

Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register

<https://mutuals.fca.org.uk>.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 2 – About this application

Society name	GREENWICH LEISURE LIMITED
Register number	IP27793R
Registered address	Middlegate House The Royal Arsenal London
Postcode	SE18 6SX

2.1 What date did the financial year covered by these accounts end?

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Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
Mark Sesnan	October	1955
Alan Ritchie	January	1973
Kulvinder Gaimda	November	1977
Charles Dean	November	1965
Sam Wright	July	1969
Jennifer Seale	January	1980
Ella Gosden	February	1985
Emily Thoroughgood	May	1991
Gareth Kirk	February	1981
Peter Brooks	September	1956
Adel Khaireh	August	1980
Jackie Smith	July	1953
Linda Bird	September	1947
Andy Bindon	June	1961
Bill Brown	October	1948
Rick Durrant	August	1953
Christopher Anthony Roberts	October	1950
Matt Perren	November	1984
Steve Hannen	November	1978

Les Smith	February	1974
Joseph Rham	January	1979
Steve Ward	February	1972

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

M Sesnan -
The Sports & Recreation Trusts Association
London Leisure College Limited
GLL Sports Foundation Limited (Dormant)
UKACTIVE
Meridian Link Limited
GLL (Trading) Limited
Gosling Leisure Limited
Leisure Partners Limited

B Brown -
Abilitynet

P Brooks -
Trust for London Trustee
Bellingham Community Project Limited
Bellingham Community Project Management Company Limited

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth	
Philip Donnay	August	1970

Section 4 – Financial information

4.1 Please confirm that:

accounts are being submitted with this form ☒

the accounts comply with relevant statutory and accounting requirements ☒

the accounts are signed by two members and the secretary (3 signatures in total) ☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	1694
Turnover	298,892,372
Net Assets	38,127,496
Number of employees (if any)	14063
Share capital	42,350
Highest rate of interest paid on shares (if any)	

4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: <http://resources.companieshouse.gov.uk/sic/>

93130

Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- | | |
|----------------------------------|-------------------------------------|
| Full professional audit | <input checked="" type="checkbox"/> |
| Auditor's report on the accounts | <input type="checkbox"/> |
| Lay audit | <input type="checkbox"/> |
| No audit | <input type="checkbox"/> |

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements ☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- Yes ☒
- Not applicable ☐

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

- Yes ☒
- No ☐

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☒

OSCR number:	
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5.6 Is the society a housing association?

No ☒ Go to **section 6**

Yes ☐ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	<input type="checkbox"/>	
Scottish Housing Regulator	<input type="checkbox"/>	
The Welsh Ministers	<input type="checkbox"/>	
Department for Communities (Northern Ireland)	<input type="checkbox"/>	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☐

No ☒

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☒ Continue to question 6.3

No ☐ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name
04234158	GLL (Trading) Limited
02880581	Gosling Leisure Limited
03683103	North Country Leisure Limited

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion
07259179	Leisure Partners Limited	Dormant

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

7A.3 How did the society's business meet those needs and aspirations?

You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

To deliver sustainable and affordable provision of facilities and services for the public benefit for recreational, sporting, cultural and other leisure time occupation in the interest of social welfare, healthy living and education.

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

- Provide support programmes and schemes for young people.
- Developed a range of high quality leisure centre based sports lessons and courses
- Worked with over 100 partners to help engage with local communities.
- Opened 5 new centres.

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.

Improved access to service, achieving social impact goals, reducing inequalities, promoting empowerment, integration, cohesion, health and wellbeing.

7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

The society works for the benefit of the general public and the communities that are local to the individual centres.

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?


Used to deliver services and facilities that are consistently rated as excellent to increase participants in sport and physical activity.

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

None

Section 8– Declaration

The secretary of the society must complete this section.

Name	Philip Donnay
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature	
Position	Secretary
Date	25/07/2019

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuals Society Portal:

<https://societyportal.fca.org.uk>

REPORT OF THE COMMITTEE OF MANAGEMENT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
GREENWICH LEISURE LIMITED

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

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FOR THE YEAR ENDED 31 DECEMBER 2018

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GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2018**

The Committee of Management present their report, with the consolidated financial statements of the Society and its subsidiaries for the year ended 31 December 2018. The Committee of Management have adopted the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

REFERENCE AND ADMINISTRATIVE DETAILS

Society Name

Greenwich Leisure Limited. Customer facing brand is 'Better'.

Registered Society number

IP27793R (England and Wales)

HMRC Charity number

XR43398

Registered office

Middlegate House
The Royal Arsenal
London
SE18 6SX

Committee of Management

J M Sesnan	
S Ward	Resigned on 27 June 2018
A Ritchie	
G Kirk	
L Smith	Resigned on 27 June 2018
J Rham	Resigned on 27 June 2018
P Brooks	
A Bindon	Resigned & Reappointed on 27 June 2018
B Brown	Resigned & Reappointed on 27 June 2018
S Wright	
R Durrant	Resigned & Reappointed on 27 June 2018, Resigned on 18 December 2018
M Perren	
L Bird	
J Smith	Resigned on 18 December 2018
C Roberts	Resigned & Reappointed on 27 June 2018
S Hannen	
E Gosden	
E Thoroughgood	
J Seale	Appointed on 27 June 2018
K Gaimda	Appointed on 27 June 2018
C Dean	Appointed on 27 June 2018

Chief Executive

J M Sesnan

Secretary

P Donnay

Bankers

Barclays Bank
2 Churchill Place
Canary Wharf
London
E14 5RB

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Auditors

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

The Committee of Management, also referred to in this report as the Board of Trustees, present their report with the financial statements of the Society for the year ended 31 December 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

GLL is an Exempt Charity and a Registered Society under the Co-operative and Community Benefit Societies Act 2014. The Society operates for the benefit of the wider communities we serve and does not distribute profit. Any surplus is applied solely to a general reserve for the continuation and development of the Society.

GLL was established in 1993 with a portfolio of seven leisure centres in one Partnership. In 2018, the GLL Group directly managed over 400 facilities including leisure centres, play centres, children centres and libraries in partnership with over 60 local councils and other organisations.

In 2015, "Carlisle Leisure Limited" (CLL) merged into GLL via an IPS transfer of engagement. In 2016, GLL acquired "North Country Leisure Limited" (NCL) and "Tone Leisure Group Limited" as wholly owned subsidiaries. The Tone Leisure Group trading activities transferred into GLL on the 1st January 2017 and the North Country Leisure Limited trading transferred on the 1st April 2017. At the year end all charitable trading activities were undertaken directly by GLL with only non-charitable activities operated through GLL (Trading) Limited and Gosling Leisure Limited.

North Country Leisure remains active for the sole purpose of providing services in line with the Newcastle contract. This includes the provision of staffing. These services are recharged in full and at cost to GLL.

As mentioned above, GLL owns GLL (Trading) Limited and Gosling Leisure Limited. Business activities classified as non-charitable are traded through these subsidiaries to maintain transparency and to follow guidance from the Charity Commission. Surplus from these subsidiaries are gift aided back to GLL.

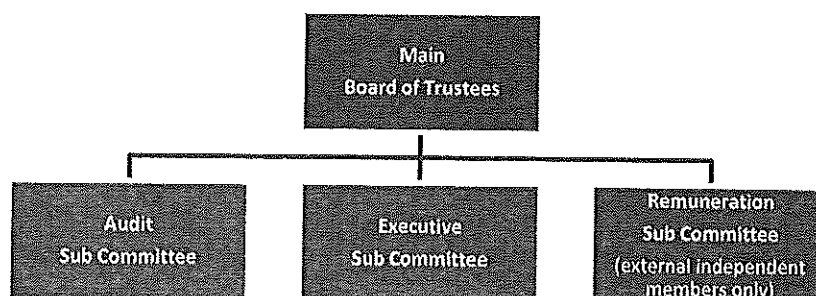
The income turnover of the GLL Group in 2018 was £299m.

GLL is widely acknowledged to be the UK's leading and largest charitable social enterprise delivering leisure, health, cultural and community services.

GLL is governed by a Board of Trustees appointed by the annual general meeting. Our governing document is our rules, first registered in 1993, and revised and re-registered with the Financial Conduct Authority on the 17th February 2010.

The GLL Board of Trustees has representation from a number of stakeholders including Local Authority members, independent skilled professionals and significantly, the workforce. This stakeholder mix has helped create empowerment, enthusiasm and ownership at all levels of the organisation.

In the governing document (our rules), the Board of Trustees is referred to as the "Committee of Management".



REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The governance structure reporting to the Board includes the:

- Executive Sub Committee for investment and urgent contractual or policy decisions (The Executive Sub Committee consisting of the Chair, Vice Chair, Treasurer, Managing Director and Secretary has full delegated authority from the Board).
- Audit Sub Committee responsible for managing GLL's risk register as well as signing off the Financial Statements annually on behalf of the Board.
- Remuneration Sub Committee responsible for the employment and terms and conditions of the executive directors and the general pay and remuneration terms of all employees (No member of staff can sit on this subcommittee. It is constituted wholly by Independent Trustees).

The Board of Trustees reviews and sets the Strategy and Objectives annually in the context of a five year corporate plan. It meets quarterly to review progress and consider additional strategy and policy decisions.

GLL nominates 2 GLL representatives to sit on the Board of Trustees of its subsidiaries.

GLL operates a risk register to record any potential risk the society may face. The risk register is a working document that is updated on an ongoing basis with mitigating strategies as necessary. The register is reviewed by the Audit Sub Committee every quarter.

Day to day management and delivery of GLL's annual corporate plan is delegated to the Managing Director and the Executive Director team. The Managing Director reports to the Board of Trustees and is a full ex officio member of the Board.

At the time of executing this statement, the Exec Director team comprised of Mark Sesnan (Managing Director), Peter Bunday (Deputy Managing Director), Philip Donnay (Director of Finance) and Jeff Lynch (Director of Human Resources).

Recruitment and appointment of new Board Members

In exercising its powers to nominate, appoint, reappoint, elect, re-elect, approve and dismiss Members, the Society Members seek to ensure that the Board is representative of the local community and also comprises persons with a broad range of skills who are likely to contribute to the Society's success.

Induction and training of new Board Members

Board Members follow an induction and familiarisation programme as required, and attend development sessions to discuss improvement proposals, which also feature externally facilitated sessions as necessary.

Staff Empowerment

All eligible staff in GLL are encouraged to join the Society as voting members. This leads to a high level of commitment, empowerment and motivation resulting in an improved quality of service to the community. GLL also enjoys remarkably low absence levels.

Remuneration of Key Management Personnel

The Remunerations Sub Committee (RSC) made up entirely of independent Trustees is responsible for determining the pay of key management personnel and for setting the annual pay awards for all employees and workers.

