

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

REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
FOR

ADUR COMMUNITY LEISURE LIMITED

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

**ADUR COMMUNITY LEISURE LIMITED**

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**FOR THE YEAR ENDED 31 MARCH 2018**

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**ADUR COMMUNITY LEISURE LIMITED**

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>TRUSTEES</b>	Cllr C R Albury (resigned 20.7.17) S F Kibblewhite Mrs J D Lester (resigned 2.10.17) P A Pickard M J Roberts L V Saunders Mrs E L Scrymgeour (resigned 4.6.18) J R H Seymour Dr P Wilson Ms M Woolacott Cllr B W Boggis (resigned 20.7.17) Cllr C A Albury (District Councillor) (appointed 2.10.17) Cllr K Boram (Chartered Accountant) (appointed 2.10.17)
<b>COMPANY SECRETARY</b>	J N Tatchell
<b>REGISTERED OFFICE</b>	Blackshots Leisure Centre Blackshots Lane Grays Essex RM16 2JU
<b>REGISTERED COMPANY NUMBER</b>	05386540 (England and Wales)
<b>REGISTERED CHARITY NUMBER</b>	1112020
<b>AUDITORS</b>	McCabe Ford Williams Statutory Auditors and Chartered Accountants Bank Chambers 1 Central Avenue Sittingbourne Kent ME10 4AE
<b>BANKERS</b>	National Westminster Bank PLC 17 High Street Grays Essex RM17 6NP

**ADUR COMMUNITY LEISURE LIMITED**

**REFERENCE AND ADMINISTRATIVE DETAILS**  
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**SOLICITORS**

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

**OPERATIONAL ADDRESSES**

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

Chanctonbury Leisure Centre  
Spierbridge Road, Storrington  
West Sussex, RH20 4PG

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

Wadurs Community Pool  
Kingston Broadway  
Shoreham By Sea, West Sussex  
BN43 6TE

The Gym Hub  
Unit 17 Guildbourne Centre  
Worthing  
West Sussex  
BN11 1LZ

## **ADUR COMMUNITY LEISURE LIMITED**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 31 MARCH 2018**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The trustees present their report and the audited financial statements for the year ended 31st March 2018.

Reference and administrative information set out on page 1 forms part of this report.

## **OBJECTIVES AND ACTIVITIES**

### **Purposes and aims**

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

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

ACL's priorities include -

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

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

The centres are managed to maximise financial efficiency and generate surplus wherever possible. When surpluses are generated they are used to maintain and improve the facilities and services provided for the benefit of the local community in line with the company's Objects. Service improvements are used to generate improved efficiency, increased income and to improve the health and wellbeing of the community.

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**OBJECTIVES AND ACTIVITIES**

**Purposes and aims**

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

**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

Income has grown compared to prior year due to the opening of a new facility in Worthing, although it has been an ongoing struggle to reach targets set for membership sales at existing sites and as such membership income, and growth has been below the level anticipated. The lower growth was due to increased competition, late implementation of a gym refurbishment at Lancing Manor (see below), late implementation of a new facility in Worthing (see below) and generally a slower market in West Sussex than expected.

Attendance levels have increased compared to prior year by 87,000 (14.5%), largely due to the new facility and good increases at bar and catering at Lancing Manor. The increase is despite a fall in swimming attendances of 8% at Wadurs, although swimming lesson attendance remained strong. Swimming lesson capacities are often over 85% full.

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

**Lancing Manor -**

- Refurbishment of the fitness suite was completed in June 2018
- Car Park Extension and refurbishment (ADC) was completed in February 2018
- A new giant bouncy castle was purchased for use during Mighty Mites
- A new coffee machine was installed in the cafe
- The Wellbeing suite was repainted.

**Southwick**

- ADC replaced the studio roof
- LED lights were installed in the studio
- The intruder alarm was replaced
- The sauna and steam room were replaced.

**Wadurs**

- Planning and specification for extended changing rooms (paid for by ADC £100,000) is complete and additional funding (£50,000) has been pledged by Sport England towards enhanced disabled changing facilities. At the time of writing it is unclear when these works will be underway as negotiations with ADC over the procurement of the work is ongoing. It is hoped that implementation will occur during 2018.

**The Gym Hub (Worthing)**

- Following the lease negotiations carried out in the prior year, the development of this new facility was completed culminating in its opening in June 2017. The leased premises were refurbished using a commercial loan provided by another Group company (Thurrock Community Leisure). The facility is a low-cost gym model under the Impulse Leisure 'The Gym Hub' brand and operating model. Although The Gym Hub opened later in the year than anticipated, the facility has been very successful and at the end of March 2018 had already achieved its overall membership targets.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

**General**

- General Data Protection Regulations (GDPR) - work is being undertaken to ensure that the collection, processing, use, storage and management of personal data (customers and staff) is compliant with GDPR by the deadline in May 2018.
- New software which electronically processes supplier payments and staff pay was introduced during November 2017. This software enables us to comply more easily with planned and expected future improved security measures around electronic payments (BACS).
- Cyber Essentials accreditation was achieved by the Group and Cybercrime insurance was secured to cover potential losses resulting from cybercrime.
- During the year the Trustee governance manual was migrated to Office 365 Sharepoint. The Company Secretary keeps up to date governance documents on Sharepoint and the trustees have their own secure login to the information. This has reduced the need for paper based, or USB stick solutions and improves data security.
- New classes, such as Pound Fit, Clubbercise, Les Mills Body Pump, Pound and Strictly Dancing were introduced to the class programme.
- During the year a review of marketing and promotion was undertaken with a view to highlighting ACL's unique selling points differentiating ACL from the increasing competition. January saw new branding introduced, #JUSTRIGHT the Impulse Leisure way, to all our centres. The vision of the new branding is to show all the different services Impulse Leisure has to offer and also create a new sleek look that would stand out from the crowd. #JUSTRIGHT pulls together all the best parts of Impulse Leisure and shouts about them in a simple way, removing clutter and inconsistency. The campaign will run for the whole of 2018 and the look and feel will remain in all marketing materials throughout the year.
- In its first full year there has been over 4,000 downloads of ACL's APP, enabling customers to book, pay for and cancel classes conveniently online, access their Mywellness portal, swimming lesson portal etc.
- An increased number of programmes were provided to disadvantaged groups and within the community, promoting health improvement and sports development (see below).
- Throughout the year significant preparation work took place to implement a new payroll and Human Resources (HR) system for April 2018. The new payroll system has been implemented in April 2018 and new modules of HR system will be systematically be introduced throughout 2018/19.

