

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
ADUR COMMUNITY LEISURE LIMITED

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

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FOR THE YEAR ENDED 31 MARCH 2019

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ADUR COMMUNITY LEISURE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2019

TRUSTEES

S F Kibblewhite
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 C A Albury (District Councillor)
Cllr K Boram (Chartered Accountant)
L Bullen (appointed 23.7.18)

COMPANY SECRETARY

J N Tatchell

REGISTERED OFFICE

Blackshots Leisure Centre
Blackshots Lane
Grays
Essex
RM16 2JU

REGISTERED COMPANY NUMBER

05386540 (England and Wales)

REGISTERED CHARITY NUMBER

1112020

AUDITORS

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

BANKERS

National Westminster Bank PLC
17 High Street
Grays
Essex
RM17 6NP

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2019

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

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 2019. 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 31 March 2019.

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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

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, 100% of the surplus is used to maintain, improve and extend 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 considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and 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. 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), offering free taster sessions, attending community events and provision of memberships to community groups working with disadvantaged groups.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance

Charitable activities

Income has grown compared to prior year due to a full year operating The Gym Hub (TGH). All sites (except services operating from Lancing (LM)) contributed to the income increase over prior year.

Attendances have increased compared to prior year by 42,000 (6%), largely due to TGH although LM, Southwick (SW) and Wadurs (W) all achieved increases in attendances.

Both income and attendance would have been higher especially at TGH and LM, however new competition from October 2018 limited the excellent growth that had been achieved in the first half of 2018/19.

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

- Reception desk was 'wrapped' in vinyl giving it a fresh new look.
- Fast track entry systems were introduced to reception allowing ease of access to gym and exercise class customers.
- New equipment and new graphics were installed in the studio.
- The Sports Hall floor was repaired, sanded and sealed.
- Lancing formed several new dance partnerships this year with Titanium Dance School and Zodiac Cheerleading, both delivering onsite competitions attracting over 300 participants each time. Further events are scheduled.
- A new 4 days per week trampoline club has been created at Lancing Manor offering competitive trampolining to all ages.
- Increased links with Sussex Police led to a fundraising event on the 3G which attracted 300+ policemen & women.
- The SB Boxing partnership continues to grow with further boxing event nights delivered on site.
- Thursday night is Jazz Night. With increasing numbers, the event is now run weekly in the bar.
- Partnerships with local groups and organisations continue to thrive: - Ace Football Academy, AITC, Body Heaven, DMT Academy, Feathers, Firmballs, Kensho, Manor Badminton, Mirakuru Protection, Pavillion Table Tennis, Scorpions, Shaun Brown, Spartans, Starlight, North Lancing Community Association and a vast array of football clubs and sporting groups.

Southwick

- Studio floor refurbishment was carried out.
- ADC installed a height restriction barrier to the car park and ACL operate the barrier and provide CCTV monitoring.
- Forged some strong partnerships this year with organisations including: -
 - Bounce World – a Main Hall full of Bouncy Castles attracting over 300 children
 - Albion in the Community – assisting 30 local people gain their Level 2 Fitness qualification
 - Brighton Rockers Roller Derby – venue for a regional tournament attracting teams from all over the South East
 - Bangladesh Badminton Club – weekly session attracting over 60 participants
 - Netball England who delivered a number of introduction to Netball courses
 - Nature Fair – who delivered an event in November attracting enthusiasts from across the country and bringing in 1000+ participants
 - Delivering several sessions to local schools including Shoreham College, St Christopher's, Deepdean, Heronsdale, Hillside, Kings and Shoreham Academy.
- Partnerships have been forged with a number of local clubs and organisations including ASC Strikers, Aspirations, Brighton Stormers, Guju BC, Elite Soccer Academy, Homestead, AITC, Knights Basketball, Let's Dance, Learn – Play – Achieve, Sama, Shuttles, Sudanese Coptic, Matt Fiddes, Extra Time, Rugby Tots, Sussex Police Futsal and Silver Sabres.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

Charitable activities

Chanctonbury

- LED lighting was installed in the Sports Hall and Small Hall.
- Hosted the Storrington Fire Station Recruitment Day attracting 30+ firefighters.
- Delivered a Volunteer event with 33 stands/stalls from the local community attracting 200+ people.
- Family Bootcamps continue to prove popular with sessions delivered each school holiday.
- Start Netball continue to expand their provision and the club has delivered a number of tournaments this year and extended their junior section.
- Delivered a number of successful “Strictly Storrington” dance sessions which have been very well attended.

Wadurs

- Specification for extended changing rooms (ADC £100,000, Sport England £50,000 plus some smaller contributions) has been tendered. Works are delayed whilst planned heating and ventilation replacements carried out by ADC are integrated into the work so as to minimise disruption to customers.
- The first Swim newsletter went out to all those in the swim school in early December. The newsletter contained information about the App, iSwim Portal info, upcoming options for iSwim Payments (DD), Health Benefits of Swimming and general information on sickness and swim safety. The swimming newsletter was well received. The intention is to continue to send out swimming newsletters to keep our swim school participants informed. The newsletter was just one initiative in a whole new approach to the promotion of swimming lessons along with free family swimming open days and swimming assessments. There are over 900 children on swimming lessons every week.
- Several specific sessions in Aqua Therapy, Aqua Dance, Triathlon, Canoeing and Swim sessions for those with additional needs are provided.

The Gym Hub (Worthing)

- This year TGH celebrated its first birthday. 92 of the first 100 ever members were still regular users on its birthday and each received a commemorative T Shirt.
- The Club held a number of successful special event nights including a Live DJ Night and a Wellbeing Event.