In summary:

- the Remuneration Sub Committee takes responsibility (i) for determining both the policy and structure for the executive directors' pay and benefits package, and their pay awards, and (ii) for approving the directors' recommendations on the pay awards for other employees and workers;
- the Director Team is responsible for the pay and benefits packages of all other employees and workers, and for making recommendations to the Remuneration Sub Committee on the annual pay award for all employees and workers other than themselves.

The full Board of Trustees remains responsible for the appointment of the Managing Director (MD) and, with him or her, for the appointment of other directors. It is also responsible for the termination of the employment of the MD and other directors, although any termination payment is to be determined by the Remuneration Sub Committee.

In conducting its role, the RSC periodically reviews the remuneration of Directors in line with the development of the Society. Past reviews have included the commissioning of independent surveys to ensure appropriate benchmarking of pay awards. The last review was conducted in 2013.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

OBJECTIVES AND ACTIVITIES

The objects of the society are:

- (a) to provide or assist in the provision of facilities and services for the public benefit for recreational, sporting or other leisure time occupation in the interests of social welfare, healthy living and education, such facilities being provided to the public at large save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities and services, and/or
- (b) to promote community participation in healthy living, and/or
- (c) to advance the education of the public in the benefits of healthy lifestyles, and/or
- (d) to advance the arts, culture and/or heritage, and/or
- (e) to provide support services relating to the above, and/or
- (f) to provide consultancy and advise to public, sporting and charitable organisations, and/or
- (g) such other charitable purposes beneficial to the community consistent with the objects above as the Trustees shall in their absolute discretion determine.

In 2018, GLL and its wholly owned subsidiaries worked in direct Partnership with the following Councils and organisations delivering some of their public services including leisure centres, libraries, play centres and children centres:

- Allerdale Borough Council
- Bath and North East Somerset Council
- Belfast City Council
- Bridgend County Borough Council
- Cambridge City Council
- Cardiff City Council
- Carlisle City Council
- Chiltern District Council
- City of York
- Copeland Borough Council
- Cornwall Council
- Dudley Metropolitan Borough Council
- East Cambridge District Council
- Eden District Council
- Epsom and Ewell Borough Council
- Jubilee Halls Trust
- Greater London Assembly
- Guildmore Ltd
- Henley Town Council
- Lincolnshire County Council
- London Legacy Development Corporation
- London Borough of Barnet
- London Borough of Bromley
- London Borough of Camden
- London Borough of Croydon
- London Borough of Ealing
- London Borough of Lambeth
- London Borough of Hackney
- London Borough of Hammersmith & Fulham
- London Borough of Hillingdon
- London Borough of Islington
- London Borough of Merton
- London Borough of Tower Hamlets
- London Borough of Waltham Forest
- London Borough of Wandsworth
- London Playing Fields Foundation
- Manchester City Council

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

OBJECTIVES AND ACTIVITIES (continued)

- Manchester Metropolitan University
- Newcastle City Council
- North Kesteven District Council
- North Somerset Council
- Preston City Council
- Prestwood Sport and Leisure Association
- Reading Borough Council
- Reigate and Bansted Borough Council
- Royal Borough of Greenwich
- Royal Borough of Kensington & Chelsea
- Rugby Borough Council
- South Bucks District Council
- South Lakeland District Council
- South Oxfordshire District Council
- Swindon Borough Council
- Taunton Deane Borough Council
- Telford and Wrekin Borough Council
- University of Manchester
- Vale of White Horse District Council
- Welwyn and Hatfield Borough Council
- West Oxfordshire District Council
- Wythenshawe forum trust

This **partnership** approach with the various councils and organisations has been a key plank of our success. Each relationship is underpinned by a formal contract and each contract is subject to termination dates and possible tendering for renewal.

In addition, GLL worked in partnership with fellow social enterprises:

Freedom Leisure Limited in delivering the services of 6 public leisure centres in the South and South East for the following Councils:

- Guildford Borough Council
- Woking Borough Council

Halo Leisure Limited in delivering services in 8 leisure centres for Bridgend County Borough Council.

Outside of partnership arrangements, GLL holds and manages "stand alone" facilities including:

- Charlton Lido & Lifestyle Club
- Poplar Baths Leisure Centre and Gym
- Wembley Leisure Centre
- Barking Sporthouse & Gym (incorporating a Better Extreme Trampoline Park)
- Gosling Sports Park
- Sutton Sports Village
- 25 community health & fitness stand-alone facilities

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CORE PURPOSE

GLL's overarching aim is to deliver sustainable and affordable provision of facilities and services for the public benefit for recreational, sporting, cultural and other leisure time occupation in the interest of social welfare, healthy living and education.

GLL has adopted Four Pillars to frame our vision and mission:

1. **Service Excellence → "BETTER SERVICE"**
2. **Strong Business → "BETTER BUSINESS"**
3. **Motivated, Engaged and Well Trained Staff → "BETTER PEOPLE"**
4. **Social Impact → "BETTER COMMUNITIES"**

We seek to drive our business across all four of these objectives using a balanced scorecard to track our progress and ensuring our Charitable Objectives are continuously met.

Service Excellence → "BETTER SERVICE"

GLL aims to:

- Operate facilities that are accessible by all sections of the community save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities and services
- Provide a balanced programme and pricing of activities for sport, physical activities and cultural services.
- Deliver services and facilities that are consistently rated as excellent as well as utilise quality benchmarks such as Quest and the Customer Service Excellence Standard

Strong Business → "BETTER BUSINESS"

GLL aims to:

- Achieve stability and growth in our existing operations whilst developing new products and markets including our online portals
- Continue to improve efficiencies and effectiveness, making sure our available resources are maximised and put to best use
- Develop new business opportunities and partnerships where they can bring added value
- Continue to build on our existing partnerships for the long term
- Continue to invest into the leisure centre and library buildings
- Build our asset portfolio

Motivated, Engaged and Well Trained Staff → "BETTER PEOPLE"

GLL aims to:

- Train our staff well, pay our staff well and ensure they are engaged in the long term future and success of our business and our mission
- Work with employment agencies and Sector Skills Councils to provide long term career opportunities for local people within sport, leisure and cultural services
- Develop our staff through continuous professional development through our own industry accredited training college (the GLL College) and a suite of career-long academies and apprenticeships

Social Impact → "BETTER COMMUNITIES"

GLL aims to:

- Work with volunteers, clubs, national governing bodies, health & social service organisations to provide improved lifestyles, health and education for local communities
- Deliver across the environmental and sustainability agenda
- Promote the values that Social Enterprise can bring
- Promote the Olympic and Paralympic Games legacy agendas and ideals and to maximise the associated benefits
- Acknowledge and reward young individuals with sporting talent through the GLL Sport Foundation programme and associated partner schemes
- As a charitable organisation, GLL reinvests ALL surpluses into delivering our social aims

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CORE PURPOSE (continued)

Wider Partnerships

GLL works closely with or seeks to have a relationship with many other partners in addition to our local authority partners, these include:

- The London Mayors office, Greater London Assembly and the London Legacy Development Corporation (LLDC)
- Community Leisure UK (Formerly Sports and Recreation Trusts Association / Sporta)
- The Sector Skills Council, SkillsActive and the National Skills Academy
- Sport England
- Greenwich, Newham and Hackney Community Colleges
- Social Enterprise Coalition (SE UK)
- UK Active (FIA) and CIMPSA
- British Swimming / Swim England, Lawn Tennis Association (LTA), British Gymnastics, GB Basketball, British Basketball League, England Basketball, GB Handball, England Netball, Badminton England, Volleyball England, British Fencing, Squash England and other UK Sports Governing Bodies
- Middlesex University and the London Sport Institute (GLL Sport Foundation)
- Cooperatives UK

We aim to support local and central government initiatives that promote the development of services for the benefit of the wider community particularly in the areas of sport, health, culture and physical activity.

These aims and objectives are delivered through a range of strategies that are listed in GLL's annual and 5 year Corporate Plans. These plans are managed by the Executive Director team and reviewed by the Board.

STRATEGIC REPORT

ACHIEVEMENTS & PERFORMANCE

2018 was another challenging year across the public sector and despite the ongoing challenges, GLL can celebrate some notable successes highlighted below. It was also a year of transition as we implemented the first year of our new 5 year Corporate Strategy.

- Celebrated GLL's 25th anniversary and GLL Sport Foundation's 10th anniversary at the House of Lords with over 130 guests
- Launched our new 5 year plan "GLL2022" at the AGM outlining our new future ambitions and objectives.
- New 10 year partnership in Barnet launched on 1st January with a significant focus on health.
- New partnership with Manchester City Council commenced on 1st December covering 18 facilities including the national performance centres for cycling, basketball and squash.
- New 5 year community use partnership with the Royal Borough of Greenwich for Thomas Tallis School.
- In March we successfully launched our new 15 year partnership with the London Borough of Croydon which includes 7 facilities and outdoor parks.
- We mobilised a new 5 year partnership in April with the University of Manchester and Manchester Metropolitan University, for Sugden Sports Centre.
- In April we mobilised our new partnership with North Kesteven (Lincolnshire) that includes 3 facilities for a 10 year term.
- 12 year partnership with East Cambridgeshire Council commenced in May 2018 for 1 leisure centre.
- 5 year extension in London Borough of Merton which takes our contract through to 2030.
- 2 year extension with the Mayor of London for Crystal Palace National Sports Centre.
- 1 year extension of the Hackney Healthy Lifestyle Programme integrating weight management and exercise on referral programmes to July 2019.
- 6 month extension for Children's Centres in Royal Borough of Greenwich
- We merged with Finesse Leisure in May 2018 and mobilised 7 facilities across Welwyn Hatfield
- We opened the following new centres in 2018
 - Vauxhall Leisure Centre (Lambeth)
 - Morden Leisure Centre (Merton)
 - Sutcliffe Park Leisure Centre (Greenwich)
 - The Hive Leisure Centre (Ely)
 - Ive Farm outdoor leisure venue (Waltham Forest).

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL REVIEW

The results for the year 2018 (January 1st - December 31st) are set out within these consolidated financial statements.

Overall the total GLL Income Turnover grew by 7% in 2018 compared with 2017 to £299m.

The net trading surplus from operating activities was £2 million for the year representing a 0.6% margin (including non-charitable activities delivered through GLL (Trading) Ltd and Gosling Leisure Limited and all trading activities delivered by NCL over the period Jan to March 2018).

In 2018, whilst the public sector continues to face challenges, GLL embarked on a significant reorganisation programme. The cost of affecting this change over the year amounted to just over £2m. Such cost is recognised in the P&L. Other exceptional items recognised in the P&L include proceeds of £900k for the sale of parcel of land in Sutton and the write off of bad debts of £300k. Excluding these items, GLL would have declared a surplus of £2.7m (0.9% margin).

