

Company number: 08030293  
Charity number: 1157266

# activeNewham

Report and financial statements  
For the year ended 31 March 2018

Contents

For the year ended 31 March 2018

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Reference and administrative information .....	1
Trustees’ annual report .....	2
Independent auditor’s report .....	21
Statement of financial activities (incorporating an income and expenditure account) .....	25
Balance sheet .....	26
Statement of cash flows .....	27
Notes to the financial statements .....	28

## Reference and administrative information

For the year ended 31 March 2018

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**Company number** 08030293

**Charity number** 1157266

**Registered office and operational address** The Old Dispensary  
30 Romford Road  
Stratford  
LONDON, E15 4BZ

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Timothy Davies (Chair)  
Cllr Ken Clark  
Alia Harris  
Richard Hunt  
Jaine Stannard  
Sion O'Connor  
Cllr Forhad Hussain  
Robert Heaton  
Stephen Gillatt  
Mark Sands (Resigned 02.01.2018)

**Key management personnel** Ian Gallagher (Managing Director)  
Keiron Butcher (Commercial Director)

**Bankers** The Co-operative Bank PLC  
Lewisham Branch, Heaton House  
151–155 Lewisham High Street  
LONDON, SE1 9BB

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

**Auditor** Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108–114 Golden Lane  
LONDON, EC1Y 0TL

## **Trustees' annual report**

**For the year ended 31 March 2018**

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

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

### **Chair's Statement**

A year ago I reported on the opening of the new Atherton and Manor Park leisure facilities and the great impact they are having on their local populations. This year I can report on the successful upgrade investments at Newham and Balaam Leisure Centres.

The past year has seen the continuing impact of austerity on the leisure industry with sports centres and swimming pools closing across the country. Newham stands alongside a select band of councils that have not done this. The borough continues to invest in better facilities.

Newham Leisure Centre has introduced new cardio and strength equipment for both able-bodied and disabled customers. The ground-floor gym has been extended with a larger free weights area. At specific times, the top-floor gym will be dedicated to female members for the extremely popular women-only sessions.

Meanwhile, Balaam Leisure Centre has been offering a 24-hour service with every piece of equipment replaced with brand new state-of-the-art kit. Members can make the most of the new classes taking place in the specially equipped hot studio where they are able to enjoy high demand classes such as hot yoga as well as zumba, pilates and many other activities.

Away from the centres, the Community Activation Team working with a wide range of partners has been delivering more programmes and activities than ever. A few select examples will have to suffice. But each illustrates the diverse expertise the team brings to our key goal of getting more people, more active, more often.

The sports team's Headstart wellness programme is designed to promote resilience and confidence in 10–16 year olds. The programme has won admiration from across the sector for its approach, bringing together sports coaches, youth workers, and other specialists. It offers individual support and mentoring in addition to participation in a range of sport and physical activities.

**Trustees' annual report**

**For the year ended 31 March 2018**

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The programme sees activeNewham working with partners from across London to provide activities in all of Newham's eight neighbourhoods. From national organisations like UK Wallball (one of the fastest growing games in the country) to local groups such as Mbox (community based boxing coaching in Forest Gate), the activities are designed to provide sport and physical activities which build resilience and improve wellbeing for young people in the borough.

Activities are delivered on a weekly basis by specialist providers who undergo mental health first aid training as a prerequisite to delivering classes for the HeadStart project, with each programme supported by a trained youth worker who provides additional support through one-to-one sessions.

The Newham's Volunteers programme continues to go from strength to strength. This year, they placed a stronger emphasis on identifying and recruiting young volunteers (16–21) and enhancing the offer to attract them.

Young people often see volunteering as a chore or unfashionable. However, working closely with the University of East London, Newham College, NewVic and Headstart activeNewham will be introducing a new volunteers package for students. The young volunteers will be asked to complete 16 hours of volunteering as part of their course and will be offered volunteering opportunities at fun exciting events and activities throughout the summer, such as the Newham Town Show and ParkLives. They will also be offered the added incentive of rewards, such as, free training and the opportunity to see West Ham United at the London Stadium.

Allotments are valuable green spaces and community assets that can help improve people's quality of life by promoting healthy food, exercise and community interaction. Newham has eight sites across the borough which together are one of the boroughs most valuable community resources.

Earlier this year, the Parks and Open Spaces Team opened the Reynolds allotments in Manor Park which provided 42 new plots for local residents. Paths were re-laid with eco-friendly crushed concrete and access was improved to make the site available to all.

Allotments in Newham achieved, on average, 95% occupancy during this financial period. With the support of corporate volunteers from the FCA and Trees for the City, the team cleared overgrown plots and made available plots across four sites for the community and the schools' growing programme.

However, despite success in programme delivery and meeting our core objectives, we have to acknowledge that we are operating in increasingly challenging circumstances.

## Trustees' annual report

For the year ended 31 March 2018

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As the Trustees Report will show, we are operating in very tight financial conditions. Partly this reflects the reduction in the management fee received from Newham Council (which of itself reflects the cut in local government funding as part of the Government's austerity policy) and partly the increasingly competitive nature of the commercial leisure sector. Compared with just a decade ago when there were no private operators in the borough, Newham residents now have a growing choice of health and fitness providers. This increases the pressure on us to be innovative and responsive to customer demands at a time when resources are under pressure. But it is not a programme that can be sustained indefinitely and will require activeNewham to look for new and creative solutions in the future.

The political landscape of the borough is undergoing a radical change. Plans and expectations that we may have taken for granted a year ago no longer apply. This is only correct and to be expected. It will take time to work through and this makes our future planning for and investment in leisure services more difficult. However, this will be resolved in due course.

Governance of the Trust also presents us with a challenge but also an opportunity. activeNewham is steered by an active, well-informed and highly motivated board. However, it is not representative of the borough in terms of gender, ethnicity, age and disability. We are actively working to change this. This is not a problem unique to activeNewham. It affects all of the charity sector and is a major concern of the National Council for Voluntary Organisations.

Take one aspect. Young people. According to the Charities Aid Foundation, despite making up 12% of Britain's population, 18–24 year olds account for less than 0.5% of all charity trustees. This is magnified in Newham which has the youngest age profile of anywhere in the country and double the national average of under-25s. We know that young people are willing to take on the leadership mantle – research shows that 85% of the under-35s would consider becoming a trustee – but more needs to be done to pave the way. We will be working on this over the coming year and drawing on the successful experience of others – such as at the Roundhouse in Camden.

activeNewham's reason for being is to help redress inequalities in the borough by making affordable leisure and recreation available to all and, more specifically, to address health inequalities by getting more people, more active, more often.

We certainly look forward to working with the London Borough of Newham in its efforts to transform the borough. As I said in last year's statement, we are not here as the passive managers of leisure centres. We are here to make a difference with our highly respected Community Activation Team central to our efforts.

## Trustees' annual report

For the year ended 31 March 2018

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activeNewham has an excellent reputation for its innovation and commitment to making a real difference to the community it serves. We will not stand still or become complacent. We will continue to work with Newham Council and other partners to deliver the best possible service to the people of Newham.

## Objectives and activities

### Purposes and aims

The objects of the Charitable Company are to provide facilities for recreation, sporting or other leisure time pursuits.