General

- General Data Protection Regulations (GDPR) – work was completed to ensure that the collection, processing, use, storage and management of personal data (customers and staff) was compliant by the deadline in May 2018. Data management remains an ongoing area of work.
- Cyber Essentials accreditation was renewed by the Group during the year indicating that our ICT policies and procedures follow best practice guidance regarding security and use of data systems.
- During the year ACL has used consultants extensively to cover the absence of a marketing manager. Branded, targeted and themed campaigns have been used across all marketing collateral and socials continuing the promotion of our unique selling points, differentiating TCL from the increasing competition. The #JUSTRIGHT theme, was used throughout 2018. Other themes included a £20.18 membership promotion throughout the summer and ‘Save like a Superhero’ targeting families in the autumn. Through the winter months the final campaign was ‘Be Your Best’ promoting a guaranteed 12-week weight loss programme.
- Throughout the year there were targeted promotions to corporates, students, kids’ activities, swimming lessons and health awareness. There have now been over 6,100 downloads of our APP, enabling customers to book and pay for classes conveniently online, access their Mywellness portal, swimming lesson portal etc.
- Our Twitter feed was relaunched. The previous Impulse twitter feed for the Group was split into two, one for TCL and one for ACL, to make it more relevant to local users.
- A new payroll system was implemented in April 2018. A number of issues were dealt with in the initial months.
- Work on the new HR system was delayed by the payroll issues but continued. Implementation of the HR system is expected in the first quarter of 2019/20.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

Charitable activities

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 completed at the facilities, ACL in partnership with the local authority has now invested more than £3,540,000 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.

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 Good/Very Good categories, following maintenance and or full 2-day audits. The Gym Hub QUEST assessment is scheduled during June 2019.

Customer satisfaction surveys carried out in April 2018 returned an overall satisfaction rating of 80.9% a decrease of just over 1% on the previous score. Other overall scores include cleanliness at 73.6% (75.2% last year), safety at 76.9% (77.9% last year) and staff at 86.7 (87.9% last year). On the surface this is slightly disappointing bearing in mind the improvements to some facilities that have occurred since prior year. All the decreases in scores are wholly attributable to very poor scores at Wadurs, again reflecting the general unsuitability of this facility for the amount of people using it, especially dissatisfaction with changing rooms and cleanliness. The Wadurs' score reflects the need to refurbish and extend the changing rooms.

In terms of individual sites TGH scored the highest at 93%, Chanctonbury 85.1% (86% last year), Southwick 81.3% (83% last year), Lancing 84.1% (82% last year) and Wadurs 69% (71% last year). 78% of ACL's customers are likely to recommend the services to the company.

As well as the service and facility improvements referred to above, other services are provided, sometimes in partnership with others to improve health, community engagement and cohesion include:

- **Cardiac Rehabilitation on Referral** – ACL deliver a weekly class for those following any heart procedure, surgery or cardiac episode, focusing on increasing the participants cardiovascular system and exercising with others who have had similar conditions. This provides a "buddy" system and assists in promoting ongoing lifestyle change / exercise. Good relationships with the partners including The British Heart Foundation, hospital cardiac departments and local GPs has led to the addition of referrals of Phase 4 patients.
- **Cancer Rehab on Referral** - For anyone pre or post surgery, this class focusses on helping the participants regain their confidence, work on mobility, reduction of possible scarring and coping with changes to their bodies. Good relationships with Macmillan, local hospitals and others have increased referral numbers.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

Charitable activities

- **Emotional Wellbeing on Referral** - Designed for those with stress, anxiety, low self-esteem and depression this programme encourages social interaction whilst exploring ability levels in an exercise class. The exercise itself demonstrates the importance of and benefits of exercise can have on the mind as well as the body. All classes have ever increasing attendances further demonstrating the value of these opportunities within the local catchments.
- **GP Referral Schemes (general population)** - Provides fitness suite usage to the patients from a small number of referring GPs. This scheme has attracted 70+ participants in Adur and 100+ participants in Chanctonbury since April 18.

ACL have also forged many partnerships within the Wellbeing arena. These include:

- The Orchard Surgery, Ball Tree Surgery, Harbour View Southwick, Downsway Surgery, Kingfisher Family Practice, Northbourne Medical Centre, Manor Practice, New Pound Row Surgery, Broadwater Medical Centre, Albion in the Community, Cardiac departments in both Worthing and Southlands, Mental Health Service, People Participation Team (mental health), MIND, Wellbeing Hubs - All Advisors, Cancer Dept in Worthing Hospital, St Barnabas, Corner House Southwick, Memory Cafes, Northbourne, Sussex Recovery College, Macmillan, British Heart Foundation, Horizon Centre, Worthing Patient Group, Sussex Partnership and the Occupational Therapy Teams at Southlands & Worthing Hospitals.
- Successfully attracted funding of over £12,000 to deliver a Falls Prevention Programme throughout 2019, both as an outreach project in the local community/care homes and through specialist led sessions at the Centres.
- Successful in gaining 6.5k funding from National Lottery to run a Grub Club. Delivered for children who received free school meals and could potentially encounter school holiday hunger the club's objective is to give the opportunity to learn basic cooking skills, take part in the Governments recommended daily amount of exercise and then return to sit down to have a hot meal as a group. These sessions run through each school holiday. To date the Club has been oversubscribed each session and we have increased capacity so that no one misses out.
- Both Lancing and Chanctonbury have hosted a number of NHS Health Check days for people aged 40+. All days have been fully booked with waiting lists.
- Lancing secured £1,000 funding to provide 5 'Save a Baby's Life' emergency first aid workshops. Each course was fully booked, provided free of charge to parents and guardians, delivered by a fully qualified trainer and provided certification upon completion.
- Short Breaks at Southwick continued – Activities for children with additional needs continues to go from strength to strength with our regular Rebound Therapy Sessions. Due to its continued success these sessions have had a further two years funding confirmed and the addition of a funded fully inclusive Family Roller Disco.
- Chanctonbury now hosts the F360 Club – exercise sessions for people with mental health and physical injuries.
- Also at Chanctonbury - The Etudeo Holistic Learning session, delivers multisport and gymnastics for children with disabilities and additional needs.