GLL forecast a continuing challenging environment. Clear strategies exist to continue to re-organise the business to improve the surplus margin over the next 5 years. 2019 is expected to generate a marginal surplus. Conservative long term forecast suggest that GLL will return to surplus levels of 3% margin within the next 4 years.

Cash inflows from trading remain significant and positive. In 2018, cash inflow from trading exceeded £10m. The cash inflow from trading is set to grow significantly over the coming years.

The net fund shown on the balance sheet have reverted to a positive position as the pension disclosures changed significantly in the year due to changes in economic factors used in the assumptions.

Please read note 28 to the accounts that explains the pension's disclosures. There is much debate by professionals about the accounting disclosures and the methodology used versus the actuarial method used by the actuaries when calculating the true position in the pension funds.

Risk Management

The Trustees recognise risk management as one of their key responsibilities. The Trustees are adopting a risk management policy from which they have identified potential risks, the likelihood of their occurrence and the potential costs involved. In addition they have identified current practices in place to mitigate the risk and further action that might be necessary to limit that risk. The Board receive quarterly financial information and sufficient commitments are made to cover known liabilities.

Reserves Policy and Social funds:

The Board has considered the risks and opportunities and reviewed the level of cash reserves which it deems prudent to maintain. The funds held are considered adequate for the coming year.

A strategy to increase the Company's cash reserves and asset portfolio over the coming years has been adopted by the Board to support investment plans and protect the organisation against future risks. GLL will evaluate all opportunities as they arise with an aim to build our asset portfolio over time.

At 31 December 2018, the group had accumulated cash balance and working capital of £17.4m.

The Society is in a relatively favourable cash flow position because we receive some of our income in advance of expenditure.

The Committee of Management recognise the need for a level of financial reserves that will:

1. Allow for planned investment and other similar purposes;
2. Allow for cyclical maintenance expenditure which the Society has an obligation to incur under various property leases; and
3. Shield the Society from the possibility of adverse unforeseen circumstances.

These unforeseen circumstances include a number of specific events that have been identified in the Society's Risk Register.

The Board consider the level of reserves to be appropriate for the Society to be able to deliver services to its beneficiaries.

The reserves of the Group and the Society at the period end were as follows:

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL REVIEW (continued)

Reserves Policy and Social funds (continued):

The Group held fund balances at 31 December 2018 of £9,693,496 (2017: £3,304,591) comprising £188,700 (2017: £414,779) of restricted funds and £37,896,446 (2017: £35,695,312) of unrestricted general funds, which are the Society's free reserves, and a pension reserve deficit of £28,434,000 (2017: £32,849,000). As explained elsewhere in the financial statements it should be noted however that this deficit will not crystallise within the foreseeable future and that the Society follows the advice of the pension schemes actuaries and makes contributions in accordance with the rates advised.

Social Bond Issue

As reported in the previous year's account, GLL with sustainable bank Triodos successfully raised £5 million of capital funds through a social bond issue in 2013. The bond expired in October 2018 but an offer to extend these investments was offered to all bond holders. At the year end, £2,644,700 bond investments were extended and the balance redeemed.

The three year bond extension pays 3% gross fixed interest per year.

As part of the bond issue and to provide comfort to investors, 2 financial covenants were put in place. We are pleased to report against these below:

Net Asset Covenant

The Bonds incorporates a Net Asset Covenant which is designed to ensure that the Bond liability is covered at least two times by the unrestricted net asset value of the Society. The rationale for the Net Asset Covenant is to provide comfort to Bondholders by ensuring that GLL retains sufficient ability to liquidate or re-finance its assets to repay the Bonds at any time if necessary.

As at the 31st December, the bond liability was covered 14 times by the unrestricted net asset value of the Society (excluding accounting pension's liabilities under FRS102, see pension note). This exceeds the covenant target.

Bond Interest Cover Covenant

The Bonds also include a Bond Interest Cover Covenant which is designed to ensure that the annual Bond interest payable is covered at least five times by available surpluses.

The surplus declared for 2018 covers the annual bond interest by 16 times and thus exceeds the covenant target.

SOCIAL IMPACT & PUBLIC BENEFIT

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

We have referred to the guidance in the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

GLL is the UK's largest leisure and cultural charitable social enterprise. We operate over 400 facilities with a diverse workforce of 14,000+. Our inherent social ethos, linked to our charitable objectives, ensures that accessibility, affordability and equality are at the heart of our community provision.

In 2018, GLL welcomed in excess of 54 million visits to our facilities across our wide range of activities.

GLL's Primary Activity

Increasing participation and modernising provision in sport, leisure and cultural activities are identified as the golden threads across all of GLL's divisions and services. GLL's ambition is for more people to engage with its services, more often. Increasing participation and improving services achieve outcomes which support all of GLL's four core Operating Pillars:

- **Better Communities:** Improving access to service, achieving social impact goals, reducing inequalities, promoting empowerment, integration, cohesion, health and wellbeing.
- **Better Business:** Income generation, achieving client targets, increasing investment in services and facilities.
- **Better People:** Creating new opportunities for employment, continuous professional development and job satisfaction. Encouraging staff to give back to their communities.
- **Better Service:** Engaging new users, retaining existing users; providing better value and increasing choice through varied programmes.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Social Objectives

GLL is a charitable social enterprise. GLL reinvests surpluses to improve the communities we serve, the lives of the people we employ and the facilities we operate. We strive to:

- enable opportunities and activities that promote physical health, mental health, wellbeing, personal development and inspire communities to be more active
- reduce inequalities, support diversity, remove barriers to participation, and provide choice for disadvantaged groups
- enable the sustainable delivery of projects and services that the community need and want
- provide support and a pathway for young talented athletes
- upskill local people and provide pathways to training and employment
- provide high quality services and facilities that benefit the local community

There are many ways in which GLL tangibly reinvests back into its communities. Here are examples:

- Concessionary pricing
- Volunteering programmes
- In kind support to individual, clubs and local community groups
- Club development
- GLL Sport Foundation
- Crowdfunding via GLL Community Foundation
- Facility improvements
- Workforce development
- Satellite community delivery programmes

GLL continues to strive to be the best at delivering social impact across all our partnerships. This social delivery is a key ethos of the organisation and a reflection of our commitment to the communities we serve. The following are examples of the initiatives we provide to engage target audiences and improve their health and wellbeing.

- Community programmes
- Diversity & Inclusion Steering Group
- Concessionary memberships and discount scheme
- Schools offer
- Vulnerable children and Carers support
- Healthwise health referral schemes
- 60+ Club Games
- This Girl Can programmes
- Promoting literacy and national reading events in our libraries

Achieving Better Communities

Through the promotion, provision and delivery of quality community services, GLL will empower the local communities in which we operate to achieve a better quality of life:

- Improve health and wellbeing by increasing participation
- Reduce inequalities and improve access by investing in services and facilities
- Nurture achievements and performance pathways through high quality services
- Promote learning and development within our services and in our staff

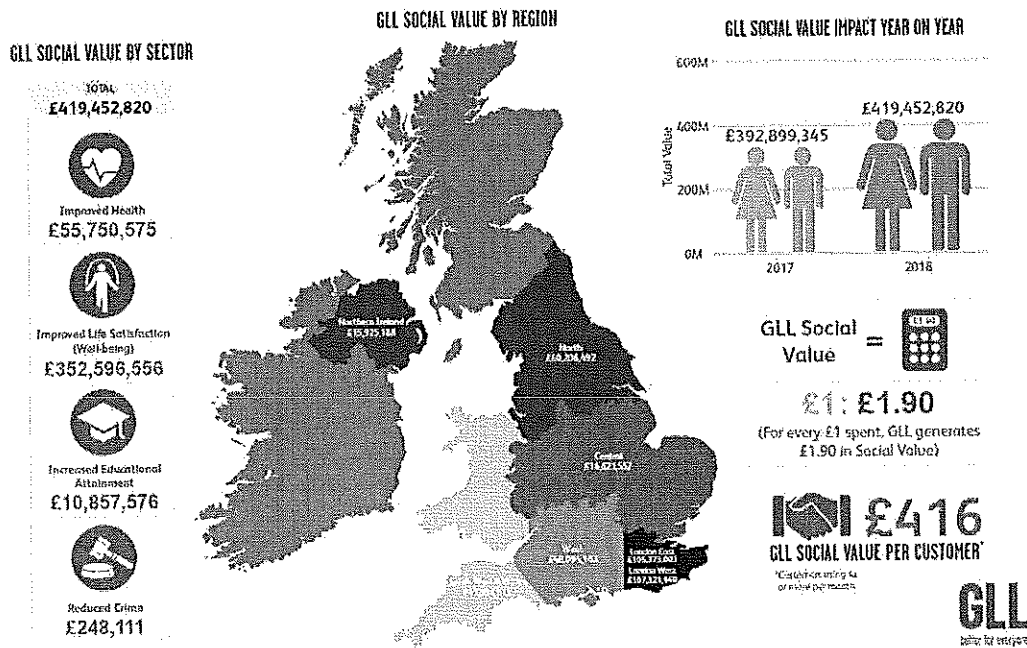
GLL is the UK's leading leisure charitable social enterprise and delivers social change/social value through reference to its charitable objectives. Our social mission is to make public leisure centres, libraries and children's centres available and accessible to all the community and thus make a positive impact on health and wellbeing.

Demonstrable social change is evident in the provision of local jobs; through support to talented athletes; facilitating access to community crowd funding programmes for local community groups; whilst the drive for increased participation through affordable and accessible offers has produced £419m in Social Value from more than 54 million visits.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
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SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL SOCIAL VALUE IMPACT (REGULAR PARTICIPATION IN ACTIVITIES & SPORT)



Use of the DataHub Social Value Calculator helps guide GLL's resource investment and helps us and our clients target inequalities in provision. Sport & Physical activity are widely recognised as generating social benefits to society and a relationship between sport, physical activity and four categories of Social Value impact can now be reliably evidenced:

- Improved health
- Reduced crime
- Increased educational attainment
- Improved life satisfaction or 'social wellbeing'

Every £1 spent by GLL returns £1.90 of social value against the four dimensions and results in a total of £416 of Social Value generated per participant. As a charitable social enterprise, GLL's Social Value (£419m) is just as important as its annual turnover (£299m) and it underpins our ethos and values as well as our Corporate Plan objectives.

Focussing on Social Value means valuing accessibility and affordability for customers – delivering more diverse services, more concessionary pricing and more subsidised activity :-

- 30% of GLL customers benefit from concessionary entry (removing a major barrier to participation)
- Specific demographic activities can be prioritised e.g. 'This Girl Can' & 'Over 55s programmes'
- Targeting harder to reach groups such as those from BAME communities and those from more socially deprived areas is also a priority.