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

With the work recently completed at the facilities, ACL has now invested more than £3,500,000 in leasehold facilities, this excludes the millions of pounds spent on equipment replacements, which have been a great advantage to the community, ADC and ACL. This demonstrates the benefit of using the 'charity model' to deliver leisure services, as when using other service delivery models this level of investment is unlikely to have occurred, as there would have been potential other priorities for the money, i.e. shareholder/owner profit, diverting surplus to management and administration costs, other council services (general fund), or diverting money to facilities outside of Adur, that would not ultimately provide benefit to the Adur community.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

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

All the facilities operate quality management systems to ensure the level of service provision is delivered consistently. Our systems have been externally audited and endorsed by the leisure industry quality standard (QUEST). The sites have retained QUEST registration in the Very Good category, following maintenance and or full 2-day audits. The Gym Hub will attempt QUEST registration during 2018/19.

Customer satisfaction surveys carried out in April 17 returned an overall satisfaction rating of 82.1% an increase of 0.5% over the previous score and this was at a time of disruption due to refurbishment being carried out at Lancing Manor (gym). Other overall scores include cleanliness at 75.2%, safety at 77.9% and staff at 87.9%. In terms of individual sites Chanctonbury scores highest at 86%, Southwick 83%, Lancing 82% and Wadurs 71%. The Wadurs score is dragged down by scores at around 50% for changing and toilet facilities, which is why there is a plan to extend and refurbish this area.

Mystery shopping audits were continued, specifically on the sales process and the reports have been used to identify gaps in our delivery and train staff in a more consistent delivery of our agreed process.

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

**Lancing**

- Partnership with ACE Football Academy to deliver camps every school holiday doubling attendance during the year.
- Great Run Local restarted in April and weekly attendance is consistently between 40-50 runners
- Worthing Thunder Basketball Club now deliver sessions for children with additional needs and continue to build this partnership.
- Hosted the local inter school Indoor Athletics and the Table tennis tournament.
- Hosted a number of boxing and wrestling events this year with great success.
- Hosts a monthly Jazz night.

**Southwick**

- Received £4k Short Breaks Funding to continue Rebound Therapy Trampolining.
- Expanded provision of the Inclusive Family Fitness initiative.
- Reintroduced the "Let's Dance" group over 5 days per week.
- Introduced Rugby Tots which has proven successful.



**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

- Extra Time held a disability fun day at Southwick attracting 150-160 children, carers and parents. Due to the success a further two dates have been booked for 18/19.
- Kings School increased their hall hire bookings to 27 hours a week and have now requested extra trampolining sessions.
- St Christopher's School now partner with Southwick to deliver all curriculum PE sessions.

**Wadurs**

- Supplying swimming lessons to 17 children with physical difficulties.
- Brighton Triathlon club have continued and expanded.
- Drenched Mini Water Polo have expanded and also host matches and tournaments.
- Adur Canoe club continue to work in partnership with the pool and deliver weekly sessions.
- GYSO are hosting our Pool Discos and have proved to be a great success.
- Drowning prevention week took place between the 19th - 25th June 2107.
- Staff were provided with dementia awareness training.
- Level water held extra intensive swimming lessons in the summer.
- Work with a number of schools delivering their curriculum swimming lessons.

**Chanctonbury**

- Matt Fiddes Martial Arts partner as a venue for their grading sessions and open days.
- Held its first Christening functions opening the door to the site becoming event/function facility.
- Pre-school gymnastics was introduced.
- Storrington's regular Judo Club has increased its booking to include an adult session.
- Stars netball delivered an inter schools' netball tournament attracting over 70 children.
- Stars netball also held a coaching course and have increased their adult sessions.
- The Rotary club part funded £1800 to deliver an inclusive family fun day attracting 110 children with additional needs.
- Delivered the breakfast club, curriculum sessions and the after-school club at Ashington First.
- Delivered to 2 further schools for the winter term for gymnastics in Amberley and Colwaltham.
- Continues to deliver a number of coaching sessions to local schools.

**REPORT OF THE TRUSTEES**  
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**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

**The Gym Hub**

- Over 2000 members have joined the Hub and its affordable level of accessing controlled and guided exercise opportunity, many of whom were previously not exercisers.

**General**

- Many clients are referred onto the Adur and Chanctonbury GP Referral Scheme with the vast majority reporting an improvement in health and wellbeing and many reporting a sustained behaviour change at the 3-month mark. Many reported sustaining exercise adherence for over 6 months.
- All sites attracted funding from Sportivate to deliver badminton, fitness and mental health improvement sessions.
- ACL continued partnership working with Brighton & Hove Albion, Adur District Council's Wellbeing Team, Shoreham Spartans, Shoreham Town FC, the Sudanese Coptic Association, Brighton Stormers, Lancing Cricket Club, Storrington Cricket Club, Storrington Vipers, Portsmouth FC, Lancing Running Club, Lancing College, The Towers School, Adur Petanque, Shaun Brown Boxing, Adur Canoe Club, Aspirations, Albion in the Community to name but a few. Many of these community linked wellbeing activities are coordinated by a specific member of staff.
- Hosted various Charitable Events in the community including - Red Nose Day, Party in Pink, Sport Relief Mile and Swimathon, all using physical activity to inspire charitable giving for community wellbeing.
- The annual Let's move Technogym Challenge was held between 12-31st March. Users of the gym were encouraged to take part in the challenge and register their moves. All ACL Centres managed to beat last year's score with a grand total of 1,992,608 moves.
- A new weekly gym presentation is put on the gym screens for members. This includes workouts of the week, PT instructor advertisement, facts about pieces of kit including the wellness key, powerplates etc, Member of the Month (Testimonial and good news stories) and mini challenges for members to take part in. This has been well received and improves interaction between staff and customers.