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). 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 to 61.2%. ACL has contributed to the improvement over time although the figures for active people in Adur remains lower than the national average in November 2018 of 62%.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

Charitable activities

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.

Senior managers meet regularly throughout the year to monitor energy use, discuss waste issues and develop improvement projects. For the first time in many years ACL has not made a year on year Carbon saving in 2018/19. This is largely due to additional facilities (TGH). ACL maintained ISO14001 (the international standard for energy management and environmental good practice) accreditation up to the end of December 2018. ACL continue to work to all elements of the standard.

Continuous safety and procedural improvements were implemented, mainly attempting to improve service delivery. Accident numbers for 2018 were higher compared to prior year and despite the higher attendance levels the accident rate has increased marginally to 3.1/10,000 visits, which is favourable in comparison to industry benchmarks. There were no accidents of note, although there remains a number of public liability claims for minor injuries. STITCH software system for accident reporting, recording and management was introduced in January 2019. This reduces paper based records, provides secure storage and ease of data recovery, along with improved reporting, and interrogation abilities. There is also an element of benchmarking available, as this system is used nationally at over 650 sites around the UK.

ACL experienced high staff turnover which at 35% was again above our 20% 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 expanded the use of apprenticeship schemes and staff on work-based (apprenticeship related) training. At the time of writing we employ 4 apprentices with a further 2 staff upskilling on work-based training and these figures are increasing. With a view to increasing application numbers the remuneration package for apprenticeships was reviewed at year end resulting in increased rates being available to apprentices given achievement of various targets after 6 months in the role. ACL promoted National Apprenticeship Week in March 2019.

IL is an Employer Partner of the Chartered Institute for the Management of Sport and Physical Activity (CIMSPA) with a commitment to ensure relevant staff are members of the professional institute in future. So far, all regular hours fitness, supervisory and management staff have been enrolled as CIMSPA members. Staff have access to over 2000 hours of online training, suitable for undertaking the required CPD relevant to their membership category and an identified career pathway, showing how career progression can be pursued. Sickness absence rates were maintained at low levels (2.1%).

Staff satisfaction decreased by 2% to 72% in the most recent survey in February 2019. 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 ADC have committed to several maintenance and development items for future years. These include an item of investment at Southwick to redevelop the outdoor areas.

ADC have commissioned consultants to undertake a pitch, open spaces and built facilities study for Adur and Worthing which will support the Local Plan development and more widely the sports and activity strategy. As there are several specific projects in the coming year at sport sites across Worthing and Adur, ADC have decided to create a single board to oversee these various pieces of work and give direction to the project groups. As key leaders in this area for Adur, ACL have been invited to be members of this board.

ACL and ADC are exploring opportunities to develop more health and wellbeing improvement partnership work with several areas to progress identified.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Financial review

ACL have operated on a continually reducing grant funding (£10,000 reduction per annum) from Adur District Council (ADC). In 2018/19 funding was reduced by £15,000 allowing for ADC undertaking the obligation within the existing leases to maintain the car park at Lancing Manor. At the same time ACL have continued to invest in the facilities.

The budget in 2018/19 was set to achieve a (P&L) surplus of £51,000. Allowing for loan repayments and depreciation the budgeted surplus was expected to produce a marginal operational cash surplus for the year.

The opening of yet more gym competition at locally to TGH and Lancing (The Gym) and disruption to the studio at Southwick have made achieving budgeted targets, particularly for income, a challenge. Nevertheless, ACL made an operational surplus in the year of approximately £29,110 (£82,110 before accounting for adjustments in respect of the LGPS), which was better than target and much better than the losses of the previous year. Compared to prior year this surplus was achieved due to a good increase in income, which more than compensated for increased costs, along with reduced charging from IL.

As a result of the surplus and allowing for loan repayments the cash reserves of the charity increased.

After a very good first half year income fell below budgeted targets for the year as all the existing sites failed to meet expectation. The new competition particularly affected Lancing and TGH from October 18 onwards. Nevertheless, income increased significantly over prior year by approximately £278,599 (8%). The increased income was mainly attributable to TGH with its first full year of trading, although all sites except Lancing Manor improved over prior year.

During the year a new loan was arranged with IL to pay for LED lighting at Chanctonbury. The expenditure was capitalised.

The outturn performance was achieved against the backdrop of fluctuating confidence in the UK economy, much of which stemmed from ongoing negotiations in Europe regarding Brexit. However, unemployment remained at its lowest level for many years and interest rates remain low, albeit there has been a marginal increase, reacting to a marginal increase in inflation. Growth continued in the leisure sector across the UK.

All sites have continued to generate a surplus individually and all sites except Lancing Manor improved over prior year.

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 level of reserves, building failures, health and safety, staff and Trustee shortages, increasing staff costs (see section below) and uncertain 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/equipment 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. Marketing and promoting our unique selling points and differentiating our service from the competition has been an increased focus. ACL has increased efforts 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 has been a number of initiatives listed elsewhere regarding staff recruitment and retention.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Financial review – continued

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 2019, ACL is holding approximately cash reserves of £209k, 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.

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. It is unlikely that cash reserves will increase significantly in the short term, whilst loan commitments are reduced.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Plans for the future

ACL has a Corporate Plan 2016/2021 within which includes a financial plan covering the period. This shows improved surpluses, sufficient to cover loan repayments and in the later years begin to build reserves. The Corporate Plan will be reviewed during 2019. An Annual Plan 2019/2020 maps out the actions required to make financial improvements to ensure ACL maintains an operational surplus, pay scheduled loan repayments and is in position to meet a new the longer-term financial plan being developed within the new Corporate Plan.

ACL has operated ahead of the income targets within the existing Corporate Plan by virtue of the new facility in Worthing, however costs associated with the new facility mean that the existing Corporate Plan surpluses will not be attained.