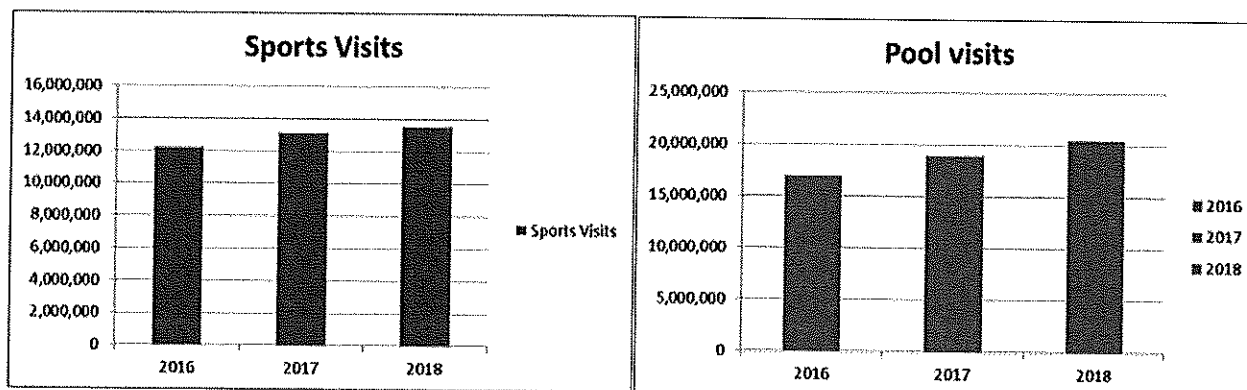
GLL have introduced a pioneering Inclusion and Diversity Forum that provides guidance on key barriers to participation across the spectrum.

- Improving accessibility in centres by addressing the Inclusive Fitness Initiative components of the Quest audit process and, in partnership with the Instructability rehabilitation programme has provided employment opportunities for people with a disability to train as personal trainers and instructors.
- There is a wide range of disability sport on offer - including swimming, climbing and tennis – supported by adaptations including 'Pool Pods'. GLL are engaged in new customer service strategies ensuring appropriate communication and marketing to this demographic.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
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SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL has challenged the trend of national physical inactivity and its associated costs. In 2018 GLL succeeded in getting more people, more active, more often with a total 54 million visits (up from 47m in 2017).



The Social Value Calculator helps GLL to evaluate this participation increase and to target inequality in some of the poorest postcode areas in partnership with our local authority and public health partners. Health inequalities such as CHD, Dementia, Diabetes and Obesity can be measured quantitatively by activity/demography/geography and the evidence base informs and enables performance measurement against goals for targeted interventions ensuring value-for-money investment.

GLL customers were also engaged in realising the difference they can make to their communities by choosing GLL as a leisure provider whose community and charitable investment is a tangible product of their participation. In 2018 GLL worked with over 80 different partners to increase participation and community engagement.

- Over £100k was directly raised by GLL for Cancer Research UK
- 101 swimming pools raised a further £278k for Cancer Research as part of Swimathon
- £576k pledged to 20 projects via the GLL Community Foundation

GLL Sport Foundation

The GLL Sport Foundation (GSF) supported 3,070 athletes creating £1.6 million of support value (£360,000 cash; £1,040,000 in kind) across 72 partnerships across England, Northern Ireland and Wales making it the largest independent athlete support programme in the UK. 93% of supported athletes receive no other central funding and 72% of supported athletes are aged under 21 proving we are supporting those that need it most to achieve their sporting potential.

Our supported athletes have given back to GLL and their communities with athletes attending a variety of events to inspire local people. 2018 saw a successful Commonwealth games on the Gold Coast with 19 medals won by GSF athletes. In 2018, GSF celebrated 10 years over the course of which GSF has provided over £9.2 million of support to over 8,000 individual athletes across the UK.

GLL Community Foundation

GLL's Community Foundation (GCF) was created to support and encourage local people to be active, learn and play together. It could be organising a sports tournament, improving a community library or creating a new play area in a local park. The aim is to help everyone in our local communities to be able to enjoy educational, sport and play activities. We want all members of the community to benefit from projects that improve health and wellbeing. In 2018 the GLL Community Foundation supported 20 projects pledging £24,700 in cash, £9,200 in in-kind support and supported projects to raise £576,132.

The GLL Community Foundation is also a finalist in the Community Leisure UK Awards 2019 in the Innovation Category.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL Community Foundation - continued

Here are two examples of projects that the GLL Community Foundation supported in 2018:

West Oxfordshire Wheelchair Dance group (WOWD)

The West Oxfordshire Wheelchair Dance Club (WOWD) is based at GLL's Windrush Leisure Centre and runs a weekly meet-up for wheelchair users to take part in dance sessions. They also competed at the National Para Dance Championships and in 2017 they took 5 dancers who won 3 Golds, one Silver and a Bronze medal. In 2018 they took 11 dancers with the aim to increase their medal haul.

WOWD raised £3,721 to buy 2 new specialists dance chairs that can be used at club sessions enabling more people to take part and contribute towards travel and accommodation for the National Para Dance Championships in October. Alongside this they want to increase the number of people taking part in regular sessions that their club and are aiming to increase number to 25+ individuals. Wheelchair Dance is a great way to encourage people with limited mobility to keep fit and boost self-confidence. As well as being an avenue to meet others in similar situations, a great sense of achievement is felt when they win medals at events like the National Championships.

GCF provided £200 in cash and £200 of in-kind support which was given in the form of facility hire for their quiz night fundraiser at Windrush Leisure Centre which staff supported with the quiz. A free 6 month membership was also donated as a prize for the event.

The club returned from the National Para Dance Championships in 2018 with 5 Golds, 3 Silvers and 1 Bronze medal. They have continued to work with their Community Sports Manager (CSM) who has supported them to expand their club sessions into three more GLL centres in Oxfordshire providing more opportunities for disabled people to take part in Wheelchair Dance.

Mill Hill East Community Garden (Barnet)

The Mill Hill East Community Garden project in Barnet is transforming an empty and unloved space into a vibrant community garden. Mill Hill East Church and Community Centre runs a Café and many community activities, including various children's and youth programmes. These vary from providing free activities targeted at families who don't have easy access to other provision due to disadvantages, through to weekly mums and toddler groups and holiday clubs. They also run programmes and activities for seniors targeting those isolated and lonely within the local area.

GCF provided them with £2,000 towards the project and in-kind funding of £200 towards staff time. GLL's Community Sports Manager Jalpa Assani worked with the group to agree the in-kind support and facilitate the links with Barnet Copthall Leisure Centre which is a 10 minute walk from the garden. This will include staff attending coffee mornings to promote GLL programmes, running two taster sessions and providing 15 free Day Passes. The garden will be complete in the summer of 2019.

GLL provides employment for over 14,000 people. In 2015, we achieved the Investors in People Silver award which we retained in 2018. Investors in People said: "In the last year there has been some excellent work to ensure that HR practices and infrastructure keep up with organisational growth. The CoreHR system, regionalisation of HR, revamped job chats and Manager's Academy have all been successfully launched as planned and will all help to build capacity".

Location

We aim to place employees in facilities near to where they live. Many of our facilities are in some of the most deprived areas in the UK. We believe that giving employment to those who live locally brings greater wealth and social cohesion to those locations. Within our more deprived areas, 53% of staff live within 5 miles of their workplace.

Olympic Legacy

Olympic Legacy is a key initiative for GLL and we operate two venues on the Queen Elizabeth Olympic Park. With our strong relationship with the LLDC (London Legacy Development Corporation), we are continuously looking at further initiatives to bring even more people from the surrounding areas into employment on the Park and the wider East London region which has traditionally been very deprived. During 2018, there were 323 people working for GLL on the Park, 16 of which were new appointments. We issue regular job updates to local employment brokers across London including Jobcentre Plus, Dagenham Job Shop, London Borough of Barking & Dagenham's employment broker, GLLaB (Royal Borough of Greenwich), Ways into Work (London Borough of Hackney), Workplace (London Borough of Newham), Skillsmatch (London Borough of Tower Hamlets) and the London Legacy Development Corporation. Our community sport teams are also encouraged to build relationships with local schools, colleges and universities for routes into employment with GLL be that via work experience, entry-level jobs, the graduate scheme or apprenticeships.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
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SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Local and national partnerships

We recognise that different local communities often have specific characteristics and challenges. We work closely with agencies/groups with local or specialist knowledge that provide direct access to those we are trying to reach. Underpinning GLL's entry-level recruitment strategy is our partnership with Jobcentre Plus (JCP), the Northern Ireland Jobcentre and our partnerships with employment brokers as mentioned above. All of our entry-level vacancies are advertised across the entire job centre network. We also partake in local employability schemes as detailed below.

We partnered with Employability East in Northern Ireland to offer employment skills and training to people from areas of social deprivation in East Belfast. Participants came from a range of backgrounds including being homeless, having low educational attainment and long-term unemployment. They attended a five-week intensive training programme covering lifeguard, swimming teacher, fitness instructor and leadership qualifications. The group, consisting of 14 people, gained 17 qualifications between them. Four participants are now members of staff with GLL in Belfast.

In partnership with Hackney Council, the Hackney 100 scheme gives young residents 70-hour work placements giving them a valuable work experience and an introduction into a number of sectors. In 2018, we offered two placements, with one becoming a Customer Service Advisor in one of our largest leisure centres.

Socio-demographics

Our social ethos and charitable objectives ensure accessibility, equality and opportunity for all. As such we are an Equal Opportunities Employer with a commitment to bringing employment to those who may otherwise be overlooked, feel marginalised or not see a career in leisure or cultural services, or indeed any career, as within their grasp. We aim for best practice and accreditation where possible.

We also aim to offer long-term career development and progression by way of career pathways for current employees as well as our Trainee Management Graduate programme which fast-tracks talented graduates to management positions. For current staff we offer academies; intensive training schemes incorporating a blended learning approach for aspiring managers and supervisors and leaders to give them the skills, knowledge and accredited qualifications for career advancement and development. This is done alongside their job role but with time off for study. 53 people joined our Managers Academy in 2018 and 7 were promoted that same year following earlier academies. Continuous improvement and development happens at all levels of our business. In 2018, we launched our Strategic Leaders Academy which saw 102 of our most senior people undertake learning to improve their leadership skills and styles.

Included in our wider recruitment remit are specific groups that we reach out to: BME, Women, Older People, Disability/Learning Difficulties, Graduates and NEETs.

BME

Policy Exchange, the UK's leading think tank, claimed the UK's BME population in 2014 to be at 14%. The ONS states unemployment amongst the BME community at 13.9% for those aged 16+. GLL has bucked this trend and hires more people from BME backgrounds than is the ratio for the UK population as a whole. We are continuing to reach out to BAME groups through specific initiatives within Partnerships with large BME populations. In 2018, in London, 35% of GLL's workforce came from a BME background, with almost 22% of our total UK workforce coming from BME backgrounds.