ACL monitors the physical activity of most new customers and referrals that present to the facilities with the intention of achieving some form of improvement in their lives. Through its general promotion of physical activity, advice, and encouragement to new customers during the year, ACL converts many people, who were previously inactive, into regular exercisers and who would now be classed as physically active by the World Health Organisation (WHO). The WHO classify a person as being physically active if they perform 150 minutes of moderate, or 75 minutes of vigorous activity per week.

Sport England's Active lives survey aims to measure the number of people who are physically active against the WHO criteria. Figures for the Adur area indicate that the percentage of people classed as physically active has increased from 57.4% to 67.5%. This increase is significant enough to have confidence that there has been a good improvement, despite the figures being statistically weak. ACL has obviously contributed to this improvement.

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

**REPORT OF THE TRUSTEES**  
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**STRATEGIC REPORT**

**Achievement and performance**

*Charitable activities*

Senior managers meet 6 times a year to monitor energy use, discuss waste issues and develop improvement projects. Throughout the year, despite providing more service to more people ACL has made a Carbon saving of 5% (30 tonnes) compared to prior year and this is on top of year on year savings. ACL maintained ISO14001 (the international standard for energy and environmental good practice) accreditation.

Continuous safety and procedural improvements were implemented, mainly attempting to improve service delivery. Accident numbers for the year were slightly higher compared to prior year, however as overall attendance is up the accident rate has decreased marginally to 2.8 accidents/10,000 visits.

ACL experienced high staff turnover which at 33% was again above our 20% maximum target. Staff roles including lifeguards, duty managers, swimming instructors, and aerobics instructors, have been difficult to recruit into and in addition the ongoing recruitment and training of new staff takes up considerable management time. During the year ACL simplified the recruitment process for many of the roles referred to above, expanded the use of apprenticeship schemes and increased the number of staff undertaking apprenticeship industry based career enhancing qualifications. The Apprentice Levy was implemented and paid during the year, but having increased the use of apprentices and related training ACL have recovered value for money from the Levy. At the time of writing ACL have 5 apprentices and 1 member of staff undertaking apprenticeship related training. Sick leave rates were maintained at low levels (1.9%).

Staff satisfaction increased from 69% to 73% in the most recent survey in Feb 2018. The return rate of the questionnaires also improved dramatically, which improved the statistical accuracy of the result. ACL continue to try to be a good employer aiming to provide above average remuneration rates and good benefits packages to staff. During the year staff received a 4% pay increase and were given access to a new benefits package of discounts and special offers from a whole range of big brand national suppliers, restaurants and service providers. It should be noted however, that pay in the leisure industry remains low.

ACL had a difficult year from a financial perspective, but at the same time have continued to carry out significant investment (see above) into the facilities at Lancing Manor, Southwick and opening of a new facility, The Gym Hub (Worthing).

Negotiations surrounding ADC's promise to invest in a car park extension at Lancing Manor and changing room extension at Wadurs have been ongoing, culminating in the car park extension being completed in February 2018. An additional £5,000 reduction in ADC funding was agreed for 2018/19, to cover ongoing maintenance costs of the car park, which ADC will carry out for the remainder of the lease term.

**Financial review**

ACL have operated on a continually reducing grant funding (£10,000 reduction per annum) from Adur District Council (ADC). At the same time ACL have continued to carry out significant investment (see above) into the facilities.

ACL made an operational loss in the year of approximately £83,698 which was worse than targeted. This was because income failed to achieve targets set. As a result of the loss, investments and loan repayments cash reserves reduced during the year. Savings against budgeted expenditure and reduced payments to Impulse Leisure helped to minimise the level of losses.

Income was significantly below target for the year as all the existing sites failed to meet expectation. A downturn in the number of swimmers and increased competition, which stifled membership growth contributed to the income shortfall, as did the late opening of the refurbished gym at Lancing. Despite opening late, The Gym Hub achieved its income targets and as a result made a surplus in its first year, albeit helped by a delayed loan repayment schedule. Despite being below target, income grew significantly compared to prior year by approximately £417,000 (14%), largely due to The Gym Hub.

**REPORT OF THE TRUSTEES**  
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**STRATEGIC REPORT**

**Financial review**

During the year ACL used loans from another Group member (Thurrock Community Leisure) to pay for the gym refurbishment at Lancing Manor and the new Gym Hub facility in Worthing, and repayments for these loans have commenced.

*Reserves policy and going concern*

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

**Operational Reserves**

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

Management risk strategies, insurance and contingency plans are in place to mitigate risks. As centres are all in different locations, it is unlikely that problems in one centre will have a direct impact on the remaining centres. The centre with the largest income and expenditure (Lancing Manor) is used to calculate the reserves required to meet commitments for half a year. This costs of running Lancing Manor for 6 months amounts to approximately £400,000.

**Facility improvement and unexpected opportunity Reserve**

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

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

As at March 2018, ACL is holding approximately £152,000 of cash reserve which is short of the targeted operational reserve outlined above. ACL aim to increase liquid reserves to the operational reserve level asap and beyond this level to have an opportunity reserve in future.

To build reserves ACL continue work to increase income by continuous monitoring and strengthening the customer base and customer journey. ACL actively seek new opportunities, funding and income streams to help diversify income to facilitate improvements and take up opportunities to further the objects. The gym refurbishment at Lancing Manor and The Gym Hub are examples of this work.

Considering the current reserves position, together with the existing financial performance, forecasts for the future, cash flow forecasts and the main risks facing the organisation, the Trustees are confident that ACL will remain as a going concern although it is unlikely that reserves will increase significantly in the short term, whilst loan commitments are reduced.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRATEGIC REPORT**

**Principal risks and uncertainties**

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

The main risks identified include increasing competition, low reserve levels, building failures, health and safety failings, staff shortages and increasing staff costs (see section below) and uncertainty around the economy denting consumer confidence. Ongoing negotiations with ADC and our own improved maintenance and servicing contracts are used to ensure that buildings and or plant are less likely to fail in such a way as to cause service disruption. Business interruption insurance is also in place. The potential for major health and safety issues to arise is taken seriously and as such ACL have a comprehensive policy and manual covering health and safety, monitored at the highest level, with trustee involvement at bi monthly bespoke meetings and again at Board meetings. Staff are also involved in the risk assessment process and everyone in the organisation is aware of the health and safety mission of 'everyone safe every day'. Constant improvements to service and increasing value for money is the main strategy in use for dealing with competition. ACL aims to develop good relationships with senior staff at ADC and work with them to add value to the whole range of council services, raising the profile of ACL and its importance to the community.