Over recent years the increased competition has resulted in difficulty in achieving increased income and in turn improved surplus and for the same reasons it is difficult to envisage any significant growth in income for 2019/20. Increasing staffing costs due to NLW and the need to attract and retain staff is also a limiting factor. As such the budget set in 2019/20 has been set to achieve a surplus of £37,000, which falls short of that achieved in 2018/19 before LGPS pension adjustments. Allowing for loan repayments and depreciation this will produce a cash loss for the year.

ACL loan repayments during 2019/20 and for the next two years will total approximately £189,000 per annum.

Although competition is the major factor affecting income, projections are also tempered by the continued uncertain nature of the economy, mainly related to Brexit and resulting lack of consumer confidence, ongoing public sector austerity and the perceived inability to increase prices. Headline membership prices have largely been frozen at existing rates for the last 4 years.

Maintaining membership market share is key to achieving financial targets for 2019/20.

In 2019/20 staff costs will increase due to a number of factors including:

- Increased National Living Wage at circa 5% (£8.21)
- General salary increases of 3% have been included.

The Corporate Plan 2020/26 is in draft format and will be adopted during the coming months. This plan outlines how ACL will improve operational surplus and contribute sufficiently to reserves to enable the Objects and future investments to be realised.

ACL will continue to use Apprentices, improving and extending the associated career development learning programmes to as many staff as possible.

More staff will be enrolled into CIMSPA and the CIMSPA career pathway. This will include leisure attendants (lifeguards). Staff will be required to complete the requisite amount of CPD as well as relevant qualifications appropriate to their roles. This ensures more staff are undertaking relevant training to their career aspirations and the business need, which in turn should improve staff retention and customer service.

Community Health and Wellbeing

The more opportunity created for people to be physically active increases the positive impact ACL has on Adur's 'health and social issues'. Many of these issues have been proven to be improved by exercise. Indeed, Central Government and Public Health England (Physical Activity Framework – Everyone Active Everyday), supported by UKActive, have been consistently raising the profile of the benefits of physical activity, versus the associated costs of inactivity on the National Health Service (NHS). There are potential opportunities within the new NHS 10-year plan, some of which focusses on prevention of ill health, part of which includes physical activity in promoting physical and mental health. ACL will work with local health commissioners and others to develop new programmes to improve community health. These programmes may also include social and cultural related activities. ACL will consider providing these services without the benefit of external support funding.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Community Health and Wellbeing - continued

During the next 5 years will ACL develop an increased level of joint work with ADC to achieve a positive outcome against the joint objectives to improve community health and wellbeing. Commissioning programmes, events and activities that increase opportunities for people (especially those in hard to reach groups) to take part in beneficial activity to improve their physical and mental health and wellbeing will be a priority. Resourcing will need to be allocated to this by ACL.

ACL will work with ADC to implement a GP referral scheme for general populations, in addition to the targeted programmes for those referees with existing health conditions. ACL will fund this programme and seek endorsement from Public Health, so that the scheme can be promoted to all local GPs. The aim would be to increase referrals and increase revenue from retaining referees as future members. At worst the scheme would be cost neutral in future, but would be an additional method of attracting member prospects from groups unlikely to react to our existing marketing, increase opportunities for doing physical activity in the medium term, and improve community health and wellbeing in line with our mission of creating *Active & Healthy Communities*.

ADC have allocated funding to some agreed capital maintenance projects. Linked to this we need to establish some agreement about how a new Sports and Physical Activity Strategy will be integrated into decision making in future, including establishing our place as the operator of choice within that strategy.

Using the revised condition surveys being undertaken by ADC during 2019 on the existing facilities, the enhanced SIS will include major building, mechanical and electrical replacement requirements and this will be used to plan, prioritise and commit to expenditure to maintain and improve the assets (buildings). ACL and ADC will attempt to coordinate projects to maximise positive impact to, or prolong the life of the services. Main facility related works will centre around the following improvements or investigations including:

Lancing Manor

- Complete a reception refurbishment following ADC glazing replacement
- Review and investigate changing room shower ventilation and décor
- Seeking funding to expand the Manor View providing external seating
- Review Health Suite refurbishment.

Southwick

- Carry out mini refresh of gym using budgeted leased cost savings
- Investigate the potential to extend the gym into an unused area
- Investigation of alternative use of the main sports hall and production of a business plan
- Work with ADC to deliver refurbishment of outside courts (x3 for tennis and x2 3g small side football pitches)
- Investigate an access control system to allow fast entry for members.

Wadurs

- Expansion of the changing area to include improved disabled facilities, all in conjunction with ADC via £100k funding granted in 2016 and external funding from Sport England
- Investigate an access control system to allow fast entry for members

Chanctonbury

- Investigate an access control system to allow fast entry for members
- Investigate funding options to enhance the MUGA (e.g. convert to 3G surface)
- Carry out mini refresh of gym using budgeted leased cost savings

The Gym Hub

- Seeking use for the underutilised space within the facility.
- Achieve QUEST registration.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Community Health and Wellbeing - continued

General

- Gym 'facelifts' when equipment is replaced at each site (see Southwick above)
- Continuous redecoration, equipment renewal and facility improvement (SIS)
- Further energy conservation measures (reducing costs and protecting the environment)
- Investigating the potential to install electric vehicle charging points in the car parks
- Technical improvements to plant improving water quality and environmental protection
- Security improvements at all sites (Crime Reduction and quality)
- Upgrades to facilities will include the improvement of disabled access
- Apply external funds to applicable investments
- Improving the external building façades at the sites
- Develop remaining viable LED lighting schemes into a project and seek external funding contributions to the costs. If external funding achieved, implement the schemes
- HMRC requires all organisations to comply with its 'Making Tax Digital' requirements during 2019. As a Group structure Impulse Leisure compliance is required from October 2019. This will require tax coding on expenditure and income to be correct at source and digitally sent to HMRC without manual completion of data. There is software alteration and additional work required during the year to enable compliance.
- Both the MRM (membership) and Finance servers are reaching the end of their working life. Both are the last of the physical servers owned by IL, as the others are virtual servers. There is a need to improve the engagement of our IT support and connectivity hosting. Our local support supplier is producing a specification for future hosting that sets out a 5-year support contract and incorporates solutions to the server replacements outlined on a phased basis. Tenders for solutions against IL's specification will be sought from at least 3 large service providers. The view is to phase in the new service starting in 2019.