Gender

GLL has been seeking to redress the balance of a male-dominated leisure industry by making our environment, recruitment attraction, behaviours and customer attraction more female-friendly. Sport England's 'This Girl Can' campaign has helped make leisure and sporting environments more accessible and less intimidating places for women and girls. We place more women into facilities where 'women only' fitness sessions are held for religious or cultural reasons in order to make these sessions more accessible to our customer base. Flexible working patterns and casual hours have been an effective and attractive offer for mothers returning to work and we are continuing to see an increase in the number of females that we hire across the business. Women make up over 56% of our workforce with over 37% holding management positions – this has gone some way to producing our positive gender pay gap report which saw many of our traditionally female-held roles on some of our highest hourly pay rates. Our summer lifeguard recruitment campaign that was partly targeted at women who are underrepresented in this field attracted 30% female recruits. We believe that by attracting more women into entry-level roles, the gender split at a senior level will become more equal in future years. Our academies also aim to give more females the confidence to achieve more in the workplace. 14 participants of our Leaders Academy in 2018 were female.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Older People

We are proud to have a workforce that spans the generations and believe that keeping physically and mentally active can lead to a healthier lifestyle during advancing years as well as providing valuable experience and role model examples to our younger workforce. Over 600 staff were aged 60 or over (an increase of 25 on the previous year) and many were still in physically active roles such as Lifeguard/Recreation Assistant (122 people), Customer Service Advisor (70) and Swimming Teacher (63).

Our team in South Bucks participated in the 'Active Bucks' scheme in 2018 in which over 250 previously inactive residents vowed to get active. Although this wasn't an employability scheme, it inspired one resident in his 60s to undertake a career in fitness with us.

In Swindon, we ran the successful Generation Gains project, an intergenerational programme aimed at improving health and loneliness by training NEETS via traineeships and apprenticeships to deliver exercise and other social cohesion programmes to older people.

Disability/Learning Difficulties

GLL became a Disability Confident Employer in 2017 having been 'Two Tick' accredited for many years beforehand. We retained this accreditation throughout 2018 recognising employers who have taken action to meet certain criteria regarding the employment, retention, training and career development of disabled employees. From the available data, in 2018, we employed 361 people with disabilities, 81 more than in 2017.

Disabled people are underrepresented in the workforce and leisure in general. We know that people with disabilities are less likely to have formal qualifications and more likely to be unemployed. GLL has delivered targeted employment programmes alongside partners who have specialist knowledge and access to disabled people.

We work with National Star College, a leading provider of employment services to the disabled, to not only advise us of reasonable adjustments needed for any disabled member of staff, but also to offer a work experience programme called Steps into Work for 16-25 year olds. In 2017/18 we took 14 participants with learning disabilities through work experience placements one of whom has gained employment with us, another is volunteering for extra work experience and one more is applying to be an apprentice. They gain life skills, such as improved communication and the ability to use public transport to get to work. Soft skills that are vital in the workplace such as reliability, punctuality and a better understanding of social norms and acceptable behaviour at work are also developed. Following the programme, all students are guaranteed an interview with GLL.

There are also many local schemes that happened in 2018. We worked with Mencap in Barnet to train a student with learning disabilities to be a Recreation Assistant who was consequently offered work with us. In Bath we hosted a student from Project Search which helps to develop employability skills for those with learning difficulties.

We run Instructability courses in partnership with Aspire that supports disabled people with getting funded qualifications, volunteering opportunities and employability; there were 10 participants all of whom gained Level 2 Fitness Instructor qualifications. Hillingdon, Hackney, Lambeth and Barnet have all offered volunteer placements with one participant being offered work in Kensington Leisure Centre. We also employ a Fitness Instructor in Epsom & Ewell from this scheme.

Our team in Belfast committed to being part of the JAM Card scheme where 34 staff attended disability awareness training and a further eight staff undertook a 'Train the Trainer' programme allowing them to deliver the awareness training to our staff throughout Belfast. On the back of this scheme, we have had one person with learning disabilities do a work placement which resulted in them being offered a fixed-hours contract with us.

Steps into Work is a 12-month scheme in Hackney that offers people with mild to moderate learning disabilities and those on the autism spectrum the chance to gain skills and work experience. In 2018, five placements happened in Hackney leisure centres, one was offered volunteer opportunities and another now works for us as a Customer Service Advisor.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
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SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Graduates

GLL have supported the employment of graduates for over 20 years with our graduate Trainee Management (TM) scheme. We've recruited over 229 people via the TM scheme since its inception. It's a fast-track into management and offers two years of experience in core roles within GLL as well as offering training, qualifications and a salary. In 2018, there were 56 TMs on the scheme, 10 more than the previous year. We also open the scheme to current employees who may not have a degree, but do have some leisure experience and the skills and ambition to get ahead. 31 of 2018's TMs were internal staff members. Many of our Trainee Managers are now working in senior management positions, with the rest working in lower-middle management positions for GLL therefore fulfilling our long-term working relationship aim.

NEETs

GLL is committed to offering employment opportunities into our entry-level positions to those who struggle to find employment due to a lack of work experience and/or qualifications. As well as general work experience and attendance at careers days across the country, many local initiatives happen. Our team in Bath worked on numerous community employment initiatives in 2018 including work experience and careers days at local schools, mock interviews and work experience as well as working with Bath Rugby Foundation's Hitz Group that works with NEETs specifically.

Our main routes to employment for NEETs are via our apprenticeship scheme:

GLL Apprentice Scheme

GLL delivers our established apprenticeship programme under the following specialisms: Recreation Assistant, Multi skilled, Tennis, Fitness Instructor and Customer Service. Following a training period, apprentices combine 12 months of study alongside work for which they are paid a salary for the role that they are doing and not the reduced apprenticeship rate. In 2018, GLL recruited 140 new apprentices alongside the 126 already on the scheme. 87.5% of all apprentices who completed the scheme in 2018 secured permanent jobs with GLL.

Current Employees

We take our commitment to current employees very seriously and their well-being, training and development remain an area of focus for the business. In 2018, 1,104 staff gained new qualifications, 1,186 staff renewed existing qualifications and nearly 4,000 staff undertook various forms of in-house training and development. The introduction of e-learning saw 1,831 online modules being completed by staff. 2018 also saw us launch the Aspiring Managers Academy that saw 26 members of existing staff undertake an internal apprenticeship development programme in Team Leader Supervisor Standard.

Social and team bonding events are a key fixture of the GLL year and have a direct impact on employees building strong working relationships. In 2018, nearly 2,800 workers attended our UK-wide annual staff communications days and 1,300 staff got involved with a wide range of extra-curricular social events including our 25th anniversary celebrations where we recognised 27 staff who have been working with us from our inception in 1993. We also trained almost 3,000 staff to be Dementia Friends at these events.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL's "Green Agenda"

GLL takes its responsibility about the environment very seriously. To this aim, each year we strive to reduce energy consumption and our impact on the environment through investment into proven and new technologies and the adoption of best practices.

As a leading social enterprise, GLL have an active role in the challenge against climate change and we know how important it is to work with our partners to manage our impact on the environment.

Energy and water are vital for the delivery of our services and represent a significant proportion of our operating costs. Climate change, potential water shortages and rapidly rising energy costs make it even more important for us to increase our sustainability through controlling resource consumption and reducing waste.

In 2018, GLL continued our work on key environmental objectives through the delivery of our Strategic Action Plan as well as the corporate plan. The key principles of reducing carbon emissions and energy use remain core agenda items. Other actions completed in 2018 included:

- CRC Annual report completed in line with statutory requirements.
- Successfully certified 11 GLL premises over 3 partnerships to the updated Environmental Standard ISO14001:2015
- Delivery of numerous energy capital investments across the business.
- GLL now generates renewable energy from 51 sources, including 39 Solar Panel installations. Renewable generation in 2018 totalled over 15.5m kWh.
- 41 CHP units were active in 2018, using natural gas to generate low carbon heat and over 14.1m kWh of electricity and over 24m kWh of heat locally for premises.
- Electricity generation from Low Carbon and Renewable sources has helped reduce GLL's carbon footprint and lowers the amount of electricity and gas consumed via the National Grid.
- Tender process completed for all of GLL's water supplies in order to find a preferred water retailer. The process will reduce water and administration costs for GLL and working with procurement partners LASER all of GLL's utility data and billing information will be located in one accessible place.
- Energy Champion training was reviewed and relaunched with a number of sessions being completed across the North Regions with further session planned in other Regions for early 2019.
- An audit of pool temperatures was completed to review environmental practices across GLL and to review and issue new guidance for staff.

Waste and Recycling

Grundon Waste Services and their regional partners along with 1st Waste collected general waste and recycling from 177 GLL Leisure Centres, Better Gyms and Libraries under centrally controlled contracts. The key objectives and achievements under the GLL Waste and Recycling Policy in 2018 are below:

- Achieved zero waste to landfill by the end of 2018 (within Grundon Contract)
- 30.9% recycling rate by weight achieved in 2018 across GLL estate
- 40% exceeded in both West & North Regions (44.8% & 41.5% respectively)
- Long term goal to increase recycling to 50% by the end of 2020
- Total of 1673 tonnes of waste collected under the centrally managed contracts
- Over 510 tonnes of recycled material collected
- An estimated total of 1000 tonnes of recycling achieved across GLL

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
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SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL GREEN – Continuous Investment

GLL continues to invest. For example:

- 120kW replacement CHP unit installed at Bath SC as part of a facility wide investment that included boiler replacements and LED lighting throughout refurbished areas.
- New gas 200kW turbine CHP installed at Swindon Link providing low carbon heat and power under a power purchase agreement.
- Spend to save projects in West Oxfordshire including air handling upgrades, BMS controls, low energy lighting, water controls & water recycling and pool cover replacement
- Poolside AHU replacement at Swindon Link
- Feasibility studies and final reports have been produced for Community Solar projects at Thamesmere LC and Coldharbour LC. GLL will agree a power purchase agreement with the Community Solar Company giving the local community a renewable energy asset and a return on investments in other community projects in South East London.
- Water and energy saving showers have been piloted in the West Region showing large reductions in water usage and plans to roll out across further premises.

Other investments highlighted for 2019 include:

- A BEMS (Building Energy Management System) Bureau is being implemented across 50 of GLL's largest energy consuming facilities. With a dedicated Bureau manager reviewing the operational parameters at each facility and identifying changes that can be made to improve operational efficiency and target a 5% reduction in energy usage over 2019.
- Delivery of a number of capital projects identified in the budget building process, primarily 20 LED replacement installations across GLL regions
- 3 new CHP units planned for Cornwall.
- Review of potential Solar PV installations in GLL owned premises.