There have been many initiatives listed elsewhere regarding staff recruitment and retention. During the coming year large local businesses and local sporting groups will be approached with a view to attracting new trustees to the Board.

During the year a review of the levels of Public and Employer Liability Insurance was undertaken. The review resulted in the £10,000,000 limit being increased to £20,000,000. This increase and the addition of Cyber security insurance resulted in a marginal increase in insurance premiums. ACL is aware of increasing threats to businesses from cyber fraud, whether this relates to theft of or loss of data, theft of money and the resulting bad publicity that can result from this. As a result, and also in line with GDPR, which is enforceable from May 2018, ACL continues to seek cost effective solutions to strengthen its position. Following internal audit, some expert advice was used with a view to ensuring that changes that were being put in place were compliant with GDPR requirements.

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

**Plans for the future**

ACL has a Corporate Plan 2016/2021 within which is a financial plan covering the period. This shows improved surpluses, sufficient to cover loan repayments and in the final year begin to build reserves. The Corporate Plan will be reviewed during 2019. An Annual Plan 2018/2019 maps out the actions required to make financial improvements in 2018/2019 to ensure ACL returns an operational surplus, pay scheduled loan repayments and is in position to meet the longer term financial plan. ACL has operated behind income targets within the Corporate Plan to date, but with developments at Lancing Manor and Worthing it is expected that progress towards these targets will be made in future.

Improved financial performance from, Lancing Manor Leisure Centre gym refurbishment backed by the now completed car park extension, and a full year financial contribution from The Gym Hub are key to financial improvement expected in 2018/19.

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

**REPORT OF THE TRUSTEES**  
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**STRATEGIC REPORT**  
**Plans for the future**

Financial improvements will also be required to mitigate the inevitable increases in staff costs that will be experienced due to the National Living Wage (NLW) up to 2020, general pay increases and attempts to improve low pay in line with The Living Wage Foundation increases. There is a 2% pay increase built into the 2018/1019 budget, although some staff have received increases of just over 4% covering the increase in NLW from £7.50 to £7.83. All staff, with the exception of apprentices, will earn a minimum of £7.83 from 1st April 2018.

Employees enrolled into ACL's NEST Pension Scheme will benefit from an increase in employer contribution rates to 3% of all earnings with effect from April 2018, which is more than is required under the current pension law obligations (2%).

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

ACL will continue to introduce the different elements of the new Human Resources management software package linked to the new payroll system.

ACL will introduce membership only access to all customers during 2018/19, although in its most basic form this membership will be free of charge. This new access policy will improve safety and security, whilst providing improved data and new 'insight', which will enable better more targeted services to be provided in future.

ACL will continue to take all opportunities to maximise the customer use of and engagement with its Mobile APP, resulting in improved customer accessibility, convenience and time saving, along with reduced time spent in reception. Improvements to the functionality of the APP and its interaction with the existing booking system will improve the ease of booking and cancelling of classes, along with live updates and communication about places in classes, that might become available to book to those on a waiting list.

Using external advice ACL will determine the potential for and exploit increased income from swimming and swimming lessons, following an audit.

ACL will upgrade public WiFi systems to utilise a branded landing page, increasing the company exposure and profile.

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

**REPORT OF THE TRUSTEES**  
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**STRATEGIC REPORT**

ADC's commitment to funding to provide sufficient maintenance (landlord related property expenditure) for their leisure service in future years is important. As such we will continue to negotiate the maximum expenditure by ADC in areas that are crucial to service delivery. In 2018/19 it appears ADC have planned to set aside funding for only one maintenance project at Lancing Manor.

Other short and medium-term facility improvements include:-

**Lancing Manor**

- ADC replacement of glazed reception area
- Reception refurbishment including access control
- Changing room refurbishment
- Café external decking area overlooking Manor Park.

**Wadurs**

- Changing rooms extension and disabled access improvement through ADC and Sport England funding

**Southwick**

- Seeking external funding for the refurbishment of the Southwick outdoor courts, and or an alternative use for the same with ADC
- Installing access control

**Chanctonbury**

- Installing access control

**The Gym Hub**

- Monitoring membership numbers and if required extending the gym into existing unused areas
- Seeking use for the underutilised first floor
- Achieve QUEST registration

**General**

- Continuous redecoration and facility improvement
- Disabled access improvements during all refurbishment work
- Environmental conservation measures including:
  - Further energy management and energy usage reduction opportunities
- Seeking external funds for applicable investments or services
- Further security improvements.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Appointment of trustees**

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

ACL is governed by a board of 11 trustees. The board is made up of the following categories of trustees, which are fixed in the articles:

Independent trustees x 8

Local Authority elected trustees x 2

Employee elected trustees x 1

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

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

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

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

Each trustee guarantees to contribute an amount not exceeding £1 to the assets of ACL in the event of winding up. The total number of such guarantees at 31 March 2018 was 13 (2017 - 18).

The trustees have no beneficial interest in the Group or ACL. As a charity, ACL is a non-profit distributing organisation. Therefore, members or trustees do not receive any dividend, as all surpluses must be invested to pursue the charitable objectives of the company.

**Organisational structure**

ACL is a community organisation working with ADC and other organisations, to provide leisure and cultural opportunities within the West Sussex area and its neighbourhood. ACL came into existence when ADC transferred leisure and cultural services to ACL on 1st July 2006.

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



**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Trustee induction and training**

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

Once appointed new trustees are inducted by the CEO and Company Secretary using the governance manual as a guide. The updated manual is available to Trustees on an ongoing basis in an electronic format, using a shared protected file.

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

Some trustees have carried out some 'spot checks' using internal control procedures and audits developed last year. The trustees aim to carry out checks against a selection of sites across all of the controls on an annual basis.