We have been working with the London Borough of Newham to deliver leisure, sports, health and volunteering opportunities in Newham since January 2013.

Our mission is to make “More people, More active, More often”. To support this mission activeNewham manages five leisure centres in Newham together with a varied programme of community activation initiatives.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure that the charity's aims, objectives and activities remain focused on its stated purposes.

## Achievements and performance

The charity's main activities and recipients are described below. All its charitable activities focus on physical and mental wellbeing, and enabling participation. These activities are undertaken to further activeNewham's charitable purposes and for the public benefit.

- Maintaining OHSA BSI 18001 Health & Safety accreditation.
- Successful project management of LBN funded refurbishments at Balaam Leisure Centre and Newham Leisure Centre.
- The development and opening of a successful Ladies Only Fitness Suite at East Ham Leisure Centre.

## Leisure Centres

The five leisure and fitness centres remain an important and central part of activeNewham's business portfolio. The leisure facilities remain popular and well used by both existing and new customers and are well regarded within the local community.

A considerable programme of work has been completed by the activeNewham Facilities Management Team to ensure that the centres are well presented and deliver to the local community. Health and Fitness memberships and the swimming programmes remain the most popular activities and usage of the centres has remained on a like for like basis year on year, with over 1.8 million visits taking place during the financial year.

Balaam – this centre received a £403,303k refurbishment of its Fitness Suite, Group Exercise Studio and both Male & Female Wet Changing rooms. This refurbishment also launched the introduction of a Hot Yoga Product and 24 hour opening.

Improvements were also introduced with access control and cashless systems to assist with the introduction on the 24 hour opening.

Newham – this centre has received a £514,534k refurbishment of its Fitness Suite, Group Exercise Studios and Office Accommodation and Customer Circulation Areas.

The downside of these refurbishment works was a negative effect on our turnover due to leisure centre closures and disruption to our services.

The company has tried to mitigate costs in 2017/2018, but we have seen an increase in expenditure on repair and maintenance costs due to the dilapidation of the leisure centres and also a rise in utility charges.

## Community Activation

The year 2017 – 2018 was a changeable year for the Community Activation Team with a number of changes in its personnel and the delivery of projects. The team continue to deliver the main functions of the commission in the three service areas of Newham's Volunteers, Sport and Physical Activity, and Parks & Open Spaces.

The Newham's Volunteer Programme continues to form a big part of the Community Activation Team with staff providing meaningful volunteering opportunities to local residents. The ethos of volunteering is to ensure it adds value to organisations, is worthwhile for volunteers, and benefits the community. The team recruits, trains and assigns volunteers to a wide variety of long term and one off volunteering opportunities in Newham and outside the borough.



## Trustees' annual report

For the year ended 31 March 2018

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Volunteers continue to support the London Borough of Newham's Community Neighbourhood Teams, Youth Offending Team and Adult Social Care, providing support to the London Borough of Newham and its services. Volunteers support a range of activities which includes local libraries and their homework & games clubs, storytelling, half term activities for young people, day trips to the seaside, and Christmas hamper deliveries for isolated and elderly residents. Volunteers also assist at a number of high profile events including the London Triathlon, London Marathon, Great London Run, The Newham show, Newham Under the Stars and many events at the Queen Elizabeth Olympic Park.

Free training is available for volunteers including Spectator Safety, ESOL and YOT training. Further opportunities can include membership of the Volunteer Steering Group, progressing to a Volunteer Team Leader, or a Volunteer Trainer's role. activeNewham believes that every volunteer has a skill and something to offer.

This year 24 volunteers have attained employment, and 11 were employed with activeNewham as a result of the experience and skills gained through the Volunteering Programme.

activeNewham provides a corporate volunteering offer for local businesses who support local organisations through their corporate responsibility programmes. This year activeNewham supported 7 corporate volunteering days for companies including: BP, The Financial Conduct Authority, and BT Sport. This programme aids small charities by helping to improve local community sites and also provides a source of income.

In total more than 623 people supported at least one of activeNewham's opportunities contributing to 27,000 hours of voluntary support to service users in 2017–2018.

The Sport and Physical Activity Team identified more opportunities during 2017 – 2018, and delivered a number of projects as part of activeNewham's Commission. This included the Neighbourhood Sports Programme, the London Youth Games, and the Newham Town Show. activeNewham also secured a number of additional commissions through the London Borough of Newham including Parklives, Newham Every Child a Sports Person and most recently the Headstart Programme, which provides the opportunity to support young people helping them to cultivate resilience when dealing with the diverse development challenges within the borough. activeNewham hope to see circa 100 young people benefit from sports activities during delivery of the Headstart project over an 18 month period.

The team also worked across a number of prominent sports competitions which included the London 2017 World Athletics Championships, offering one off opportunities for people to take part in sport and providing pathways into long term sports opportunities.

## Trustees' annual report

For the year ended 31 March 2018

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During the summer of 2017 the Sports and Physical Activity Team delivered an excellent project in partnership with the Wold Athletics Championships, providing high quality sports activities within the Fanzone at the Queen Elizabeth Olympic Park. Events like this enable the Community Activation Team to work across the Sports and Volunteering departments.

Highlights for the Sport and Physical Activity Team during 2017 – 2018 were:

- 7,000 attendances to events including 20 days of sports delivery at the World Athletics Championships.
- 20,000 attendances at our regular sports programmes including ParkLives and the Neighbourhood Sports Programme.
- 5,000 attendances at the dual use sites for community sports clubs.
- 14,000 attendances at ParkLives sessions with 30 different activities across 18 venues.
- 23,000 attendances at NECaSP sessions within extra-curricular clubs and school taster days.

The Parks and Open Spaces Team manages the London Borough of Newham allotment sites, administrative bookings for park sports pitches, event bookings, and management of the East Ham Nature Reserve.

activeNewham has submitted an application for a Green Flag Award for Plashet Park which is a requirement of the Heritage Lottery Agreement. The Parks and Open Spaces Team has dedicated a significant amount of resource to the application in the hope of attaining the award. The activity programme within the park has grown significantly to the satisfaction of the funding partners.

Allotment management has been labour intensive and each of the sites contain a number of vacant plots, with long waiting lists requiring significant levels of resource. Each of the sites benefited from corporate volunteering during 2017 –2018, with volunteers clearing sites and bringing unusable plots back to a letting condition. Income for each lot is low and caution required regarding the accumulation of unpaid tenancies and the eviction of tenants.

Event bookings have grown significantly during 2017 –2018 with activities including family parties, corporate gatherings, filming of TV programmes, commercials, and travelling circuses making use of Newham's parks. Local schools also hold their sports days in the parks and it is hoped that the recent increased cricket activity will see a rise in the usage of parks for sports events in the coming years. One negative trend for park usage this year has been a decline in the popularity of 11 v 11 football.

activeNewham has successfully managed the East Ham Nature Reserve during 2017 –2018, in cooperation with the London Borough of Newham's Community Neighbourhood Teams, schools and various community groups. As one of the biggest nature reserves in London, it

offers open space, historic points of interest, seasonal events, corporate volunteering opportunities and activities for everyone interested in a natural habitat.