Energy use in like for like centres year on year

In 2018 the utility consumption in like for like centres showed the following results against 2017:

- Gas consumption reduced by 1.05% overall, saving of 2.9m kWh.
- Electricity consumption decreased by over 1.8m kWh (-1.75%)
- Both Gas and Electricity showed positive reductions on previous years however we were below GLL's target of a 2% reduction.
- Absolute Carbon Emissions increased in 2018 due to the additional size of the organisation. However in like for like premises Carbon Emissions reduced by 1.4% on 2017.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2018**

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Carbon Efficiency & organisational changes

2018 brought the addition of a number new Leisure facilities and therefore not like for like from one year to the next. It is therefore necessary to measure the carbon efficiency against a growth parameter. In this case, we have opted to measure against income turnover.

	2014	2015	2016	2017	2018
Total Carbon Footprint (tCO ₂ e)	57,000	69,739	82,144	78,577	81,321
GLL Turnover £1000's	£133,357	£163,358	£226,217	£245,967	£276,449
Carbon Efficiency tCO ₂ e/£m Turnover	427.4	426.9	363.1	319.5	249.2
Cumulative Change %	-15.77	-15.88	-28.45	-37.05	-42.03

* Figures taken from GLL CRC Annual report 2018 (Covering 2017/18)

** Drop in Emissions due to reduction in grid emissions factors and increased Electricity produced from CHP which has a lower emissions factor and gas consumption is exempt.

As the table above shows, although GLL's total Carbon footprint reported under CRC Legislation has increased in the last 5 years by approximately 42%, in 2018 the total remains similar to the previous 3 years. This is caused by several factors including increased efficiencies at the premises, revision of carbon conversion factors for electricity and also an increased use of CHP across the estate reducing GLL's reliance on grid electricity.

GLL's turnover has doubled over the same period equating to a more than 40% reduction in the amount of Carbon GLL emits per £1m of trading income turnover.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

In July 2018, GLL registered a CRC Annual footprint of 81,321 tCO₂e in year 8 of the scheme (2017/18) which was the fifth year of Phase 2.

The allowance cost for GLL was around £1.35m showing the significant financial impact of the scheme.

The CRC Scheme will be coming to an end in March 2019 and final reporting and the surrender of allowances will take place between July and October 2019.

New legislation to replace the scheme has been announced by HM Government under the Companies (Directors Report) and Limited Liability Partnerships (Energy & Carbon Reporting) Regulations 2018. GLL is committed to complying with the new Regulations as they come into force and will review the Streamlined Energy & Carbon Reporting (SECR) Guidance in 2019.

Awards and Recognition

GLL continues to hold ISO14001:2015 with external audits and certification to the updated version was completed in June 2018.



REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

LOOKING TO THE FUTURE and DELIVERING OUR AMBITION

As a charitable social enterprise, GLL's social responsibility is central to each part of our business.

Everything we do is designed to 'add value' and improve the lives and health of the communities we serve. It is important for us therefore that the public understand the difference between GLL and some other types of providers and we will work hard to demonstrate this difference in all we do.

Our vision is to be recognised as:

- a. Leading service provider in the Sector
- b. Partner of choice for our Clients
- c. Provider of choice for our customers
- d. Robust and successful charitable business with a secure long term future
- e. Social Enterprise exemplar
- f. Staff Owned organisation that is an employer of choice for our employees

We will continue to work tirelessly to promote and protect the reputation and standards of genuine charitable and social organisations within our sector and co-operatively work with others on this agenda.

In 2018 GLL launched its new 5 corporate year plan "GLL2022" which captured our short to medium term ambition. Looking forward to 2022, we will set a future business course that:

- Embraces fast-moving technologies to enhance our customer services
- Reengineer our core business structures to achieve efficiency and innovation
- Encourage a more productive, motivated and valued workforce
- Champion our national community & social programmes
- Delivers long term business strength and competitiveness

Looking forward we currently forecast continued changes in market-conditions, pressure on public funding for leisure services, increased competitive markets and a business need to deliver better customer experiences. Our plan will therefore see a series of work tasks in 2019 that will focus on increasing revenues, cost efficiencies and improvement to our customer experience.

Our focus on customer experience will include the importance of promoting our values, developing our people and reviewing our delivery structures. This will make GLL stronger, more efficient, more resilient and more competitive. However, we will not cease our business development as excellent opportunities still exist.

GLL will look to 2019 to secure new partnership contacts in key areas including the London Borough of Kensington and Chelsea, London Borough of Hammersmith & Fulham, and Chiltern District Council. New facilities will also be opened in The London Borough of Merton, City of Cambridge, York City and Cornwall Council.

Further strategic moves continue to be explored with other social enterprises to strengthen our presence and delivery across UK regions.

We will continue to look at innovation and new products within our sector and services to improve the efficiency, effectiveness and accessibility of our offer. This will be increasingly important as we face continued economic pressure on customer spend and local authority funding for public services.

2019 will feature multiple work streams across all of our "four business pillars" to ensure that we are truly Stronger, Leaner, Better for the future.

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

FUNDRAISING

GLL do not use professional fundraisers in order to raise funds and do not do fundraising activity to further our objectives. All of our income is derived from main sources being sales for use and management fees. We do get some grants however this is not fundraising. GLL also receive sponsorship from corporate suppliers to support GLL foundations but again this is not deemed to be fundraising.

STATEMENT OF COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES

The Committee of Management are responsible for preparing the Report of the Committee of Management incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I.).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Committee of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Committee of Management are aware at the time of approving the Report of the Committee of Management, there is no relevant information (as defined by the Co-operative and Community Benefit Societies Act 2014) of which the Society's auditors are unaware, and each committee member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any audit information and to establish that the Society's auditors are aware of that information.

Committee of Management report, incorporating a strategic report, approved by order of the committee members, on 23 May 2019 and signed on the Committee of Management's behalf by:



J M Sesnan – Committee Member



G Kirk – Committee Member

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GREENWICH LEISURE LIMITED**

Opinion

We have audited the Group and the Society financial statements of Greenwich Leisure Limited for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Society Balance Sheet, Consolidated 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, including FRS 102 the financial reporting standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society 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 committee of management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society'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 committee of management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GREENWICH LEISURE LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the committee of management

As explained more fully in the committee of management's responsibilities statement set out on page 22, the committee of management is 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 it determines 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 committee of management is responsible for assessing the society'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 committee of management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society'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
ME10 4AE

Date : 23 May 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2018

Notes	31.12.18 Unrestricted Funds	31.12.18 Restricted Funds	31.12.18 FRS 102 s.28 Adjustment Unrestricted	31.12.18 Total Funds	31.12.17 Unrestricted Funds	31.12.17 Restricted Funds	31.12.17 FRS 102 s.28 Adjustment Unrestricted	31.12.17 Total Funds
	£	£	£	£	As Restated £	As Restated £	As Restated £	As Restated £
INCOME								
Donations and legacies	779,292	-	-	779,292	-	-	-	-
Income from charitable activities								
Operation of leisure, recreation sites and health activities	293,834,284	166,734	-	294,001,018	271,836,917	786,652	-	272,623,569
Income from other trading activities								
Commercial trading operations	4,054,186	-	-	4,054,186	4,225,114	-	-	4,225,114
Investment income	57,876	-	-	57,876	202,321	-	-	202,321
Total income	298,725,638	166,734	-	298,892,372	276,264,352	786,652	-	277,051,004
EXPENDITURE ON								
Costs of raising funds								
Investment management costs	60,825	-	-	60,825	37,147	-	-	37,147
Commercial trading operations	4,013,801	-	-	4,013,801	4,231,166	-	-	4,231,166
Charitable activities								
Operation of leisure, recreation sites and health activities	292,242,095	371,313	3,194,000	295,807,408	270,156,409	862,482	2,759,000	273,777,891
Losses on settlements	-	-	-	-	-	-	(2,511,000)	(2,511,000)
Other expenditure	207,783	21,500	-	229,283	261,407	25,800	-	287,207
Total expenditure	296,524,504	392,813	3,194,000	300,111,317	274,686,129	888,282	248,000	275,822,411
Net income/(expenditure) for the year before other recognised gains and losses	2,201,134	(226,079)	(3,194,000)	(1,218,945)	1,578,223	(101,630)	(248,000)	1,228,593

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2018

Notes	31.12.18 Unrestricted Funds	31.12.18 Restricted Funds	31.12.18 FRS 102 s.28 Adjustment Unrestricted	31.12.18 Total Funds	31.12.17 Unrestricted Funds	31.12.17 Restricted Funds	31.12.17 FRS 102 s.28 Adjustment Unrestricted	31.12.17 Total Funds
	£	£	£	£	£	£	£	£
Net income/(expenditure) for the year before other recognised gains and losses	2,201,134	(226,079)	(3,194,000)	(1,218,945)	1,578,223	(101,630)	(248,000)	1,228,593
Transfers between funds	31	-	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	28	-	9,221,000	9,221,000	-	-	6,251,000	6,251,000
Pass-through agreement movement	28	-	(1,612,000)	(1,612,000)	-	-	873,000	873,000
Net movement in funds	2,201,134	(226,079)	4,415,000	6,390,055	1,578,223	(101,630)	6,876,000	8,352,593
Shares issued	32	6,250	-	6,250	5,975	-	-	5,975
Shares cancelled	32	(7,400)	-	(7,400)	(4,900)	-	-	(4,900)
RECONCILIATION OF FUNDS								
Total funds brought forward	35,738,812	414,779	(32,849,000)	3,304,591	34,159,514	516,409	(39,725,000)	(5,049,077)
TOTAL FUNDS CARRIED FORWARD	37,938,796	188,700	(28,434,000)	9,693,496	35,738,812	414,779	(32,849,000)	3,304,591

The consolidated statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure arises from acquired and continuing activities.