**Remuneration policy for key management personnel**

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

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

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

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

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

All posts meet the minimum requirements in respect of the National Minimum Wage, which is reviewed and amended where required in April each year. All employees (except apprentices) working for ACL will be paid at least the National Living Wage (NLW) of £7.83 with effect from 1st April 2018, this is regardless of age. This action is designed to help improve, the current poor staff turnover, recruitment and retention. All posts meet the minimum requirements in respect of the National Minimum Wage, which is reviewed and amended where required in October each year. (NMW is now reviewed in April from April 2017 onwards).

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

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Remuneration policy for key management personnel - continued**

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

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

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

Based on the above, the management team will make a recommendation to the Trustees, to approve any annual pay award. If approved, annual pay awards will be applied equally to all staff including senior managers. In April 2018 most staff are benefitting from a minimum 2% pay increase.

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

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

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

For those staff who are not members of the LGPS, the Group complies with its statutory auto-enrolment duties in accordance with Part 1 of the Pensions Act 2008, where employees will be automatically enrolled into a defined contribution pension scheme from the date required by the Pensions Act 2008. Details are notified to each individual separately, including what he/she would need to do should they wish to opt out of membership. In this regard, the Group uses NEST to fulfil auto-enrolment obligations. In ACL's 3-year cycle of auto-enrolment, staff who are eligible, who were for whatever reason not in NEST, were auto-re-enrolled.

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

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Remuneration policy for key management personnel - continued**

Use of Facilities by Employees - To promote health, fitness and wellbeing, employees may use the facilities free of charge, provided a paying member of the public is not prohibited from use as a result of an employee taking up space.

Neither ACL nor Impulse Leisure Trustees are paid for their work as a Trustee.

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

**Related parties and relationships with other organisations**

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

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

**Diversity**

The board's approach to diversity supports its effectiveness and leadership, as such ACL wholeheartedly supports the principle of equal opportunities and diversity in employment and service provision and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, age or disability.

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

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

ACL aims to have trustees and staff from different backgrounds, abilities, cultures and genders as the inherent diversity of life experience is more likely to encourage debate, resulting in better decision making. The aim is that the workforce and Board reflect the community it serves.

The Board and staff undertake equal opportunity and diversity training.

**Policy for employment of disabled persons**

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

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

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

**Employee Information**

Employees are provided with information in a number of ways including general electronic communication to personal email addresses, staff notice boards, staff newsletters (3 times per annum), staff forums (2 times per annum per site), team briefings, staff satisfaction survey (once per annum) and one to one meetings where appropriate. These communications are used to provide employees with relevant information on matters of concern to them, common awareness of the financial and economic factors affecting ACL's performance and seek the employees' views about the business and how it might be improved. Although Performance Related Pay (PRP) was not applicable and therefore not paid in 2017 for the outcomes of the 2015/16 financial year, staff are aware that PRP may be applicable to future years should the financial performance of ACL be sufficient.

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

**Modern Slavery Act 2015**

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

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

ACL's supply chain mainly consists of the receipt of goods or services from other organisations, all of which are based in the United Kingdom. The main areas of supply relate to repairs and maintenance, equipment, cleaning, utilities and catering. As part of the review for this statement ACL has questioned its suppliers about their commitment to preventing modern slavery and new suppliers are vetted prior to their admission to ACL's approved supplier list.

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

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

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

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

## ADUR COMMUNITY LEISURE LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

ACL is committed to ensuring there is no modern slavery or human trafficking in any part of its business and will -

- Identify and assess risks in the supply chain and ensure compliance from suppliers
- Provide training for staff on these risks
- Protect whistle blowers.

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Adur Community Leisure Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

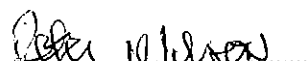
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

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

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 24.09.2018 and signed on the board's behalf by:

  
Dr P Wilson - Trustee

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

**Opinion**

We have audited the financial statements of Adur Community Leisure Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

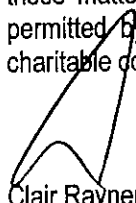
**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**Use of our report**

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

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

Date: ..... 24/02/18 .....

**ADUR COMMUNITY LEISURE LIMITED****STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2018**

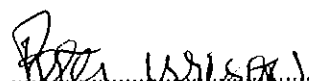
		Unrestricted fund	Restricted fund	31.3.18 Total funds	31.3.17 Total funds
	Not es	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Charitable activities</b>	3				
Leisure centres activities		3,244,525	11,981	3,256,506	2,874,323
Catering activities		197,279	-	197,279	176,202
Office rent activities		5,000	-	5,000	5,000
Investment income	2	863	-	863	1,247
<b>Total</b>		<b>3,447,667</b>	<b>11,981</b>	<b>3,459,648</b>	<b>3,056,772</b>
<b>EXPENDITURE ON</b>					
Raising funds	4	90,061	-	90,061	49,187
<b>Charitable activities</b>	5				
Leisure centres activities		3,240,667	9,982	3,250,649	2,793,493
Catering activities		202,636	-	202,636	172,526
<b>Total</b>		<b>3,533,364</b>	<b>9,982</b>	<b>3,543,346</b>	<b>3,015,206</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>(85,697)</b>	<b>1,999</b>	<b>(83,698)</b>	<b>41,566</b>
<b>Other recognised gains/(losses)</b>					
Actuarial gains/losses on defined benefit schemes		156,000	-	156,000	(183,000)
<b>Net movement in funds</b>		<b>70,303</b>	<b>1,999</b>	<b>72,302</b>	<b>(141,434)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>1,024,041</b>	<b>-</b>	<b>1,024,041</b>	<b>1,165,475</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,094,344</b>	<b>1,999</b>	<b>1,096,343</b>	<b>1,024,041</b>