Customer satisfaction scores, QUEST, health and safety management will continue to be a priority, constantly reviewing and developing improvements at all applicable sites.

Together with the above activity, action will be taken, to improve understanding, promote the benefits of ACL as a registered charity within the community and within ADC, with the ultimate beneficiary being the local community. Increasingly ACL will reflect its charitable status through consistent brand messaging throughout its marketing collateral and throughout the facilities.

The short/medium term aim remains to expand the group through the budget gym model or by acquisition. This benefits ACL as overhead costs are reduced, as they are contributed to by additional group members.

ACL will continue to work on its swimming development action plan with a view to increasing lesson and swimming attendance and income by 10% year on year up to 2022.

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
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a Memorandum and Articles of Association and is constituted as a limited company, limited by guarantee as defined by the Companies Act 2006. ACL is a registered charity.

Appointment of trustees

ACL is governed by a board of up to 11 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.

Independent trustees x (up to) 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 2019 was 10 (2018 - 13).

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 100% of 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 2019

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.

The trustees carry out 'spot checks' using internal control procedures and audits developed to cover the main financial and employment risks identified by the organisation. 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 Community Leisure UK (CLUK). CLUK is the Association representing 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 above the National Living Wage (NLW) of £8.21 with effect from 1st April 2019, this is regardless of age. This action is designed to help improve, the current poor staff turnover, recruitment and retention.

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.

'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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel – continued

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 2019 most staff are benefitting from a minimum 3% 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. The ACL LGPS scheme is open to new members as dictated by the Admission Agreement. New staff employed directly by 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.

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.

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.

The Group apply a long service recognition scheme where staff are rewarded for continuous service at 5, 10, 20, 30 and 40 years. The scheme is designed to reward long service and is for gifts at various values depending on the milestone reached. The scheme follows the guidance issued by HMRC on the values of the awards.

Neither ACL or Impulse Leisure Trustees are paid for their work as a Trustee.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel – continued

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.

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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Employee information

Employees are provided with information in several ways including general electronic communication to personal email addresses, staff notice boards, staff newsletters, 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) has not been paid recently, 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

By virtue of its size ACL is not required to comply with all of the duties within the Act. However, ACL takes steps to prevent modern slavery and human trafficking in its business in accordance with the ACT. ACL publishes its policy regarding modern slavery on its website.

FUNDRAISING

Adur Community Leisure Limited does not use professional fundraisers in order to raise funds. All of the income is derived from main sources being sales for use and grants.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

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 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 2019 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 2019 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, 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 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.

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

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.

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. 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:

ADUR COMMUNITY LEISURE LIMITED**STATEMENT OF FINANCIAL ACTIVITIES**
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted fund £	Restricted fund £	31.3.19 Total funds £	31.3.18 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
Leisure centres activities		3,500,113	40,706	3,540,819	3,256,507
Catering activities		191,437	-	191,437	197,279
Office rent activities		5,000	-	5,000	5,000
Investment income	2	<u>992</u>	<u>-</u>	<u>992</u>	<u>863</u>
Total		3,697,542	40,706	3,738,248	3,459,649
EXPENDITURE ON					
Raising funds	4	96,315	-	96,315	90,061
Charitable activities	5				
Leisure centres activities		3,404,378	16,583	3,420,961	3,250,649
Catering activities		<u>191,862</u>	<u>-</u>	<u>191,862</u>	<u>202,636</u>
Total		3,692,555	16,583	3,709,138	3,543,346
NET INCOME/(EXPENDITURE)		4,987	24,123	29,110	(83,697)
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		<u>(37,000)</u>	<u>-</u>	<u>(37,000)</u>	<u>156,000</u>
Net movement in funds		(32,013)	24,123	(7,890)	72,303
RECONCILIATION OF FUNDS					
Total funds brought forward		1,094,345	1,999	1,096,344	1,024,041
TOTAL FUNDS CARRIED FORWARD		<u>1,062,332</u>	<u>26,122</u>	<u>1,088,454</u>	<u>1,096,344</u>

The notes form part of these financial statements

BALANCE SHEET
AT 31 MARCH 2019

	Notes	Unrestricted fund £	Restricted fund £	31.3.19 Total funds £	31.3.18 Total funds £
FIXED ASSETS					
Tangible assets	11	1,850,809	-	1,850,809	2,032,992
CURRENT ASSETS					
Stocks	12	18,450	-	18,450	22,527
Debtors	13	78,719	-	78,719	62,758
Cash at bank		<u>183,286</u>	<u>26,122</u>	<u>209,408</u>	<u>152,120</u>
		280,455	26,122	306,577	237,405
CREDITORS					
Amounts falling due within one year	14	(428,808)	-	(428,808)	(416,473)
NET CURRENT ASSETS/(LIABILITIES)		<u>(148,383)</u>	<u>26,122</u>	<u>(122,231)</u>	<u>(179,068)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,702,456	26,122	1,728,578	1,853,924
CREDITORS					
Amounts falling due after more than one year	15	(670,124)	-	(670,124)	(877,580)
PENSION ASSET	20	30,000	-	30,000	120,000
NET ASSETS		<u>1,062,332</u>	<u>26,122</u>	<u>1,088,454</u>	<u>1,096,344</u>
FUNDS	19				
Unrestricted funds				1,062,332	1,094,345
Restricted funds				<u>26,122</u>	<u>1,999</u>
TOTAL FUNDS				<u>1,088,454</u>	<u>1,096,344</u>