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2018

		31.12.18 Total Funds £	31.12.18 Total Funds £	31.12.17 Total Funds As Restated £	31.12.17 Total Funds As Restated £
	Notes				
FIXED ASSETS					
Intangible assets	17		215,715		325,833
Tangible assets	18		61,412,441		56,412,858
Investments	19		12		12
Investment property	20		<u>1,106,514</u>		<u>1,003,090</u>
			62,734,682		57,741,793
CURRENT ASSETS					
Stocks	21	630,791		504,625	
Debtors: amounts falling due within one year	22	36,765,977		38,607,219	
Debtors: amounts falling after more than one year	22	5,712,145		6,908,622	
Cash at bank and in hand		<u>17,372,425</u>		<u>22,725,435</u>	
		60,481,338		68,745,901	
CREDITORS					
Amounts falling due within one year	23	<u>(64,678,896)</u>		<u>(69,667,876)</u>	
NET CURRENT ASSETS			<u>(4,197,558)</u>		<u>(921,975)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			58,537,124		56,819,818
CREDITORS					
Amounts falling due after more than one year	24		<u>(20,409,628)</u>		<u>(20,666,227)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>38,127,496</u>		<u>36,153,591</u>
PENSION LIABILITY	28		28,434,000		32,849,000
FUNDS					
Unrestricted funds		8,895,301		2,450,831	
Designated funds		<u>567,145</u>		<u>395,481</u>	
Total unrestricted funds			9,462,446		2,846,312
Restricted funds			188,700		414,779
Share capital	30		<u>42,350</u>		<u>43,500</u>
TOTAL FUNDS	31		<u>9,693,496</u>		<u>3,304,591</u>
TOTAL FUNDS EXCLUDING PENSION LIABILITY			<u>38,127,496</u>		<u>36,153,591</u>

The financial statements were approved by the Committee of Management on 23 May 2019 and were signed on its behalf by:


J M Sesnan – Committee Member
Society Registered Number: IP27793R


G Kirk – Committee Member


P Donnay – Secretary

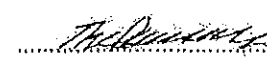
The notes form part of these financial statements

GREENWICH LEISURE LIMITED

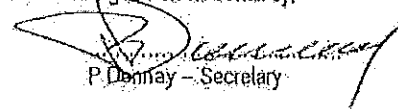
**SOCIETY BALANCE SHEET
AT 31 DECEMBER 2018**

		31.12.18 Total Funds £	31.12.18 Total Funds £	31.12.17 Total Funds As Restated £	31.12.17 Total Funds As Restated £
	Notes				
FIXED ASSETS					
Intangible assets	17		215,715		325,833
Tangible assets	18		57,914,335		52,893,101
Investments	19		3,661,018		3,669,885
Investment property	20		<u>1,106,514</u>		<u>1,003,090</u>
			62,897,582		57,891,909
CURRENT ASSETS					
Stocks	21	630,791		504,625	
Debtors: amounts falling due within one year	22	36,765,977		38,609,920	
Debtors: amounts falling due after more than one year	22	5,712,145		6,908,622	
Cash at bank and in hand		<u>17,293,956</u>		<u>22,725,435</u>	
		60,402,869		68,748,602	
CREDITORS					
Amounts falling due within one year	23	<u>(64,658,461)</u>		<u>(69,758,888)</u>	
NET CURRENT ASSETS			<u>(4,255,592)</u>		<u>(1,010,286)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			58,641,990		56,881,623
CREDITORS					
Amounts falling due after more than one year	24		<u>(20,409,628)</u>		<u>(20,666,227)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>38,232,362</u>		<u>36,215,396</u>
PENSION LIABILITY	28		28,057,000		31,746,000
FUNDS					
Unrestricted funds		9,377,167		3,615,635	
Designated funds		<u>567,145</u>		<u>395,482</u>	
Total unrestricted funds			9,944,312		4,011,117
Restricted funds			188,700		414,779
Share capital	30		<u>42,350</u>		<u>43,500</u>
TOTAL FUNDS	31		<u>10,175,362</u>		<u>4,469,396</u>
TOTAL FUNDS EXCLUDING PENSION LIABILITY			<u>38,232,362</u>		<u>36,215,396</u>

The financial statements were approved by the Committee of Management on 23 May 2019 and were signed on its behalf by:


J M Sesnan – Committee Member
Society Registered Number: IP27793R


G Kirk – Committee Member


P Donnan – Secretary

The notes form part of these financial statements

GREENWICH LEISURE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities	1	<u>13,636,501</u>	<u>9,782,837</u>
Cash flows from investing activities			
Interest		(534,393)	(643,153)
Rent		(33,726)	122,547
Sale of fixed assets		146,348	679,345
Purchase of investments		(270,410)	(4,568)
Disposal of investments		(8,867)	202,346
Sale of investment property		1,149,618	-
Purchase of tangible fixed assets		(14,234,238)	(8,027,390)
Cash used on investing activities		<u>(13,785,668)</u>	<u>(7,670,873)</u>
Cash flows from financing activities			
Repayment of borrowing		(14,952,693)	(984,916)
New loans issued		9,750,000	-
Share issue		6,250	5,975
Shares cancelled		(7,400)	(4,900)
Cash used in financing activities		<u>(5,203,843)</u>	<u>(983,841)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(5,353,010)</u>	<u>1,128,123</u>
Cash and cash equivalents at the beginning of the year		22,725,435	21,597,312
Total cash and cash equivalents at the end of the year		<u>17,372,425</u>	<u>22,725,435</u>

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

1. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.18	31.12.17
	£	£
Net (outgoing)/incoming resources before other recognised gains and losses	(1,218,945)	794,593
Amortisation of goodwill	110,118	97,739
Depreciation charges	9,035,603	8,120,313
Deficit on disposal of fixed assets	52,704	45,516
Surplus on disposal of investment property	(973,764)	-
Interest received	(30,777)	(42,627)
Interest paid	565,170	685,780
Rents received	(27,099)	(159,694)
Rental expenses paid	60,825	37,147
(Increase)/decrease in stocks	(126,166)	16,128
Decrease/(increase) in debtors	3,037,719	(8,132,128)
(Decrease)/Increase in creditors	(42,887)	7,638,070
Interest cost on defined benefit pension scheme	986,000	1,162,000
Expected return on defined benefit pension scheme	-	(2,511,000)
Administrative expenses	77,000	72,000
Difference between pension charge and cash contributions	<u>2,131,000</u>	<u>1,959,000</u>
Net cash inflow from operating activities	<u><u>13,636,501</u></u>	<u><u>9,782,837</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Society status

GLL is a registered Society limited by shares under the Co-operative and Community Benefit Societies Act 2014 and is incorporated in the United Kingdom. The address of the registered office is given in the society information on page 1 of these financial statements.

The presentation currency of the financial statements is the Pound Sterling (£).

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 September 2015) and the Co-operative and Community Benefit Societies Act 2014.

Greenwich Leisure Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the society.

Going concern

The Group meets its day to day working capital requirements through income generated. The Group has adequate financial resources together with customers and strategic parties to continue trading at current levels. As a consequence the Committee of Management believe that the Group is well placed to manage its business risks successfully. The Committee of Management are satisfied that the Group will be able to meet all its obligations as and when they fall due. The Committee of Management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Group financial statements

The financial statements consolidate the results of the Society and its subsidiaries: GLL (Trading) Limited, North Country Leisure Limited and Gosling Leisure Limited, on a line by line basis. Although a separate Statement of Financial Activities and Income and Expenditure Account is not required for the Society itself, it has none the less been included as an appendix.

Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Committee of Management for particular purposes. The aim and use of each designated fund, where relevant, is set out in the notes to the financial statements.

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

Income

All incoming resources from recreation, leisure sites and health activities are included on the Statement of Financial Activities when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Monthly direct debit subscriptions are recognised on the first day of the period in which they are paid.

Income represents net sales of goods and services and management fees excluding value added tax, to customers during the year.

Under certain contracts that the Society has entered into, the Society is entitled to management fees. As part of the agreements the Society agrees to undertake improvements to facilities. The management fees agreed reflect the level of investment that is to be undertaken and the anticipated increase in the operating results of the facility once the improvements have been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES – continued

Income (continued)

Management fees are often paid in equal instalments over the life of the contract. However the Society recognises the management fee in accordance with the expected profile of the operating results and contracted lifecycle maintenance.

Restricted income is included when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants/Other funding

Grants receivable in respect of a specified period relating to the general activities of the Society are recognised in the Statement of Financial Activities in the period in which they become receivable. Where related expenditure has not been incurred the grant is deferred only when the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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 the resources. Resources expended include attributable VAT which cannot be recovered.

Support costs allocation

Support costs are those that assist the work of the Society but do not directly represent charitable activities. They are incurred directly in support of expenditure on the objects of the Society. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

Taxation

The Society is exempt from corporation tax on its charitable activities. Where the Society conducts trading activities corporation tax is charged on the profits arising from these activities.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired business at the date of acquisition. Goodwill arising from such acquisitions is included in intangible assets. The goodwill is then amortised over its expected useful life. Goodwill is tested for impairment at the end of the first full financial year after acquisition and then if events or changes in circumstances indicate that carrying values may not be recoverable. Any impairment is recognised immediately in the statement of financial activities. Subsequent reversals of impairment losses for goodwill are not recognised. This does not apply for the acquisition of subsidiaries, which are treated as business combinations.

Tangible fixed assets

Fixed assets are shown in the financial statements at cost including irrecoverable VAT in respect of these assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	-straight line over 50 years or over the lease term, whichever is shorter
Plant	-straight line over up to 10 years
Improvements to property	-straight line over up to 10 years. Where a contract expires in less than 10 years and there is not an ability to pass the unamortised costs back to the Council or another operator, costs are to be depreciated over the remaining periods in the contract.
Health & Fitness Equipment	- straight line over 5 years. Where a contract expires in less than 5 years and there is not an ability to sell on or remove the equipment at the end of the contract, costs are depreciated over the remaining periods in the contract.
Equipment, fixtures and fittings	-straight line over 4 years. Where a contract expires in less than 4 years and there is not an ability to sell on or remove the plant or machinery at the end of the contract, costs are depreciated over the remaining periods in the contract.
Motor vehicles	-straight line over 4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES – continued

Pensions

The Society operates pension schemes providing benefits based on final pensionable pay and career average related earnings. Contributions to the defined benefits scheme are charged to the Statement of Financial Activities in order to allocate the cost of providing the pensions, recognising any actuarial surplus or deficiency (where appropriate) over the working lives of the relevant employees as assessed in accordance with the advice of professionally qualified actuaries. The assets of the scheme are held separately in an independently administered fund.

In respect of those defined benefit pension schemes where the local authority has indemnified the Society against changes in the employer contribution rate and any liability which may become payable as a result of the termination or expiry of a contract, the amount charged to the Statement of Financial Activities represents the contribution payable to the scheme in the accounting period without any actuarial adjustment.

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred.

Business combinations

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable assets and liabilities are measured at their fair values at the date of the acquisition. Where control of an entity has been transferred to the Society, the difference between the consideration and the fair value of the assets or liabilities is treated as a donation or an expense as appropriate.

Service Concession Arrangements

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

Property, plant and equipment

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

Receipts

The Society, in some cases, receives an agreed payment from the Authorities each year which may in certain cases be adjusted each year by inflation and can be reduced if the Society fails to meet availability and performance standards in any year but which is otherwise fixed.

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

Stocks

Stocks consist of purchased goods for resale and are valued at the lower of cost and net realisable value, on a first-in-first-out basis, after making due allowance for obsolete and slow moving items.