## Beneficiaries of our services

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning activeNewham's future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

activeNewham promotes the preservation of good health and wellbeing through community participation in healthy recreation.

We are in the Borough of Newham to provide services and facilities for recreation, sport and health, and in the interest of social welfare. Our services are provided to engage with the entire community, including some special services and facilities offered to people with special needs, who because of their youth, age, infirmity or disability, poverty, or social, or economic circumstances may not previously have benefited.

Our aim is to provide a blend of services and facilities under "one roof" that allows us to take a "whole system" approach to our mission of getting more people more active, more often.

## Financial review

During the financial year, activeNewham had an operational deficit of £126,129. This figure does include costs of £125,000 related to the inherited local government pension scheme. There was also a gain of £63,000 due to the actuarial profit on the defined pension scheme. The impact of the inherited defined pension scheme is outside activeNewham's control and disappointingly casts a shadow over the financial position. This in turn means that activeNewham is faced with presentational issues when trying to engage with potential partners and funders.

The net movement in funds for the year is a decrease of £63,129, of which £17,693 is due to spending restricted grants received in the prior year. Therefore, the net loss of unrestricted funds is £45,436.

This loss is a disappointment but demonstrates that we are working in a highly competitive industry in a very challenging time, with Leisure Centres that need major improvements. LBN have continued to reduce their core funding year on year which puts additional pressure on our business. During the year we have completed in conjunction with our landlord (LBN) various refurbishment projects that were essential. This has improved our customers'

## Trustees' annual report

For the year ended 31 March 2018

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journey, but during the year it did have a negative impact on our income. The benefits of these refurbishments will come to fruition during 2018 & 2019.

Leisure centres remain the highest profit contribution area of the business, the sports, volunteering and open spaces teams have been well managed financially, which has resulted in a reduction of the cost of providing these services to the public.

The additional commission areas including, the East London Nature Reserve, and Coca Cola Zero programmes have also contributed positively.

### Funding Sources

activeNewham's main external funder for the period 2017/2018 was the London Borough of Newham, contributing 23% of the total revenue. This is down from 24% in 2017.

The remainder of the revenue funding is made up of income generating activities within the service, contributing 75% towards the total revenue and the remaining 1% made up from a number of external funders such as the grants listed below:

- Sport England
- London Sport
- Street Games
- London Legacy Development Corporation

### Financial KPIs

We have a full suite of monthly KPI reports that measure both financial and non-financial KPIs. This has allowed us to drive the business and has enabled us to react quickly to any challenges that have arisen, they are also used to inform the management team and trustees of the performance against actuals: Our main KPIs are listed below:

- Loss Vs Turnover -1.16% (2017, 2.56%)
- Staff Vs Turnover 51.90% (2017, 50.22%)

### Risk and Mitigation:

As with any business we have a variety of risks that can affect our day to day operations and also our long term sustainability. Risks are recorded within a risk register and reported back to Trustees on a quarterly basis.

## Trustees' annual report

For the year ended 31 March 2018

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Risks which have been identified are categorised and mitigation processes are put in place dependant on the impact and likelihood of the risk. The key risk categories and principal risks to the business are:

### Financial:

- Increasing competition within the sector could have a detrimental impact on the viability of the business
- Increase in staff costs and reduction in management fee
- Lack of operational reserves

### Operational:

- Major accident or incident within the business
- Significant long term closure to a facility
- Difficulty in recruiting and retaining staff to deliver the service

### Governance:

- Inability to recruit and retain Trustees
- Loss of key staff enabling the business to fulfil Charitable reporting requirements

The principal risks facing our trust in the coming year are:

Risk	Mitigation
Ability to attract Trustees with the relevant experience and availability to support the Trust	<ul style="list-style-type: none"> <li>- Chair and current trustees actively recruiting potential new Trustees</li> <li>- Skills / competency framework to be created to direct Trustee recruitment</li> <li>- Attendance policy created to ensure quorum at Board and Committee meetings</li> <li>- Training provided to Trustees through our Audit and Legal partners</li> </ul>
Serious Incident or fatality	<ul style="list-style-type: none"> <li>- Normal and Emergency Operating Procedures in place for all buildings and programmes</li> <li>- Staff trained to operate in compliance with legislation and approved codes of practice</li> </ul>

	<ul style="list-style-type: none"><li>– Legal register and Critical Incident Plan maintained by the Facility Management Division</li></ul>
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## Reserves Policy and Going Concern

### Reserves Policy

The Trustees of activeNewham have determined that it should have unrestricted general reserves. They believe it is prudent to have working capital and unrestricted general reserves to cover any unexpected one-off or on-going increases in expenditure, or reduction in income. When considering the reserves policy, Trustees have referred to the risk register. Whilst risk mitigation is in place and the risk register is regularly monitored, they determined that it is prudent to have a level of unrestricted reserves to cover the impact of risks.

Trustees are also aware that activeNewham needs to be seen as having a sound financial position, but its ability to secure partnership and funding opportunities are negatively impacted by the impression that is given by the current deficit on reserves, and that this can be addressed by having unrestricted general reserves. The unrestricted general reserves would be used to support the aims of the charity.

activeNewham has a net liability of £880,000 in relation to the defined benefit pension scheme. Trustees appreciate that a defined benefit pension liability does not necessarily result in an immediate cash payment to settle it and thus does not automatically mean that activeNewham should not consider itself a going concern. It is expected that reasonable any future increases in pension contributions can be covered by income and cash flows in operating budgets. Thus, for the purpose of the reserves policy, unrestricted general funds will not be designated to cover the pension liability. Trustees have a target range of unrestricted general reserves of between £700,000 and £750,000.

There is a deficit of unrestricted general reserves at the balance sheet date of £231,343. The deficit is mainly driven by the performance in the period to March 2014. Since then new management and significant work has gone into addressing the deficiencies of this period. The Trustees appreciate that the deficit is £931,343 less than the desired amount of reserves.

A robust annual financial budget is produced by executive management and approved by trustees which targets a modest annual surplus, and in making such a surplus that it will gradually make up the deficit and establish a surplus of unrestricted general reserves over the medium to long term.

## Trustees' annual report

### For the year ended 31 March 2018

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In order to minimise the risk of not making operational surpluses and increasing the existing deficit, the reserves will be reviewed during the course of the year in the monthly management accounts by executive management. Financial performance and position statements are also reviewed regularly and discussed with trustees at sub-committee and board meetings. Executive management and trustees will therefore be able to identify when reserves are drawn on and respond with corrective action. The reserves policy will be reviewed annually.

### Going Concern

activeNewham has generated a loss on unrestricted general funds, (after inherited pension costs of £125,000 but before transfers) of £45,436. At the end of the financial year there were net current liabilities of £678,968 and a deficit on reserves before pension liability of £231,343. The operational performance in 2018 is disappointing partly due to the disruption to trade, but it is expected that 2019 will reap the benefits and return an improved operational performance.

Following the year-end, a thorough and detailed review of the financial position and prospects was undertaken. Temporary closures for essential redevelopment work will have an impact on the year ended 31 March 2019. Refreshed facilities and equipment are expected to drive stronger trading for the year to 31 March 2019 and during 2020. With careful cash management it is expected that the cash flow will remain positive in this period and the organisation is forecasting operating surpluses to trade out of the net current liabilities position. The trustees believe that the pension's deficit shown on the balance sheet will not crystallise in the short term but is expected to be funded as necessary over the service lives of the related employees, through annual contributions. The trustees therefore consider it appropriate to prepare the financial statements on a going concern basis.