**BALANCE SHEET**  
**AT 31 MARCH 2018**

		Unrestricted fund	Restricted fund	31.3.18 Total funds	31.3.17 Total funds
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11	2,032,992	-	2,032,992	1,805,381
<b>CURRENT ASSETS</b>					
Stocks	12	22,527	-	22,527	22,479
Debtors	13	62,758	-	62,758	56,829
Cash at bank		<u>150,121</u>	<u>1,999</u>	<u>152,120</u>	<u>423,304</u>
		235,406	1,999	237,405	502,612
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>(416,474)</u>	<u>-</u>	<u>(416,474)</u>	<u>(342,475)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>(181,068)</u>	<u>1,999</u>	<u>(179,069)</u>	<u>160,137</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,851,924	1,999	1,853,923	1,965,518
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	<u>(877,580)</u>	<u>-</u>	<u>(877,580)</u>	<u>(954,477)</u>
<b>PENSION ASSET</b>	20	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>13,000</u>
<b>NET ASSETS</b>		<u>1,094,344</u>	<u>1,999</u>	<u>1,096,343</u>	<u>1,024,041</u>
<b>FUNDS</b>	19				
Unrestricted funds				1,094,344	1,024,041
Restricted funds				<u>1,999</u>	<u>-</u>
<b>TOTAL FUNDS</b>				<u>1,096,343</u>	<u>1,024,041</u>

The financial statements were approved by the Board of Trustees on 24/09/2018 and were signed on its behalf by:

  
Dr P Wilson - Trustee

**ADUR COMMUNITY LEISURE LIMITED****CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	206,742	216,774
Finance costs		<u>(62,030)</u>	<u>(24,189)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>144,712</u>	<u>192,585</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(424,044)</u>	<u>(143,272)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(424,044)</u>	<u>(143,272)</u>
<b>Cash flows from financing activities:</b>			
New loans from group companies		180,000	360,000
Intercompany loan repayments		(58,380)	(31,103)
Bank loan repayments		(48,631)	(40,526)
Finance lease repayments in year		<u>(64,841)</u>	<u>(64,841)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>8,148</u>	<u>223,530</u>
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(271,184)</u>	<u>272,843</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>423,304</u>	<u>150,461</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>152,120</u>	<u>423,304</u>

**ADUR COMMUNITY LEISURE LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(83,698)</b>	<b>41,566</b>
<b>Adjustments for:</b>		
Depreciation charges	196,433	154,698
Finance costs	62,030	24,189
Increase in stocks	(48)	(7,430)
Increase in debtors	(5,929)	(25,962)
(Decrease)/increase in creditors	(11,046)	26,713
Difference between pension charge and cash contributions	<u>49,000</u>	<u>3,000</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>206,742</u></b>	<b><u>216,774</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

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

The charity is an incorporated private company limited by guarantee without share capital and is registered with Companies House and Charity Commission. The charitable company's registered office and place of business are listed on Reference and Administrative Details page.

**Going concern**

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

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

**Income**

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

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

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

**Interest receivable:**

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

**Donations of gifts, services and facilities**

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES - continued**

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure is classified under the following activity headings:

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

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

**Allocation of support costs**

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

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

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

- Leisure centres 94%
- Catering activities 6%

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

**Tangible fixed assets**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES - continued**

**Stocks**

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

**Taxation**

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

**Fund accounting**

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

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

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

**Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Hire purchase and leasing commitments**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

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

**a) Trade and other debtors**

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

**b) Cash and cash equivalents**

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

**c) Impairment of financial assets**

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

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

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

**d) Trade and other creditors**

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

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

**Impairment of non-financial assets**

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



**ADUR COMMUNITY LEISURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2. INVESTMENT INCOME**

	31.3.18	31.3.17
	£	£
Bank Interest	<u>863</u>	<u>1,247</u>

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Activity	31.3.18	31.3.17
		£	£
Leisure Centre Income	Leisure centres activities	3,256,506	2,874,323
Leisure Centre Income	Catering activities	197,279	176,202
Office and Cottage Rent	Office rent activities	<u>5,000</u>	<u>5,000</u>
		<u>3,458,785</u>	<u>3,055,525</u>

Leisure centre income includes £160,000 funding received from Adur District Council (2017: £170,000).

Leisure centre income includes restricted funding £11,981 (2017: £51,965). This includes various grants received from other funders for healthy living, sports, and programmes to help improve health and fitness in the community.

**4. RAISING FUNDS**

**Other trading activities**

	31.3.18	31.3.17
	£	£
Promotion and publicity	<u>90,061</u>	<u>49,187</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5. ANALYSIS OF EXPENDITURE**

Charitable activities

	Cost of raising funds	Leisure centres	Catering	Governan ce costs	Support costs	2018 total	2017 total
Staff costs	-	1,402,552	45,757	-	187,740	1,636,049	1,453,105
Promotion and publicity	90,061	-	-	-	-	90,061	49,187
Premises costs	-	502,035	8,725	-	237,118	747,878	337,195
Purchases for resale	-	92,076	72,314	-	-	164,390	155,606
Office administration costs	-	209,015	9,140	-	676,301	894,456	1,014,963
Audit and accountancy	-	-	-	6,180	-	6,180	5,150
Legal and professional	-	-	-	-	4,332	4,332	-
	90,061	2,205,678	135,936	6,180	1,105,491	3,543,346	3,015,206
Support costs	-	1,039,162	66,329	-	(1,105,491)	-	-
Governance costs	-	5,809	371	(6,180)	-	-	-
Total expenditure 2018	<u>90,061</u>	<u>3,250,649</u>	<u>202,636</u>	<u>-</u>	<u>-</u>	<u>3,543,346</u>	
Total 2017	<u>49,187</u>	<u>2,793,493</u>	<u>172,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,015,206</u>

**6. SUPPORT COSTS**

	Management £	Finance £	Governance costs £	Totals £
Leisure centres activities	949,133	89,658	6,180	1,044,971
Catering activities	<u>66,700</u>	<u>-</u>	<u>-</u>	<u>66,700</u>
	<u>1,015,833</u>	<u>89,658</u>	<u>6,180</u>	<u>1,111,671</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**7. NET INCOME/(EXPENDITURE)**

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

	31.3.18	31.3.17
	£	£
Auditors' remuneration	6,180	5,150
Depreciation - owned assets	131,592	89,857
Depreciation - assets on hire purchase contracts and finance leases	<u>64,841</u>	<u>64,841</u>

**8. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

One of the trustees is an employee elected trustee who is paid for her services as an employee in her role as Activity Co-ordinator. She is not paid for her role as a trustee.

Mrs E Scrymgeour - gross £21,445 (2017: £8,245), employers pension £3,490 (2017 £77).