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

.....
Dr P Wilson -Trustee

The notes form part of these financial statements

ADUR COMMUNITY LEISURE LIMITED**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	31.3.19 £	31.3.18 £
Cash flows from operating activities:			
Cash generated from operations	1	337,597	206,742
Interest paid		<u>(59,727)</u>	<u>(62,030)</u>
Net cash provided by (used in) operating activities		<u>277,870</u>	<u>144,712</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(15,834)	(424,044)
Sale of tangible fixed assets		<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(15,834)</u>	<u>(424,044)</u>
Cash flows from financing activities:			
New loans from group companies		17,400	180,000
Intercompany loan repayments		(108,676)	(58,380)
Bank loan repayments		(48,631)	(48,631)
Finance lease repayments in year		<u>(64,841)</u>	<u>(64,841)</u>
Net cash provided by (used in) financing activities		<u>(204,748)</u>	<u>8,148</u>
Change in cash and cash equivalents in the reporting period		57,288	(271,184)
Cash and cash equivalents at the beginning of the reporting period		<u>152,120</u>	<u>423,304</u>
Cash and cash equivalents at the end of the reporting period		<u>209,408</u>	<u>152,120</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.19	31.3.18
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	29,110	(83,697)
Adjustments for:		
Depreciation charges	197,396	196,433
Loss on disposal of fixed assets	620	-
Interest paid	59,727	62,030
Decrease/(increase) in stocks	4,077	(48)
Increase in debtors	(15,961)	(5,929)
Increase in creditors	9,628	8,768
Actuarial pension scheme charges	53,000	49,000
Net cash provided by (used in) operating activities	<u>337,597</u>	<u>226,557</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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.

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 2019

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 2019

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 2019

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 2019

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019**2. INVESTMENT INCOME**

	31.3.19	31.3.18
	£	£
Bank Interest	<u>992</u>	<u>863</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.3.19	31.3.18
		£	£
Leisure Centre Income	Leisure centres activities	3,540,819	3,256,507
Leisure Centre Income	Catering activities	191,437	197,279
Office and Cottage Rent	Office rent activities	<u>5,000</u>	<u>5,000</u>
		<u>3,737,256</u>	<u>3,458,786</u>

Leisure centre income includes £145,000 funding received from Adur District Council (2018: £160,000).

Leisure centre income also includes restricted funding £40,706 (2018: £1,999). 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**

	31.3.19	31.3.18
	£	£
Promotion and publicity	<u>96,315</u>	<u>90,061</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

5. ANALYSIS OF EXPENDITURE

Charitable activities

	Cost of raising funds	Leisure centres	Catering	Governance costs	Support costs	2019 total	2018 total
Staff costs	-	1,456,090	45,645	-	204,900	1,706,635	1,636,049
Promotion and publicity	96,315	-	-	-	-	96,315	90,061
Premises costs	-	642,079	4,558	-	244,692	891,329	747,878
Purchases for resale	-	93,475	61,135	-	-	154,610	164,390
Office administration costs	-	160,927	12,329	-	672,369	845,625	894,456
Audit and accountancy	-	-	-	6,370	-	6,370	6,180
Legal and professional	-	-	-	-	8,254	8,254	4,332
	96,315	2,352,571	123,667	6,370	1,130,215	3,709,138	3,543,346
Support costs	-	1,062,402	67,813	-	(1,130,215)	-	-
Governance costs	-	5,988	382	(6,370)	-	-	-
Total expenditure 2019	<u>96,315</u>	<u>3,420,961</u>	<u>191,862</u>	<u>-</u>	<u>-</u>	<u>3,709,138</u>	
Total 2018	<u>90,061</u>	<u>3,250,649</u>	<u>202,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,543,346</u>

6. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Leisure centres activities	971,227	91,175	5,988	1,068,390
Catering activities	67,813	-	382	68,195
	<u>1,039,040</u>	<u>91,175</u>	<u>6,370</u>	<u>1,136,585</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

7. NET INCOME/(EXPENDITURE)

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

	31.3.19	31.3.18
	£	£
Auditors' remuneration	6,370	6,180
Depreciation - owned assets	132,555	131,592
Depreciation - assets on hire purchase contracts and finance leases	64,841	64,841
Deficit on disposal of fixed asset	620	-
	<u>620</u>	<u>-</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

One of the trustees is an employee elected trustee who is paid for her services as an employee in her role as Duty Manager. She is not paid for her role as a trustee.

Mrs E Scrymgeour (resigned 4 June 2018) - gross £5,398 (2018: £21,445), employers pension £830 (2018: £3,490) but remained in a key management personnel role for the whole year and their salary is part of the total in note 9.

Trustees' expenses

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2018: £nil).

9. STAFF COSTS

	31.3.19	31.3.18
	£	£
Wages and salaries	1,506,559	1,464,228
Social security costs	75,507	73,422
Other pension costs	127,568	98,400
	<u>1,709,634</u>	<u>1,636,050</u>

The total employee benefits including pension contributions of the key management personnel were £261,379 (2018: £233,848).