Further information on the pension scheme and an explanation of the support received from LBN, in this respect, is available in notes 21 and 22.

### Fundraising Disclosure

We are not currently a fundraising charity, with our income deriving from local government contracts and grants and membership income. We therefore are not registered with the fundraising regulator, although follow their guidance when evaluating potential approaches to grant giving bodies.

## Plans for the future

### Leisure

We are working closely with the London Borough of Newham to coordinate their landlord investment plans for the years 2018/2019 onwards.

Further capital works planned in 2018/19:

Balaam Leisure Centre has £85,000 of further capital works planned. They will be managed by activeNewham and funded by the London Borough of Newham. This is to be undertaken during the Christmas period 2018. These works will include replacement pool hall lighting and pool surround flooring.

Newham Leisure Centre has £110,000 of further capital works planned. They will also be managed by activeNewham and funded by the London Borough of Newham during the Christmas period 2018. These works will include tiling works to the main swimming pool.

Improvements to Newham Leisure Centre's access control & cashless systems is also planned to assist with the introduction of 24 hour opening commencing April 2018.

### Community Activation Plans for the Future

The continued focus area for the Community Activation Team will be to deliver the projects set out within the main commission by the London Borough of Newham (LBN) and the additional commissions and contracts they are able to secure through LBN and other commissioning partners such as London Sport and sports governing bodies.

While it's important to ensure services delivered on behalf of LBN are best value for money we also need to ensure these programmes are still fully funded through the management fee and not subsidised through other areas of the business. Establishing LBN's and Trustees commitment to these programmes is also key to ensure the services we are delivering meet the needs of the residents within the borough.

Trustees have also provided direction with regard to 'Getting More People More Active More Often'. All departments within the Community Activation Team will use this as a focus point when looking to create new programmes or apply for funding moving forward. There will still be targeted areas such as youth mental health, women and girls and social inclusion projects, however, programmes and events will have a wider target audience.

Each Department within the team will still have a focus in key areas as follows:



## Trustees' annual report

For the year ended 31 March 2018

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### Volunteers:

The team are keen to increase not only the number of volunteering opportunities within the borough but to also diversify the programme. The majority of volunteering opportunities on offer require the volunteer to attend an event or a location away from their own home. While many people volunteer to enable them to be more active away from home consideration needs to be given to those who have responsibilities at home or are unable to travel. Consideration also needs to be given to supporting the less high profile events, we request support from volunteers but need to incentivise these opportunities to ensure that we are still able to provide valued support for these events.

The team will continue to support commercial sports events such as the London Marathon and London Triathlon, not only are these exciting opportunities for the volunteers but also provide income to support the programme. We will also look to focus on engaging more people into work through voluntary placements which lead to paid employment opportunities.

LBN will have an ongoing requirement to reduce its operational costs year on year which could have an impact on frontline services. The Volunteers team have an opportunity to support LBN and frontline services through the support of volunteers who wish to gain work experience in frontline service delivery.

### Sport & Physical Activity Team:

The S&PA Team will continue to deliver the commissioned service according to the contract, however, will look to work in partnership with other organisations to enhance the opportunities on offer. Programmes such as the London Youth Games and Neighbourhood Sports Programme can all benefit from partner funding or support which will enhance the programmes. Having successfully delivered the Headstart pilot project, the team will be keen to secure this contract for a further three years. With the Parklives funding only having 2 years left to run the team will need to work closely with LBN to identify partners or funding to sustain as much of the project as possible after the summer of 2019.

With some externally funded programmes coming to an end such as Every Family Active and Active People Active Parks, it will be important to identify the key sessions within these programmes to ensure they are sustained and supported moving forward. As we have also seen in the past, unless funding is targeted towards disability sports and women and girls activities, opportunities within these areas decline.

Supporting clubs and focus sports will be key to ensure there are many sporting activities for young people and adults in the future. Working with LBN to support their Focus Sport Steering Group assisting these groups to obtain funding and strategical support will be an

## **Trustees' annual report**

**For the year ended 31 March 2018**

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important role for the team in 2018/19. Ensuring we also work with partners to capitalise on the support they can offer will also lead to enhanced benefits for the programmes and residents of Newham. Colleges and universities within the borough all have many students who can support activeNewham in future years.

### **Parks and Open Spaces:**

The Parks and Open Spaces Team have seen significant changes in the past year in staff and service delivery requirements. In the coming year the team will focus on the key areas of the main contract being allotment management and parks activation for events and sports bookings. Consideration will need to be given to whether projects such as the Heritage Lottery Project within Plashet Park and the Management of the East Ham Nature reserve fully fit within this teams remit. Positively the team will be supporting a new tennis initiative within Central, Gooseley, Lyle and Stratford Park which will see regeneration and greater use of the Tennis facilities across the borough.

## **Structure, governance and management**

The organisation is a company limited by guarantee, incorporated on 13<sup>th</sup> April 2012. The company became a registered charity on 30<sup>th</sup> May 2014.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

activeNewham is governed by the board of trustees who are also Directors of the company. The trustees have ultimate responsibility for directing the affairs of activeNewham and its strategic planning and policy direction. The day to day management of the charity is delegated to the Managing Director and the Leadership Team.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

## **Appointment of trustees**

Potential trustees are appointed following a recruitment methodology which includes advertising, longlisting; disqualification and insolvency searches; shortlisting; interviewing; introductions and finally if agreed, adoption onto the board of trustees. Trustee appointments are registered with Companies House and the Charity Commission following the completion of the governance credentials required.

## Trustees' annual report

For the year ended 31 March 2018

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There are no less than three and no more than twelve trustees. All trustees are automatically admitted as Members, save for trustees appointed by LBN under article 31 who are not admitted as Members. LBN is entitled by notice in writing to the Charity to appoint up to two trustees and may at any time remove or replace such trustees. All other trustees are selected in accordance with the board membership policy as may be adopted by the Charity from time to time and be appointed by the Members from time to time. All trustees (save for those appointed by LBN) are subject to retirement by rotation so that each year one third of the trustees are required to retire. Those who need to retire are the trustees who (1) have been on the board the longest or (2) have been chosen by lot (if not agreed). Trustees who are required to retire under this article are eligible for reappointment and for the avoidance of doubt there is no maximum term of service for trustees.

The present trustees were appointed through internal networking over the East London area, advertising online and in the press.

## Trustee induction and training

New trustees are informed of their legal obligations under charity and company law and the memorandum and articles of association. Training opportunities are recommended going forward and training requirements for trustees are reviewed and monitored on a regular basis.

Trustees' inductions include visits to relevant locations around the borough of Newham including the leisure centres, and information on the history of the company and future opportunities.

Trustees receive training from Winckworth Sherwood on the legal structure; governance; their duties and responsibilities; conflicts of interest; financial performance; and procedures and processes.

Sayer Vincent training events are available to keep trustees well informed and up to date.