**Trustees' expenses**

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2017: £nil).

**9. STAFF COSTS**

	31.3.18	31.3.17
	£	£
Wages and salaries	1,464,228	1,341,518
Social security costs	73,422	64,730
Other pension costs	<u>98,400</u>	<u>46,857</u>
	<u>1,636,050</u>	<u>1,453,105</u>

The total employee benefits including pension contributions of the key management personnel were £233,848 (2017: £185,227).

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

	31.3.18	31.3.17
Leisure centres	148	152
Catering	8	8
Support	<u>6</u>	<u>6</u>
	<u>162</u>	<u>166</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund	Restricted fund	Total funds
	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Charitable activities</b>			
Leisure centres activities	2,822,358	51,965	2,874,323
Catering activities	176,202	-	176,202
Office rent activities	5,000	-	5,000
Investment income	<u>1,247</u>	<u>-</u>	<u>1,247</u>
<b>Total</b>	<b>3,004,807</b>	<b>51,965</b>	<b>3,056,772</b>
 <b>EXPENDITURE ON</b>			
Raising funds	49,187	-	49,187
<b>Charitable activities</b>			
Leisure centres activities	2,739,125	54,368	2,793,493
Catering activities	<u>172,526</u>	<u>-</u>	<u>172,526</u>
<b>Total</b>	<b>2,960,838</b>	<b>54,368</b>	<b>3,015,206</b>
 <b>NET INCOME/(EXPENDITURE)</b>	<b>43,969</b>	<b>(2,403)</b>	<b>41,566</b>
 <b>Other recognised gains/(losses)</b>			
Actuarial gains/losses on defined benefit schemes	<u>(183,000)</u>	<u>-</u>	<u>(183,000)</u>
<b>Net movement in funds</b>	<b>(139,031)</b>	<b>(2,403)</b>	<b>(141,434)</b>
 <b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<b>1,163,072</b>	<b>2,403</b>	<b>1,165,475</b>
 <b>TOTAL FUNDS CARRIED FORWARD</b>	<b><u>1,024,041</u></b>	<b><u>-</u></b>	<b><u>1,024,041</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**11. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 April 2017	2,248,988	324,207	2,573,195
Additions	<u>424,044</u>	<u>-</u>	<u>424,044</u>
At 31 March 2018	<u>2,673,032</u>	<u>324,207</u>	<u>2,997,239</u>
<b>DEPRECIATION</b>			
At 1 April 2017	611,100	156,714	767,814
Charge for year	<u>131,592</u>	<u>64,841</u>	<u>196,433</u>
At 31 March 2018	<u>742,692</u>	<u>221,555</u>	<u>964,247</u>
<b>NET BOOK VALUE</b>			
At 31 March 2018	<u>1,930,340</u>	<u>102,652</u>	<u>2,032,992</u>
At 31 March 2017	<u>1,637,888</u>	<u>167,493</u>	<u>1,805,381</u>

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

	Plant and machinery £
<b>COST</b>	
At 1 April 2017	<u>324,207</u>
<b>DEPRECIATION</b>	
At 1 April 2017	156,714
Charge for year	<u>64,841</u>
At 31 March 2018	<u>221,555</u>
<b>NET BOOK VALUE</b>	
At 31 March 2018	<u>102,652</u>
At 31 March 2017	<u>167,493</u>

**12. STOCKS**

	31.3.18 £	31.3.17 £
Stocks	<u>22,527</u>	<u>22,479</u>

**ADUR COMMUNITY LEISURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.18	31.3.17
	£	£
Other debtors	10,014	3,298
VAT	-	19,815
Prepayments and accrued income	<u>52,744</u>	<u>33,716</u>
	<u>62,758</u>	<u>56,829</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.18	31.3.17
	£	£
Bank loans and overdrafts (see note 16)	48,632	48,632
Other loans (see note 16)	116,425	33,800
Finance lease(see note 17)	64,841	64,841
Trade creditors	16,361	50,904
Amounts owed to group undertakings	84,993	82,573
Social security and other taxes	7,066	-
VAT	14,576	-
Accruals and deferred income	<u>63,580</u>	<u>61,725</u>
	<u>416,474</u>	<u>342,475</u>

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

	31.3.18	31.3.17
	£	£
Bank loans (see note 16)	271,527	320,158
Other loans (see note 16)	568,242	531,667
Finance lease(see note 17)	<u>37,811</u>	<u>102,652</u>
	<u>877,580</u>	<u>954,477</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

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

A loan of £462,000 from National Westminster Bank plc which commenced in August 2014 and is repayable by monthly instalments over 10 years. Interest is charged at 3.5% over base rate.

A loan of £198,000 from the parent company (Impulse Leisure Limited) which commenced in December 2014 and is payable in instalments over 10 years at a fixed interest rate of 5%.

The charitable company has a loan of £70,000 from Thurrock Community Leisure Limited (part of Impulse Leisure Group), which commenced in February 2016, and is payable over 5 years at a fixed interest rate of 5%. This loan was used to fund the Astro Turf Pitch at Lancing Manor.

In addition following loans from received from Thurrock Community Leisure Limited (part of Impulse Leisure Group) during 2016/17 and 2017/18:

A loan of £360,000 received during 2016/17 which is repayable over a term of 7 years at an interest rate of 7% fixed with the first capital repayment falling due in April 2018.

A loan of £180,000 received during 2017/18 which is repayable over a term of 5 years at an interest rate of 5% fixed.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**16. LOANS**

An analysis of the maturity of loans is given below:

	31.3.18 £	31.3.17 £
Amounts falling due within one year on demand:		
Bank loans	48,632	48,632
Other loans	<u>116,425</u>	<u>33,800</u>
	<u>165,057</u>	<u>82,432</u>
 Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>48,632</u>	<u>48,632</u>
 Amounts falling due between two and five years:		
Bank loans - 2-5 years	145,895	145,894
Other loans - 2-5 years	<u>528,023</u>	<u>384,861</u>
	<u>673,918</u>	<u>530,755</u>
 Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	77,000	125,632
Other loans more 5yrs instal	<u>40,219</u>	<u>146,806</u>
	<u>117,219</u>	<u>272,438</u>

**17. LEASING AGREEMENTS**

	Finance leases 31.3.18 £	31.3.17 £
Net obligations repayable:		
Within one year	64,841	64,841
Between one and five years	<u>37,811</u>	<u>102,652</u>
	<u>102,652</u>	<u>167,493</u>



**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**17. LEASING AGREEMENTS - continued**

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

	31.3.18 £	31.3.17 £
Within one year	167,588	61,777
Between one and five years	<u>339,564</u>	<u>683</u>
	<u>507,152</u>	<u>62,460</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.18 £	31.3.17 £
Bank loans	<u>320,159</u>	<u>368,790</u>

The loan from Natwest Bank Plc is secured by way of fixed and floating charge over the undertaking and all property and assets present and future including goodwill, uncalled capital, buildings, fixtures, plant and machinery.