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

	31.3.19	31.3.18
Leisure centres	154	148
Catering	5	8
Support	6	6
	<u>165</u>	<u>162</u>

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Leisure centres activities	3,244,526	11,981	3,256,507
Catering activities	197,279	-	197,279
Office rent activities	5,000	-	5,000
Investment income	863	-	863
Total	3,447,668	11,981	3,459,649
 EXPENDITURE ON			
Raising funds	90,061	-	90,061
Charitable activities			
Leisure centres activities	3,240,667	9,982	3,250,649
Catering activities	202,636	-	202,636
Total	3,533,364	9,982	3,543,346
 NET INCOME/(EXPENDITURE)	(85,696)	1,999	(83,697)
 Other recognised gains/(losses)			
Actuarial gains/losses on defined benefit schemes	156,000	-	156,000
Net movement in funds	70,304	1,999	72,303
 RECONCILIATION OF FUNDS			
Total funds brought forward	1,024,041	-	1,024,041
 TOTAL FUNDS CARRIED FORWARD	1,094,345	1,999	1,096,344

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 April 2018	2,673,032	324,207	2,997,239
Additions	15,834	-	15,834
Disposals	(12,928)	-	(12,928)
At 31 March 2019	<u>2,675,938</u>	<u>324,207</u>	<u>3,000,145</u>
DEPRECIATION			
At 1 April 2018	742,692	221,555	964,247
Charge for year	132,555	64,841	197,396
Eliminated on disposal	(12,307)	-	(12,307)
At 31 March 2019	<u>862,940</u>	<u>286,396</u>	<u>1,149,336</u>
NET BOOK VALUE			
At 31 March 2019	<u>1,812,998</u>	<u>37,811</u>	<u>1,850,809</u>
At 31 March 2018	<u>1,930,340</u>	<u>102,652</u>	<u>2,032,992</u>

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

	Plant and machinery £
COST	
At 1 April 2018	<u>324,207</u>
DEPRECIATION	
At 1 April 2018	221,555
Charge for year	<u>64,841</u>
At 31 March 2019	<u>286,396</u>
NET BOOK VALUE	
At 31 March 2019	<u>37,811</u>
At 31 March 2018	<u>102,652</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019**12. STOCKS**

	31.3.19	31.3.18
	£	£
Stocks	<u>18,450</u>	<u>22,527</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19	31.3.18
	£	£
Other debtors	20,314	10,014
Prepayments and accrued income	<u>58,405</u>	<u>52,744</u>
	<u>78,719</u>	<u>62,758</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19	31.3.18
	£	£
Bank loans and overdrafts (see note 16)	48,632	48,632
Other loans (see note 16)	124,403	116,425
Finance lease(see note 17)	37,811	64,841
Trade creditors	23,132	16,360
Amounts owed to group undertakings	106,752	84,993
Social security and other taxes	6,483	7,066
VAT	5,764	14,576
Other creditors	5,744	5,168
Accruals and deferred income	<u>70,087</u>	<u>58,412</u>
	<u>428,808</u>	<u>416,473</u>

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

	31.3.19	31.3.18
	£	£
Bank loans (see note 16)	222,895	271,527
Other loans (see note 16)	447,229	568,242
Finance lease(see note 17)	-	37,811
	<u>670,124</u>	<u>877,580</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

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

The charitable company has loans transferred from West Chanctonbury 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 the following loans were received from Thurrock Community Leisure Limited (part of Impulse Leisure Group) during 2016/17, 2017/18 and 2018/19:

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.

A loan of £17,400 received during 2018/19 which is repayable over a term of 4 years at an interest rate of 5% fixed.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

16. LOANS

An analysis of the maturity of loans is given below:

	31.3.19 £	31.3.18 £
Amounts falling due within one year on demand:		
Bank loans	48,632	48,632
Other loans	<u>124,403</u>	<u>116,425</u>
	<u>173,035</u>	<u>165,057</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	145,895
Other loans - 2-5 years	<u>430,739</u>	<u>528,023</u>
	<u>576,634</u>	<u>673,918</u>
 Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	28,368	77,000
Other loans more 5yrs instal	<u>16,490</u>	<u>40,219</u>
	<u>44,858</u>	<u>117,219</u>

17. LEASING AGREEMENTS

	Finance leases 31.3.19 £	31.3.18 £
Net obligations repayable:		
Within one year	37,811	64,841
Between one and five years	<u>-</u>	<u>37,811</u>
	<u>37,811</u>	<u>102,652</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

17. LEASING AGREEMENTS - continued

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

	31.3.19 £	31.3.18 £
Within one year	100,999	102,926
Between one and five years	<u>196,365</u>	<u>296,997</u>
	<u>297,364</u>	<u>399,923</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.19 £	31.3.18 £
Bank loans	<u>271,527</u>	<u>320,159</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 1.4.18 £	Net movement in funds £	At 31.3.19 £
Unrestricted funds			
General fund	1,094,345	(32,013)	1,062,332
Restricted funds			
General fund	1,999	24,123	26,122
	<u>1,096,344</u>	<u>(7,890)</u>	<u>1,088,454</u>
TOTAL FUNDS			

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,697,542	(3,692,555)	(37,000)	(32,013)
Restricted funds				
General fund	40,706	(16,583)	-	24,123
	<u>3,738,248</u>	<u>(3,709,138)</u>	<u>(37,000)</u>	<u>(7,890)</u>
TOTAL FUNDS				

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.17 £	Net movement in funds £	At 31.3.18 £
Unrestricted Funds			
General fund	1,024,041	70,304	1,094,345
Restricted Funds			
Restricted funds - leisure centres	-	1,999	1,999
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,024,041</u>	<u>72,303</u>	<u>1,096,344</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,447,668	(3,533,364)	156,000	70,304
Restricted funds				
Restricted funds - leisure centres	11,981	(9,982)	-	1,999
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,459,649</u>	<u>(3,543,346)</u>	<u>156,000</u>	<u>72,303</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.17 £	Net movement in funds £	At 31.3.19 £
Unrestricted funds			
General fund	1,024,041	38,291	1,062,332
Restricted funds			
Restricted funds - leisure centres	<hr/> -	<hr/> 26,122	<hr/> 26,122
TOTAL FUNDS	<u>1,024,041</u>	<u>64,413</u>	<u>1,088,454</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

19. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,145,210	(7,225,919)	119,000	38,291
Restricted funds				
Restricted funds - leisure centres	52,687	(26,565)	-	26,122
TOTAL FUNDS	<u>7,197,897</u>	<u>(7,252,484)</u>	<u>119,000</u>	<u>64,413</u>

Purposes of restricted funds

The grant received from Big Lottery Award in the year was for the provision of services relating to eating and cooking healthily.