## Related parties and relationships with other organisations

activeNewham have a number of positive working partnerships with groups, commissioners and stakeholders within Newham and the surrounding areas.

LBN remains the most significant and strategic partner. Work is completed with the majority of local community, voluntary and third sector groups. Due to the nature of the work carried out by activeNewham, there are strong partner links to all of the local health partnership, local GPs, sports clubs, neighbourhood groups and the local commissioning networks.

## Trustees' annual report

For the year ended 31 March 2018

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activeNewham operates in cooperation with others in the pursuit of joint and shared objectives, working to strengths and selecting partners carefully to ensure that the more complex programmes of activation and engagement are successfully delivered in the long term. The availability of funding and local opportunities are carefully considered to ensure that partners and programmes are in keeping with activeNewham's core values.

Trustee engagement and the charity's direction are considered when activeNewham evaluates future schemes and programmes of work. The risk appetite register is used to examine the wider business and the community risks and benefits of new partnering work.

## Remuneration policy for key management personnel

Key management personnel remuneration is reviewed regularly by the trustees with the intention that pay is set appropriately in the context of the local industry market and competition.

Out of pocket expenses are accounted for in the business accounts.

## Policy for employment of disabled persons

activeNewham recognises the advantages for our business to employ people with disabilities, including having access to a resourceful group of loyal employees.

We have an inclusive ethos that is embedded into all our human resource policies and procedures to help eliminate attitudinal bias. Our policies and procedures are reviewed on an annual cycle to ensure that they are up to date and align with best practice. Through our policies we comply with our statutory obligations and make reasonable adjustments in our standard working practices to provide support where appropriate to overcome the barriers caused by disability, throughout the entire employment cycle. Greater workforce awareness of the challenges faced by employees with disabilities is addressed with core management training.

## Employee information

A variety of communication channels are employed to facilitate a two way flow of information such as health & safety building walks, policy and procedure briefings, service update emails, the Intranet and Biz-Intel. Outputs from the Leadership Team meetings are cascaded into department briefings.

## Funds held as custodian trustee on behalf of others

The Company does not hold any funds on behalf of others.

## Statement of responsibilities of the trustees

The trustees (who are also directors of activeNewham for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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 auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United

## Trustees' annual report

### For the year ended 31 March 2018

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Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity if in its closing stages. The total number of such guarantees at 31 March 2018 was 10 (2017: 11). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 12 December 2018 and signed on their behalf by

Tim Davies  
Chair

## Independent auditor's report

To the members of

activeNewham

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### Opinion

We have audited the financial statements of activeNewham (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities, balance sheet, statement of cash flows 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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
- 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 Auditor's 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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are

## **Independent auditor's report**

### **To the members of**

#### **activeNewham**

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responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report 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 trustees' annual report.

We have nothing to report in respect of the following matters in relation to which 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; or

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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



## Independent auditor's report

### To the members of

#### activeNewham

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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.

### Auditor's 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 an auditor's report 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

## Independent auditor's report

To the members of

activeNewham

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

17 December 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

## Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2018

	Note	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
<b>Income from:</b>							
Charitable activities							
Community Activation	2	1,440,596	113,302	<b>1,553,898</b>	1,529,489	183,496	1,712,985
Leisure Activities		7,525,002	–	<b>7,525,002</b>	7,465,112	40,504	7,505,616
Investments		7	–	<b>7</b>	293	–	293
Other trading income	3	72,819	–	<b>72,819</b>	74,124	–	74,124
<b>Total income</b>		<b>9,038,424</b>	<b>113,302</b>	<b>9,151,726</b>	<b>9,069,018</b>	<b>224,000</b>	<b>9,293,018</b>
<b>Expenditure on:</b>							
Charitable activities							
Community Activation		1,414,749	139,149	<b>1,553,898</b>	1,488,844	233,096	1,721,940
Leisure Activities		7,723,957	–	<b>7,723,957</b>	7,333,356	–	7,333,356
<b>Total expenditure</b>	4	<b>9,138,706</b>	<b>139,149</b>	<b>9,277,855</b>	<b>8,822,200</b>	<b>233,096</b>	<b>9,055,296</b>
<b>Net income / (expenditure) for the year</b>	5	<b>(100,282)</b>	<b>(25,847)</b>	<b>(126,129)</b>	<b>246,818</b>	<b>(9,096)</b>	<b>237,722</b>
Transfers between funds		(8,154)	8,154	–	(7,860)	7,860	–
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(108,436)</b>	<b>(17,693)</b>	<b>(126,129)</b>	<b>238,958</b>	<b>(1,236)</b>	<b>237,722</b>
Actuarial (losses)/gains on defined benefit pension schemes	21	63,000	–	<b>63,000</b>	(364,000)	–	(364,000)
<b>Net movement in funds</b>		<b>(45,436)</b>	<b>(17,693)</b>	<b>(63,129)</b>	<b>(125,042)</b>	<b>(1,236)</b>	<b>(126,278)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		(1,065,907)	26,993	<b>(1,038,914)</b>	(940,865)	28,229	(912,636)
<b>Total funds carried forward</b>	16	<b>(1,111,343)</b>	<b>9,300</b>	<b>(1,102,043)</b>	<b>(1,065,907)</b>	<b>26,993</b>	<b>(1,038,914)</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

## Balance sheet

Company no. 08030293

As at 31 March 2018

	Note	£	2018 £	£	2017 £
<b>Fixed assets:</b>					
Tangible assets	10		583,360		595,703
<b>Current assets:</b>					
Debtors	11	819,691		1,327,883	
Cash at bank and in hand		419,370		676,871	
		<u>1,239,061</u>		<u>2,004,754</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	12	(1,918,029)		(2,520,284)	
<b>Net current liabilities</b>			<u>(678,968)</u>		<u>(515,530)</u>
<b>Total assets less current liabilities</b>			<u>(95,608)</u>		<u>80,173</u>
Creditors: amounts falling due after one year	14		(126,435)		(270,087)
<b>Net liabilities excluding pension liability</b>			<u>(222,043)</u>		<u>(189,914)</u>
Defined benefit pension scheme liability	21	(1,426,000)		(1,395,000)	
Defined benefit pension scheme asset	22	546,000		546,000	
		<u></u>		<u></u>	
<b>Net defined benefit pension scheme liability</b>			<u>(880,000)</u>		<u>(849,000)</u>
<b>Total net liabilities</b>			<u><u>(1,102,043)</u></u>		<u><u>(1,038,914)</u></u>
<b>The funds of the charity:</b>	16				
Restricted income funds			9,300		26,993
Unrestricted income funds:					
General funds		(231,343)		(216,907)	
Pension reserve		(880,000)		(849,000)	
		<u></u>		<u></u>	
<b>Total unrestricted funds</b>			<u>(1,111,343)</u>		<u>(1,065,907)</u>
<b>Total charity funds</b>			<u><u>(1,102,043)</u></u>		<u><u>(1,038,914)</u></u>

Approved by the trustees on 12 December 2018 and signed on their behalf by

Tim Davies  
Chair

## Statement of cash flows

For the year ended 31 March 2018

	Note	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	17		279,860		41,348
<b>Cash flows from investing activities:</b>					
Purchase of fixed assets		(288,792)		(141,174)	
<b>Net cash used in investing activities</b>			(288,792)		(141,174)
<b>Cash flows from financing activities:</b>					
Interest received		7		293	
Repayment of Loan		(160,869)		–	
Repayment of finance lease capital		(87,707)		(89,028)	
<b>Net cash (used in)/provided by financing activities</b>			(248,569)		(88,735)
<b>Change in cash and cash equivalents in the year</b>			(257,501)		(188,562)
Cash and cash equivalents at the beginning of the year			676,871		865,433
<b>Cash and cash equivalents at the end of the year</b>			419,370		676,871

**1 Accounting policies**

**a) Statutory information**

activeNewham is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is The Old Dispensary, 30 Romford Road, Stratford, London, E15 4BZ.