**19. MOVEMENT IN FUNDS**

	At 1.4.17 £	Net movement in funds £	At 31.3.18 £
<b>Unrestricted funds</b>			
General fund	1,024,041	70,303	1,094,344
<b>Restricted funds</b>			
Restricted fund	-	1,999	1,999
<b>TOTAL FUNDS</b>	<u>1,024,041</u>	<u>72,302</u>	<u>1,096,343</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	3,447,667	(3,533,364)	156,000	70,303
<b>Restricted funds</b>				
Restricted fund	11,981	(9,982)	-	1,999
<b>TOTAL FUNDS</b>	<u>3,459,648</u>	<u>(3,543,346)</u>	<u>156,000</u>	<u>72,302</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**19. MOVEMENT IN FUNDS - continued**

**Comparatives for movement in funds**

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

Comparative net movement in funds, included in the above are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**19. MOVEMENT IN FUNDS - continued****Purposes of restricted funds**

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

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

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

**Summary of assets and liabilities by fund:**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Fixed assets	2,032,992	-	2,032,992
Current assets	235,406	1,999	237,405
Current liabilities	(416,474)	-	(416,474)
Long term liabilities	(877,580)	-	(877,580)
Pension asset	120,000	-	120,000
Net asset	<u>1,094,344</u>	<u>1,999</u>	<u>1,096,343</u>

**20. EMPLOYEE BENEFIT OBLIGATIONS**

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

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>31.3.18</b>	<b>31.3.17</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	(2,302,000)	(2,272,000)
Fair value of plan assets	<u>2,422,000</u>	<u>2,285,000</u>
	<u>120,000</u>	<u>13,000</u>
Surplus	<u>120,000</u>	<u>13,000</u>
Net asset	<u>120,000</u>	<u>13,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**20. EMPLOYEE BENEFIT OBLIGATIONS**  
**- continued**

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Current service cost	90,000	46,000
Net interest from net defined benefit asset/liability	<u>64,000</u>	<u>62,000</u>
	<u>154,000</u>	<u>108,000</u>
Actual return on plan assets	<u>62,000</u>	<u>395,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Defined benefit obligation	2,272,000	1,612,000
Current service cost	90,000	46,000
Contributions by scheme participants	16,000	13,000
Interest cost	64,000	62,000
Actuarial losses/(gains)	(94,000)	578,000
Benefits paid	<u>(46,000)</u>	<u>(39,000)</u>
	<u>2,302,000</u>	<u>2,272,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Fair value of scheme assets	2,285,000	1,811,000
Interest on assets	64,000	69,000
Contributions by employer	41,000	36,000
Contributions by scheme participants	16,000	13,000
Actuarial gains/(losses)	62,000	395,000
Benefits paid	<u>(46,000)</u>	<u>(39,000)</u>
	<u>2,422,000</u>	<u>2,285,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**20. EMPLOYEE BENEFIT OBLIGATIONS**  
**- continued**

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Actuarial gains/(losses)	<u>156,000</u>	<u>(183,000)</u>
	<u>156,000</u>	<u>(183,000)</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Equities	1,235,000	1,592,000
Bonds	896,000	286,000
Property	194,000	180,000
Other	-	168,000
Cash	<u>97,000</u>	<u>59,000</u>
	<u>2,422,000</u>	<u>2,285,000</u>

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

	31.3.18	31.3.17
Discount rate	2.7%	2.8%
Future salary increases	2.2%	3.3%
Future pension increases	2.2%	2.3%

The charitable company expects to contribute £44,000 to its defined benefit pension plan in 2018/19.

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

	2018	2017	2016	2015	2014
	£	£	£	£	£
Defined benefit obligation	(2,302,000)	(2,272,000)	(1,612,000)	(1,615,000)	(1,582,000)
Plan assets	2,422,000	2,285,000	1,811,000	1,741,000	1,484,000
Surplus / (deficit)	120,000	13,000	199,000	126,000	(98,000)

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

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount
Change in assumptions at 31 March 2017:		
0.5% decrease in Real Discount Rate	13%	£289,000
0.5% increase in the Salary Increase Rate	2%	£46,000
0.5% increase in the Pension Increase Rate	10%	£240,000

**ADUR COMMUNITY LEISURE LIMITED****DETAILED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	31.3.18 £	31.3.17 £
<b>Management</b>		
Wages	113,437	125,018
Social security	9,751	11,900
Pensions	64,553	18,358
Insurance	39,674	36,494
Telephone	410	290
Postage and stationery	1,011	900
Sundries	5,450	4,038
IT support	32,923	28,439
HR support	4,591	3,955
VAT not recoverable	136,994	117,350
Management charge Impulse	364,910	332,592
Equipment purchase	2,145	534
Other staff costs	21,722	18,089
Legal costs	4,332	3,903
Cash collection	17,497	17,226
Improvements to property	131,592	154,698
Plant and machinery	64,841	-
	<hr/>	<hr/>
	1,015,833	873,784
<b>Finance</b>		
Bank charges	27,630	16,332
Loan interest	62,030	24,189
	<hr/>	<hr/>
	89,660	40,521
<b>Governance costs</b>		
Auditors' remuneration	6,180	5,150
	<hr/>	<hr/>
<b>Total resources expended</b>	3,543,346	3,015,206
	<hr/>	<hr/>
<b>Net (expenditure)/income</b>	<u>(83,698)</u>	<u>41,566</u>