rooms (Bill Viola)	A youth engagement project based on the videography of Bill Viola.
Activation event	Activation event for community sport engagement project.
Create Gloucestershire	Support interns for experience in the arts.

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27. Analysis of group net assets between funds

	General Fund £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	32,208	-	-	32,208
Cash at bank and in hand	329,018	-	-	329,018
Other net current assets / (liabilities)	(184,551)	-	(131,727)	(316,278)
Creditors of more than one year	(1,029)	-	-	(1,029)
Pension asset / (liability)	(1,511,000)	-	-	(1,511,000)
Total	(1,335,354)	-	(131,727)	(1,467,081)

28. Reconciliation of net movements in funds to net cash flow from operating activities

	Group	
	2017 £	2016 £
Net movement in funds	(262,930)	(165,865)
FRS102 pension adjustments	101,000	183,000
Add back depreciation charge	9,979	3,882
Deduct interest income shown in investing activities	(1,618)	(2,145)
Increase / (decrease) in stock	7,574	(11,560)
Increase in debtors	(226,072)	(186,512)
(Decrease) / Increase in creditors	(19,973)	219,835
Net cash (used in) / provided by operating activities	(392,040)	40,635

29. Pension Scheme

On 1 October 2014 the charitable company became a scheduled member into the Local Government Superannuation Scheme. At that date the liability relating to employees transferred under TUPE became the liability of the charitable company.

Under the transfer arrangements between Cheltenham Borough Council and the Trust, the net liability on the pension scheme remains a liability for the Trust but the Council is guarantor for any liability for the Local Government Pension Scheme in the name of the Trust.

This is a funded defined benefit scheme. This is a closed scheme for new employees unless the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply. The contribution rates are those recommended by the fund's actuary, Hymans Robertson, and were set on the basis of:

- the relationship between the assessed value of assets and the accrued value of liabilities of pensionable service to 31 March 2017.
- the level of contribution needed to meet the cost of the year by year accrued benefits in future.
- the change in terms of contracting out of SERPS.

The actuarial valuation was based on economic and statistical assumptions, the main ones being:

- the rate of accumulation of income and capital on new investments over the long term and the increase from time to time of income from existing investments.
- future rises in pensionable pay due to inflation etc. and pension increases.
- withdrawals from membership due to mortality, ill health and ordinary retirement.
- progression of pensionable pay due to promotion.

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For the year ending 31 March 2017

The latest formal valuation of the fund for the purpose of setting employers' actual contributions was as at 31 March 2017 with the next formal valuation due as at 31 March 2020.

The market value figures below are based on assumptions required by FRS 102 standards. The assumptions that have the most significant effect on the results of the FRS 102 valuation are detailed below. Mortality follows the standard tables known as PFA92 and PMA92 with improvements in line with the Medium Cohort. The life expectancy used is based upon mortality assumptions. Assuming retirement at age 65, the life expectancies in years used in the valuation are as follows:

29.1 Financial assumptions

	31 March 2017	31 March 2016
Rate of increase in salaries	2.7%	3.7%
Rate of increase in pensions in payment	2.4%	2.2%
Discount rate	2.7%	3.6%

29.2 Major categories

	31 March 2017	31 March 2016
Equities	71%	70%
Bonds	20%	21%
Property	7%	8%
Derivatives	1%	-
Cash	1%	1%

The total bid value of the entire Fund's assets as at 31 March 2017 was £2,075,000,000 (2016 £1,719,000,000) as provided by the administering authority. The charitable company's share of these assets at their market value amounted to £3,980,000 as at 31 March 2017 (£3,271,000 as at 31 March 2016). The split of these assets by category and their expected return is given below. There were no unfunded benefits as at 31 March 2017.

29.3 Assets in scheme

	Market Value 31 March 2017	Market Value 31 March 2016
	£'000	£'000
Equities	2,846	2,290
Bonds	796	686
Property	278	262
Derivatives	3	-
Cash	57	33
Total market value of assets	3,980	3,271
Actuarial valuation of liabilities	(5,491)	(3,908)
Net liability	(1,511)	(637)

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For the year ending 31 March 2017

29.4 Reconciliation In movement

	2017 £'000	2016 £'000
Surplus/(loss) at the beginning of the period	(637)	(1,059)
Movement in the period	-	-
Current service cost (see (c) below)	(335)	(436)
Contributions	259	291
Settlements/curtailments	-	-
Past service costs	-	-
Net return from other finance income (see (a) below)	(25)	(38)
Actuarial gain (see (b) below)	(773)	605
Surplus/(loss) at the end of the period	(1,511)	(637)
Effect of irrecoverable pension asset	-	-
Pension asset/(liability) recognised in the balance sheet at 31 March	(1,511)	(637)

Under FRS 102, any asset resulting from the actuarial calculation is limited to the lower of the asset and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

29.5 (a) Analysis of movement

	2017 £'000	2016 £'000
Expected return on assets	123	101
Interest cost	(148)	(139)
Net return on scheme assets	(25)	(38)
Effect of irrecoverable pension asset	-	-
Net return on scheme asset recognised in the statement of financial activities	(25)	(38)

29.5 (b) Analysis of actuarial loss

	2017 £'000	2016 £'000
Return on assets excluding amounts included in net interest	272	(97)
Other experience	84	-
Changes in demographic assumptions	(38)	-
Changes in financial assumptions	(1,091)	702
Actuarial gain	(773)	605
Effect of irrecoverable pension asset	-	-
Actuarial gain recognised in statement of financial activities	(773)	605

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For the year ending 31 March 2017

29.5 (c) Net current service costs

	2017 £'000	2016 £'000
Current service costs	(303)	(436)
Past service cost	(32)	-
Net service costs	(335)	(436)
Effect of irrecoverable pension asset	-	-
Current service costs recognised in statement of financial activities	(335)	(436)

29.6 Mortality assumptions

Life expectancy is based on the Fund's Vita Curves in line with the CMI model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2017		2016	
	Males	Females	Males	Females
Current Pensioners	22.4 years	24.6 years	22.5 years	24.6 years
Future Pensioners	24.0 years	26.4 years	24.4 years	27.0 years

* Figures assume members aged 45 as at the last formal valuation date.

29.7 Historic mortality

Life expectancies for the prior period end are based on the Fund's Vita Curves. The allowance for future life expectancy is shown below.

Period Ended	Prospective Pensioners	Pensioners
31 March 2016	year of birth, medium cohort and 1% p.a. minimum improvements from 2010	year of birth, medium cohort and 1% p.a. minimum improvements from 2010

29.8 Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

29.9 Contributions

The employer's contributions to the Local Government Pension Scheme by the Company for the period to 31 March 2017 were £259,000 (31 March 2016: £291,000). The Actuary has estimated that employer's contributions for the year ending 31 March 2018 will be approximately £328,000).

30. Events after the end of the reporting period

There have been no significant events since the balance sheet date.