**b) Basis of preparation**

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

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

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

activeNewham has generated a deficit on unrestricted general funds, (after inherited pension costs of £125,000 but before transfers) of £100,282. At the end of the financial year there were net current liabilities of £678,968 and a deficit on reserves before pension liability of £231,343. Following the year end a thorough and detailed review of the financial position and future prospects was undertaken. Temporary closures for essential redevelopment work will have an impact on the year ended 31 March 2019. Refreshed facilities and equipment is expected to drive stronger trading for the year to 31 March 2019. With careful monitoring of payments it is expected that the cash flow will remain positive in this period and the organisation is forecasting operating surpluses to trade out of the net current liabilities position. The trustees believe that the pension's deficit shown on the balance sheet will not crystallise in the short term but is expected to be funded as necessary over the service lives of the related employees, through annual contributions. Further information on the pension scheme and an explanation of the support received from the London Borough of Newham, in this respect, is available in notes 21 and 22. The trustees therefore consider it appropriate to prepare the financial statements on a going concern basis.

**e) 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 that the amount can be measured reliably.

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

**f) 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.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**h) Expenditure and irrecoverable VAT**

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

Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

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

**1 Accounting policies (continued)****i) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that 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 basis which are an estimate, based on an aggregate proportion of all costs, of the amount attributable to each activity.

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

● Community Activation	33%
● Leisure Activities	67%

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.

**j) Operating leases**

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

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £2,500. 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.

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:

● Fixtures and fittings	36 months
● Computer Equipment	36 months
● Leisure Centre Equipment	24 – 48 months depending on the type of asset and the industry standard useful life estimate
● Property Improvement	36 months

**l) Finance Leases**

Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charge. Finance charges are written off to the statement of financial activities using the actuarial internal rate of return method.

**m) Debtors**

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

**n) Cash at bank and in hand**

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

**o) Creditors and provisions**

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

**p) Financial instruments**

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

**1 Accounting policies (continued)****q) Pensions**

activeNewham operates a stakeholder pension which is administered and managed by Royal London, we also pay into a Local Government Pension Scheme which is a defined benefit pension scheme for staff that have been transferred under TUPE. The cost of providing pension and related benefits is charged to the SOFA over the employees' service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. Variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. Any difference between the charge to the SOFA and the contributions payable to the scheme is shown as an asset or liability in the balance sheet. Further information on the pension scheme is in note 21 and an explanation of the support received from the London Borough of Newham, in this respect, is available in note 22.

**2 Community Activation income**

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Grants and sponsorship income	10,275	93,744	104,019	196,933
Events and activities	69,125	2,495	71,620	92,110
Services and other income	1,361,196	17,063	1,378,259	1,423,942
	<u>1,440,596</u>	<u>113,302</u>	<u>1,553,898</u>	<u>1,712,985</u>

**3. Other trading activities**

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Consultancy work	<u>72,819</u>	<u>-</u>	<u>72,819</u>	<u>74,124</u>



## Notes to the financial statements

For the year ended 31 March 2018

## 4 Analysis of expenditure

	Charitable activities					
	Community Activation £	Leisure Activities £	Governance costs £	Support costs £	2018 Total £	2017 Total £
Staff costs (Note 6)	504,137	3,259,912	35,635	927,692	4,727,376	4,666,775
Other staff costs	11,133	64,824	–	64,741	140,698	149,956
Direct costs	21,388	14,993	–	39,050	75,431	82,674
Programme delivery activities	212,786	62,998	–	4,503	280,287	232,104
Repairs and maintenance /equipment	32,124	1,097,729	–	30,469	1,160,322	1,218,380
ICT	4,265	112,500	–	285,664	402,429	352,469
Advertising and marketing	12,285	197,436	–	20,698	230,419	222,516
Insurance	2,526	5,022	–	111,113	118,661	128,788
Utilities	5,236	944,680	–	6,102	956,018	907,542
Professional fees	–	3,463	19,900	92,944	116,307	108,898
Travel & subsistence	3,470	2,064	630	7,797	13,961	6,964
Bank/cash services charge	–	52,459	–	30	52,489	55,450
Office costs/administration	5,525	44,340	–	42,458	92,323	101,847
Depreciation	–	272,301	–	21,485	293,786	275,446
Irrecoverable VAT	3,000	34,512	–	429,143	466,655	339,211
Other costs	19,507	99,979	–	30,150	149,636	174,276
Exceptional costs	–	–	–	1,057	1,057	32,000
	837,382	6,269,212	56,165	2,115,096	9,277,855	9,055,296
Support costs	697,982	1,417,114	–	(2,115,096)	–	–
Governance costs	18,534	37,631	(56,165)	–	–	–
<b>Total expenditure 2018</b>	<b>1,553,898</b>	<b>7,723,957</b>	<b>–</b>	<b>–</b>	<b>9,277,855</b>	
Total expenditure 2017	1,721,940	7,333,356				9,055,296

## Notes to the financial statements

## For the year ended 31 March 2018

**5 Net income / (expenditure) for the year**

This is stated after charging:

	2018 £	2017 £
Depreciation	293,786	275,446
Interest payable		
Finance Lease	3,343	10,298
Operating lease rentals:		
Property	32,000	32,000
Other	2,805	2,805
Auditors' remuneration (excluding VAT):		
Audit	14,500	14,000
Fees for non audit services	3,500	3,400

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	3,006,587	2,813,645
Termination and redundancy costs	4,501	39,161
Casual staff	1,276,589	1,401,502
Social security costs	292,675	298,899
Employer's contribution to defined contribution pension schemes	22,024	7,568
Employer's contribution to defined benefit pension schemes	125,000	106,000
	<b>4,727,376</b>	<b>4,666,775</b>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2018 No.	2017 No.
£60,000 – £69,999	–	1
£80,000 – £89,999	2	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £433,027 (2017: £512,140).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

No expenses were incurred by or on behalf of the trustees.

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2017 No.
Community activation	32.0	30.0
Leisure activities	266.0	286.0
Support	38.0	35.0
Governance	1.0	1.0
	<b>337.0</b>	<b>352.0</b>

## Notes to the financial statements

For the year ended 31 March 2018

**8 Related party transactions**

There was one related party transaction within the year for £1,800 (2017 : £5,890) to Martin Clarke (partner of the commercial director) for consultancy work. There was £nil remaining at the year end (2017: £nil).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. Members of the board are also councillors of London Borough of Newham, but they act as independent trustees for activeNewham.