Grants received from West Sussex County Council in the year were to provide sessions 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:

	Unrestricted	Restricted	Total
Fixed assets	1,850,809		1,850,809
Current assets	280,455	26,122	306,577
Current liabilities	(428,808)		(428,808)
Long term liabilities	(670,124)		(670,124)
Pension asset	30,000		30,000
Net asset	<u>1,062,332</u>	<u>26,122</u>	<u>1,088,454</u>

Comparative summary of assets and liabilities by fund:

	Unrestricted	Restricted	Total
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>1,096,344</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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019**20. EMPLOYEE BENEFIT OBLIGATIONS**
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Present value of funded obligations	(2,583,000)	(2,302,000)
Fair value of plan assets	<u>2,613,000</u>	<u>2,422,000</u>
	<u>30,000</u>	<u>120,000</u>
Surplus	<u>30,000</u>	<u>120,000</u>
Net asset	<u><u>30,000</u></u>	<u><u>120,000</u></u>

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

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Current service cost	103,000	90,000
Net interest from net defined benefit asset/liability	<u>63,000</u>	<u>64,000</u>
	<u>166,000</u>	<u>154,000</u>
Actual return on plan assets	<u>91,000</u>	<u>62,000</u>

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

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Defined benefit obligation	2,302,000	2,272,000
Current service cost	103,000	90,000
Contributions by scheme participants	18,000	16,000
Interest cost	63,000	64,000
Actuarial losses/(gains)	128,000	(94,000)
Benefits paid	<u>(31,000)</u>	<u>(46,000)</u>
	<u><u>2,583,000</u></u>	<u><u>2,302,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

20. EMPLOYEE BENEFIT OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Fair value of scheme assets	2,422,000	2,285,000
Interest on assets	66,000	64,000
Contributions by employer	47,000	41,000
Contributions by scheme participants	18,000	16,000
Actuarial gains/(losses)	91,000	62,000
Benefits paid	(31,000)	(46,000)
	<u>2,613,000</u>	<u>2,422,000</u>

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

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Actuarial gains/(losses)	(37,000)	156,000
	<u>(37,000)</u>	<u>156,000</u>

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

	Defined benefit pension plans	
	31.3.19	31.3.18
	£	£
Equities	1,332,630	1,235,000
Bonds	940,680	896,000
Property	235,170	194,000
Cash	104,520	97,000
	<u>2,613,000</u>	<u>2,422,000</u>

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

	31.3.19	31.3.18
Discount rate	2.6%	2.7%
Future salary increases	2.1%	2.2%
Future pension increases	2.4%	2.2%

The charitable company expects to contribute £51,000 to its defined benefit pension plan in 2019/20.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

20. EMPLOYEE BENEFIT OBLIGATIONS
- continued

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

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(2,583,000)	(2,302,000)	(2,272,000)	(1,612,000)	(1,615,000)
Plan assets	2,613,000	2,422,000	2,285,000	1,811,000	1,741,000
Surplus / (deficit)	30,000	120,000	13,000	199,000	126,000

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:

Change in assumptions at 31 March 2019:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount
0.5% decrease in Real Discount Rate	13%	£330,000
0.5% increase in the Salary Increase Rate	2%	£48,000
0.5% increase in the Pension Increase Rate	11%	£278,000

21. ULTIMATE PARENT COMPANY

The ultimate parent company is Impulse Leisure Limited, company registration number 05220291. The parent's principal purposes relate to the management of its charitable subsidiaries. The parent exercises control through its right to appoint or remove a majority of the board of trustees of the charitable company. The consolidated accounts of Impulse Leisure group are available from the Companies House and the parent company's registered office at: Blackshots Leisure Centre, Blackshots Lane, Grays, RM16 2JU.

22. RELATED PARTY TRANSACTIONS

Impulse Leisure is parent company of Thurrock Community Leisure Limited (TCL) and Adur Community Leisure (ACL). During the year following transactions occurred between the group companies:

TCL:

During the year, ACL paid interest of £34,833 (2018: £36,225) to TCL.

At the year end, ACL owed £452,724 (2015: £557,393) to TCL. £442,762 (2018: £552,667) of this balance relates to loans which are payable over 5 to 7 years with fixed interest rates of 5% and 7%.

Impulse Leisure:

During the year, ACL paid management fee of £356,583 (2018: £364,910) and charged rent of £5,000 to Impulse Leisure.

At the year end, ACL owed £225,665 (2018: £212,267) to Impulse Leisure. During the year, ACL paid interest of £6,745 (2018: £7,590) to Impulse Leisure.

Trustees' remuneration and expenses are disclosed in note 8.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

23. 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.

24. CONTINGENT LIABILITIES

Local Government Pension Schemes

Government reforms to public sector pensions introduced in 2015 included 'transitional protection' to some members of the schemes. In December 2018 the Court of Appeal ruled that this treatment amounted to unlawful discrimination on the basis of age.

At the end of June 2019 the Government was denied its right to appeal from the Supreme Court.

The ruling makes it probable that local government pension schemes will have to compensate and account for payments on behalf of those who did not benefit from the transitional protection.

The impact of this to individual pension schemes is not currently known, with actuaries only able to estimate the potential impact to employers until schemes are officially revalued.

It is anticipated that the impact on Local Government Pension Schemes will be less severe than other unfunded public sector pension schemes, with reported potential increases in liabilities of 0.5%-1%.

No adjustment has been made to the pension liability disclosed within note 20 as a result of the above.

Once the impact to the Local Government Pension Scheme is known it will be reflected within the pension fund as a past service cost.