**9 Taxation**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**10 Tangible fixed assets**

	Property Improvement £	Leisure Centre Equipment £	Computer Equipment £	Fixtures and Fittings £	Total £
<b>Cost</b>					
At the start of the year	328,642	497,091	170,953	238,347	1,235,033
Additions in year	151,730	125,951	8,177	2,934	288,792
Disposals in year	–	(7,349)	–	–	(7,349)
At the end of the year	480,372	615,693	179,130	241,281	1,516,476
<b>Depreciation</b>					
At the start of the year	125,802	361,666	85,660	66,202	639,330
Charge for the year	89,447	124,659	45,382	34,298	293,786
Eliminated on disposal	–	–	–	–	–
At the end of the year	215,249	486,325	131,042	100,500	933,116
<b>Net book value</b>					
At the end of the year	265,123	129,368	48,088	140,781	583,360
At the start of the year	202,840	135,425	85,293	172,145	595,703

All of the above assets are used for charitable purposes.

**11 Debtors**

	2018 £	2017 £
Trade debtors	64,010	498,314
Prepayments	292,320	376,143
Accrued income	463,361	453,426
	<b>819,691</b>	<b>1,327,883</b>

**12 Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	697,840	577,693
Taxation and social security	104,824	175,390
Amounts due under finance leases	–	87,707
Accruals	834,056	969,507
Deferred income (note 13)	120,439	549,117
Other creditors – loans (note 14)	160,870	160,870
	<b>1,918,029</b>	<b>2,520,284</b>

## Notes to the financial statements

For the year ended 31 March 2018

## 13 Deferred income

Deferred income comprises both grant and other income generating activities. Deferred income is released to income in the reporting period in which the performance-related or other conditions that limit recognition are met, if performance-related or other conditions are not met the income will be deferred.

	2018 £	2017 £
Balance at the beginning of the year	549,117	847,648
Amount released to income in the year	(549,117)	(847,648)
Amount deferred in the year	120,439	549,117
Balance at the end of the year	120,439	549,117

## 14 Creditors: amounts falling due after one year

	2018 £	2017 £
Long term loans	126,435	270,087
	126,435	270,087

London Borough of Newham have loaned activeNewham £408,000 (£357,000 on 5 November 2015 and £51,000 on 1 December 2015), to assist with the acquisition of fixed assets in 2016, at an annual interest rate of 6%. The loan is repayable from April 2017 with monthly repayments of £13,408 until February 2020.

## 15a Analysis of net assets between funds

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	583,360	–	583,360
Net current liabilities	(688,268)	9,300	(678,968)
Long term liabilities	(126,435)	–	(126,435)
Defined benefit pension liability	(880,000)	–	(880,000)
Net assets at the end of the year	(1,111,343)	9,300	(1,102,043)

## 15b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	595,703	–	595,703
Net current liabilities	(542,523)	26,993	(515,530)
Long term liabilities	(270,087)	–	(270,087)
Defined benefit pension liability	(849,000)	–	(849,000)
Net assets at the end of the year	(1,065,907)	26,993	(1,038,914)

## 16a Movements in funds – current year

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers/ other gains and losses £	At the end of the year £
<b>Restricted funds:</b>					
Sport England	(3,013)	41,607	(41,608)	3,014	–
London Sport	(500)	8,198	(11,198)	3,500	–
Street Games	26,095	39,862	(67,597)	1,640	–
London Legacy Development Corporatic	–	23,635	(16,835)	–	6,800
Other	4,411	–	(1,911)	–	2,500
<b>Total restricted funds</b>	<b>26,993</b>	<b>113,302</b>	<b>(139,149)</b>	<b>8,154</b>	<b>9,300</b>
<b>Unrestricted funds:</b>					
General funds	(216,907)	9,038,424	(9,044,706)	(8,154)	(231,343)
Pension reserve	(849,000)	–	(94,000)	63,000	(880,000)
<b>Total unrestricted funds</b>	<b>(1,065,907)</b>	<b>9,038,424</b>	<b>(9,138,706)</b>	<b>54,846</b>	<b>(1,111,343)</b>
<b>Total funds</b>	<b>(1,038,914)</b>	<b>9,151,726</b>	<b>(9,277,855)</b>	<b>63,000</b>	<b>(1,102,043)</b>

## 16b Movements in funds – prior year

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers/ other gains and losses £	At the end of the year £
<b>Restricted funds:</b>					
Sport England	2,098	174,733	(179,844)	–	(3,013)
London Sport	4,036	16,632	(21,168)	–	(500)
Street Games	22,095	26,000	(22,000)	–	26,095
Other	–	6,635	(10,084)	7,860	4,411
<b>Total restricted funds</b>	<b>28,229</b>	<b>224,000</b>	<b>(233,096)</b>	<b>7,860</b>	<b>26,993</b>
<b>Unrestricted funds:</b>					
General funds	(515,865)	9,069,018	(8,762,200)	(7,860)	(216,907)
Pension reserve	(425,000)	–	(60,000)	(364,000)	(849,000)
<b>Total unrestricted funds</b>	<b>(940,865)</b>	<b>9,069,018</b>	<b>(8,822,200)</b>	<b>(371,860)</b>	<b>(1,065,907)</b>
<b>Total funds</b>	<b>(912,636)</b>	<b>9,293,018</b>	<b>(9,055,296)</b>	<b>(364,000)</b>	<b>(1,038,914)</b>

## Purposes of restricted funds

## Sport England

Newham Ability Sport Programme – the Newham Ability Camp is pan disability, and there will be a number of qualified coaches assisting in running these sessions. Parents are also encouraged to join in if they wish to do so.

Sports Disability (Newham Ability Sports Programme) – this is designed to increase access to sport for people with disabilities (14+ years). We are currently delivering a number of activities for disabled people in the borough including weekly sessions in wheelchair basketball, badminton and activities for people with complex needs as well as holiday programmes and events.

Every Family Active – this is designed to stimulate sports delivery and help increase and sustain once a week participation in sport for those aged 14 and above. It is run in partnership with West Ham Community Sports Trust, Newham Sixth Form College and Newham College of Further Education.

**16 Movements in funds (continued)****London Sport**

Sportivate – delivers a number of small projects across the borough. Activities include female only rugby, dance, hockey, gymnastics, netball, athletics, trampolining and multi-sport. Funding has been given to activeNewham as well as other Newham providers.

Satellite Clubs – provides sports clubs at educational settings such as schools and colleges to bridge the gap for young people (11 to 25 years) from school to community sport. These are normally linked to NGBs. There are a number of clubs across Newham and include activities such as Handball and Athletics.

**Street Games**

Doorstep Sports Club – this is a 3 year project which provides young people 14–25 with the opportunity to access free multi-sport sessions at a variety of venues across Newham. Working in partnership with a range of organisations including Newham Sixth Form College, Newham College of Further Education, NASSA, Ascension Eagles and England Athletics young people have the opportunity to take part in a range of fun, informal, friendly and engaging sessions on their doorstep.

US Girls Hub – Us Girls Hub, Us Girls ran for 1 year and is designed to increase and sustain young women's participation in sport and physical activity within some of the most disadvantaged communities. We looked to engage with 185 female participants.

Fit and Fed – Fit and Fed took place over the summer of 2017 Fit and Fed is a response to demand and a growing body of research on the triple inequalities of holiday hunger, isolation, and inactivity. The project will activate children in poor neighbourhoods and provide food to incorporate healthy and nutritious meals and guidance into our extensive summer programmes.

**London Legacy Development Corporation**

LLDC Roll on Summer – activeNewham will activate Tennis demand within London Borough of Newham as high priority for the borough, who is investing heavily into new tennis courts across the borough including Stratford Park. This funding will allow activeNewham to offer a comprehensive outdoor Tennis programme for Newham residents. In addition to the tennis focused programme this partner will continue to deliver the successful Themed Fun Runs based at Queen Elizabeth Olympic Park. This offer has proved extremely popular with numbers increasing at each event and on average attracting 150 participants per event, ranging from families, parents running with buggies and recreational runners linked to the Park based running groups. The last part of their programme will be a families programme offering multi-sport opportunities to families and local people.

**Other**

activeNewham transferred £8,154 from unrestricted funds to restricted funds in relation to several projects. This was done to support and complete those projects that activeNewham had worked on throughout the year

**17 Reconciliation of net income / (expenditure) to net cash flow from operating activities**

	2018 £	2017 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(126,129)</b>	<b>237,722</b>
Depreciation charges	293,786	275,446
Pension costs less contributions payable	94,000	60,000
Dividends, interest and rent from investments	(7)	(293)
Gain on disposal of fixed assets	7,349	5,816
Interest accrued for loan	17,217	22,957
(Increase) / decrease in debtors	508,192	(118,173)
(Decrease)/increase in creditors	(514,548)	(442,127)
<b>Net cash provided by operating activities</b>	<b>279,860</b>	<b>41,348</b>

## Notes to the financial statements

For the year ended 31 March 2018

**18 Finance lease commitments**

The charity's total future minimum lease payments under non-cancellable finance leases is as follows for each of the following periods

	Equipment 2018 £	2017 £
Less than one year	-	87,707
One to five years	-	-
	<u>-</u>	<u>87,707</u>

**19 Operating lease commitments**

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2018 £	2017 £	Equipment 2018 £	2017 £
Less than one year	32,000	32,000	-	2,805
One to five years	96,000	128,000	-	-
Over five years	-	32,000	-	-
	<u>128,000</u>	<u>192,000</u>	<u>-</u>	<u>2,805</u>

**20 Legal status of the charity**

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

21 Pension Commitments

**Defined benefit pension scheme**

The charity's employees belong to the Newham Local Government Pension Scheme. It is a defined benefit pension scheme.

activeNewham became an admitted body in the LGPS with effect from 1 January 2013. At that date, LB Newham provided a guarantee in respect of the valuation of the pension scheme capped at £546,000. This is explained further in note 22.

As the admitted body in LGPS, activeNewham has to account for its assets and liabilities arising in the pension scheme. The employee benefit obligations recognised in the balance sheet are as follows.

The employee benefit obligations recognised in the balance sheet are as follows.

activeNewham's share of the assets and liabilities in the scheme and the expected rates of return were:

The amounts recognised in the balance sheet are as follows:

	2018	2017
	£ 000s	£ 000s
Present value of funded obligations	4,066	4,038
Fair value of scheme assets	2,640	2,643
Net liability	1,426	1,395

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

	2018	2017
	£ 000s	£ 000s
Current service cost	83	67
Interest on obligation	39	37
Administration expenses	3	2
Total	125	106

Movements in the present value of the defined benefit obligation were as follows:

	2018	2017
	£ 000s	£ 000s
Opening defined benefit obligation	4,038	3,240
Current service cost	83	67
Interest cost	113	127
Change in financial assumptions	(134)	869
Change in demographic assumptions	-	45
Contributions by scheme participants	13	18
Estimated benefits paid net of transfers in	(47)	-
Experience (loss) / gain	-	(328)
Closing defined benefit obligation	4,066	4,038



Notes to the financial statements

For the year ended 31 March 2018

21 Pension Commitments (continued)

Movements in the fair value of activeNewham's share of scheme assets:

	2018	2017
	£ 000s	£ 000s
Opening fair value of fund assets	2,643	2,269
Interest on assets	74	90
Return on assets less interest	(71)	379
Administration expenses	(3)	(2)
Contributions by employer	31	46
Contributions by employees	13	18
Estimated benefits paid plus unfunded net of transfers in	(47)	-
Other actuarial (loss) / gain	-	(157)
Fair value of fund assets at end of year.	2,640	2,643

The charity expects to contribute £50,000 to its defined benefit pension plan in 2017/18

The fair values of employer assets and the major categories of plan assets as a percentage of total plan assets are as follows:

	Expected return at 31 March 2018	Fair value at 31 March 2018	Expected return at 31 March 2017	Fair value at 31 March 2017
	%	£ 000s	%	£ 000s
Equities	65	1,715	67.0	1,767
Other bonds	10	268	8.0	217
Property	10	251	7.0	188
Cash	9	243	13.0	348
Gilts	3	91	5.0	123
Other	3	72	0.0	-
Total market value of assets	100	2,640	100.0	2,643
Present value of scheme liabilities		4,066		4,038
Deficit in the scheme		1,426		1,395

Principal Actuarial Assumptions:

	2018	2017
	%	%
RPI increases	3.3%	3.6%
CPI increases	2.3%	2.7%
Rate of increase in salaries	2.0%	2.0%
Rate of increase in pensions in payment/inflation	2.3%	2.7%
Discount rate	2.6%	2.8%

The return on the fund is based on actual fund returns as provided by the Administering Authority and index returns where necessary.

21 Pension Commitments (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2018 No.	2017 No.
Retiring today		
Males	22.6	22.5
Females	25.2	25.0
Retiring in 20 years		
Males	24.8	24.7
Females	27.5	27.4

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

	2018 £ 000s	2017 £ 000s	2016 £ 000s	2015 £ 000s
Defined benefit obligation	4,066	4,038	3,240	3,437
Scheme assets	2,640	2,643	2,269	2,139
Deficit	1,426	1,395	971	1,298

22 Pension scheme asset

LB Newham has provided a guarantee capped at £546,000 to activeNewham in respect of pension scheme liabilities transferred as at 1 January 2013.

With effect from the establishment of activeNewham on 1 January 2013, assets and liabilities of the pension scheme intended to be of equal value were transferred to activeNewham's section of the scheme in respect of staff with pensions scheme membership transferring employment from LB Newham to activeNewham. The initial liabilities were assessed on assumptions consistent with the last funding valuation of the scheme at 31 March 2010.

LB Newham has confirmed that activeNewham has absolute entitlement to call on an ongoing guarantee from LB Newham in relation to any deficit in activeNewham's section of the pension scheme. The entitlement applies with effect from 1 January 2013 and is capped at £546,000. This represents LB Newham's intention that the pension scheme was fully funded at the point of transfer.

Whilst activeNewham had entitlement to this asset from 1 January 2013, it is included on the balance sheet as a non-current asset. This is to reflect the true and fair view of the pension scheme, which is not intended to crystallise in the foreseeable future. Therefore both the liability and related asset are excluded from current assets.