Investment property

Investment properties, which comprise holiday lets, are shown at the most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the Income and Expenditure account.

In accordance with FRS 102 the properties are not depreciated and are valued at fair value at the reporting date by the Committee of Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to meet the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect the known circumstances relating to the liability.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Society or a present obligation which cannot be reliably estimated. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Statement of Financial Activities.

Leases

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Social Bond

The social bond has been stated at the amount of its net proceeds. Net proceeds are the fair value of the consideration received in respect of the bond after the deduction of issue costs.

The issue costs are recognised in the Statement of Financial Activities at a constant rate on the carrying amount of the bond.

Debtors receivable and creditors payable within one year

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

Debtors receivable and creditors payable over one year

Debtors and creditors are stated at value due as an appropriate interest/discount rate is effectively applied.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Society'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.

Management consider the following to be key sources of estimation uncertainty which would have a significant effect on the amounts recognised in the financial statements:

A number of actuarial assumptions are used to quantify the Group's pension liability in respect of defined benefit pension schemes. Further information concerning these assumptions can be found in note 27.

The Society in recognising some management fee income does so in accordance with an expected profile of operating results, the amounts recognised in advance are included in the accounts as debtors due greater than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

Critical accounting judgements and key sources of estimation uncertainty – continued

Management Fee recognition

Management fees are recorded in the financial statements in line with the contract, this can be one of two methods. Method one requires the recognition of the management fee on a cash receipt/payment basis with the management fee released to the P&L as and when cost/income is recognised. This often leaves no balance sheet amount held other than a month/quarter in arrears/prepaid. Method two is whereby the management fee released to the P&L differs to the amount received/paid due to the amount being received/paid split more evenly throughout the life of the contract or to cover the additional costs incurred at the start of a contract. Method two leads to a balance sheet amount being held to take into account the timing differences between the amounts recognised and received/paid.

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 on 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 or liability 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.

Foreign currency

In accordance with FRS102 section 30, GLL translate foreign currency transactions using the spot exchange rate.

The value of foreign currency is adjusted at the year-end for movements in the spot rate at this time.

Non-monetary items are recognised at the historic rate and non-monetary items measured at fair value translated at the rate of the date when the fair value is re-measured.

Differences are recognised through the SOFA.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018****2. FINANCIAL ACTIVITIES OF THE SOCIETY**

The financial activities shown in the Group Statement of Financial Activities include those of the Society's subsidiaries : GLL (Trading) Limited, North Country Leisure Limited and Gosling Leisure Limited.

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

	31.12.18	31.12.17 As Restated
	£	£
Gross incoming resources	295,025,990	271,848,490
Investment management costs	(60,825)	(37,147)
Total expenditure on charitable activities	(295,687,361)	(274,456,589)
Governance costs	(96,405)	(126,174)
Other resources expended	(229,283)	(287,207)
Net incoming resources	(1,047,884)	(3,058,627)
Actuarial (loss)/gain on defined benefit pension scheme	8,367,000	6,920,000
Pass-through arrangement	(1,612,000)	-
	<u>5,707,116</u>	<u>3,861,373</u>

3. INCOME

	31.12.18	31.12.17
	£	£
Donations as a result of business combinations	779,292	-
	<u>779,292</u>	<u>-</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	31.12.18	31.12.17
	£	£
Operation of leisure, recreation sites and health activities	253,271,646	234,341,665
Management fees	38,229,417	36,170,789
Other funding	2,499,955	2,111,115
	<u>294,001,018</u>	<u>272,623,569</u>

5. INCOME FROM OTHER TRADING ACTIVITIES – COMMERCIAL TRADING OPERATIONS

A summary of the trading results of the Group is shown below (this represents the results of GLL (Trading) Limited and Gosling Leisure Limited for the period):

	31.12.18	31.12.17
	£	£
Turnover	4,054,186	4,225,114
Cost of sales and administration costs	(4,013,801)	(4,231,166)
Net profit/(loss)	<u>40,385</u>	<u>(6,052)</u>

6. INVESTMENT INCOME

	31.12.18	31.12.17
	£	£
Interest received	30,777	42,627
Rent	27,099	159,694
	<u>57,876</u>	<u>202,321</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

7. INVESTMENT MANAGEMENT COSTS

	31.12.18	31.12.17
	£	£
Insurance	3,121	1,997
Rates and water	-	784
Light and heat	5,278	4,166
Equipment purchases	7,814	78
Legal fees	10,311	5,306
Site services	26,877	23,234
Other expenses	7,424	1,582
	<u>60,825</u>	<u>37,147</u>

The above are costs incurred in relation to management and maintenance of the Society's investment properties.

8. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES EXPENSES

	Direct Costs	Support Costs (see note 9)	31.12.18 Total Charitable Activities	31.12.17 Total Charitable Activities As Restated
	£	£	£	£
Leisure, recreation and health activities	<u>278,628,726</u>	<u>17,178,682</u>	<u>295,807,408</u>	<u>273,777,891</u>

9. SUPPORT COSTS

Support costs, included in the above, are as follows:

	31.12.18 Operation of leisure, recreation sites and health activities	31.12.17 Operation of leisure, recreation sites and health activities
	£	£
Wages	5,707,220	6,000,000
Premises expenses	9,274,280	8,271,880
Motor and travel	374,015	282,515
Overheads	1,726,762	1,261,602
Governance costs (note 10)	96,405	128,624
	<u>17,178,682</u>	<u>15,944,621</u>

10. GOVERNANCE COSTS

	31.12.18	31.12.17
	£	£
Auditors' remuneration	74,705	86,645
Auditors' remuneration for non-audit work	15,950	30,625
Auditors' remuneration for audit of subsidiary accounts	5,750	6,695
Underprovision previous year	-	4,659
	<u>96,405</u>	<u>128,624</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018****11. OTHER RESOURCES EXPENDED**

	31.12.18	31.12.17
	£	£
Social Bond issue costs	5,843	37,207
Social Bond interest payable	<u>223,440</u>	<u>250,000</u>
	<u>229,283</u>	<u>287,207</u>

12. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.12.18	31.12.17
	£	£
Auditors' remuneration	80,455	93,340
Auditors' remuneration for non-audit work	15,950	30,625
Depreciation - owned assets	8,895,883	7,970,733
Depreciation - assets held under finance lease or hire purchase	139,720	149,580
Hire of plant and machinery	1,665,930	1,745,211
Deficit on disposal of fixed asset	52,704	45,516
Surplus on disposal of investment property	(973,764)	-
Deficit on disposal of fixed asset investment	8,867	-
Goodwill amortisation	<u>110,118</u>	<u>97,739</u>

13. COMMITTEE MEMBERS' EMOLUMENTS

	31.12.18	31.12.17
	£	£
Committee members' emoluments	804,722	806,373

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

	8	7
Defined benefit schemes	<u>8</u>	<u>7</u>

The emoluments paid to committee members including the chairman and the highest paid member refer to salaries and benefits in kind paid for employment with the Society. For full details see note 14 below. Committee members do not receive any remuneration in respect of their position as charity trustees.

The value of the committee members' remuneration was as follows:

	31.12.18	31.12.17
	£	£
J M Sesnan	207,396	204,406
S Ward	58,285	115,165
A Ritchie	48,849	48,308
G Kirk	87,141	84,679
L Smith	18,828	37,304
J Rham	46,535	69,401
S Wright	55,382	53,203
M Perren	61,562	57,784
S Hannen	60,014	55,111
E Thoroughgood	36,912	32,606
E Gosden	49,016	48,406
J Seale	23,475	-
K Gaianda	23,330	-
C Dean	27,997	-

Trustees' Expenses

During the year, reimbursed expenses amounting to £2,212 (2017: £1,439) were paid to Trustees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

13. COMMITTEE MEMBERS' EMOLUMENTS - continued

The total amount of employee benefits received by key management personnel is £767,366 (2017: £892,322). The Society considers its key management personnel comprises of the Executive Directors of the Society, as noted on page 1.

14. STAFF COSTS

	31.12.18 £	31.12.17 £
Wages and salaries (including social security and pension costs)	139,863,922	131,786,701
Recharge of North Country Leisure Wages and salaries	2,982,669	3,886,440
Redundancy and severance payments	2,084,454	2,665,095
Social Security costs	10,347,398	9,493,900
Recharge of North Country Leisure Social Security costs	188,283	240,843
Pension costs	6,820,039	6,576,929
Recharge of North Country Leisure Pension costs	355,691	424,420
Defined benefit difference between service charge and contributions paid	2,159,000	2,152,000
	<u>164,801,456</u>	<u>157,226,328</u>

Redundancy and severance payments in general include payments to pension funds in respect of pension strain. However, included amongst those amounts is £318,756 (2017: £24,917) in respect of mutually agreed settlements. These were made in addition to contractual arrangements and were made for the benefit of both the individuals and GLL in the long term.

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

	31.12.18	31.12.17 As Restated
Direct	10,230	10,291
Administration and support	353	350
Management	10	11
	<u>10,593</u>	<u>10,652</u>

The number of employees whose emoluments fell within the following bands was:

	31.12.18	31.12.17
£60,000 - £70,000	17	13
£70,001 - £80,000	6	6
£80,001 - £90,000	4	4
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	3	3
£120,001 - £130,000	-	-
£130,001 - £140,000	3	4
£140,001 - £150,000	1	1
£150,001 - £200,000	-	-
£200,001 - £210,000	1	1

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing:

	31.12.18	31.12.17
	38	34

15. TAXATION

The society is defined for tax purposes as a charitable organisation and accordingly no liability to UK corporation tax has arisen on the surplus for the current year (2017: £Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

16. PRIOR YEAR ADJUSTMENT

In the prior year financial statements the group and society's pension liability was incorrectly presented. Although the pension liability presented in the 2017 financial statements was a fair representation at the time, it has come to light that several of the pension schemes included clauses stating that there is a full pass-through of liabilities upon termination of the management contracts. Therefore the liabilities on these schemes have been adjusted in the 2017 brought forward funds and the movements on these schemes have been removed from the 2017 carried forward funds.

The overall impact on the brought forward funds of the group and society at 1 January 2018 is an increase of £10,485,000.

This change has been corrected by restating each of the affected financial statement line items for the prior period in accordance with Accounting Standards to ensure presentation is on a comparable basis. The following tables summarise the impacts on the financial statements:

i) Statement of Financial Activities (All in relation to FRS 102 s.28 unrestricted column)

Group	31.12.17 As previously reported £	Adjustments £	31.12.17 As restated £
EXPENDITURE ON			
Charitable Activities			
Operation of leisure, recreation sites and health activities	(3,386,000)	627,000	(2,759,000)
Gains on settlements	<u>2,511,000</u>	<u>-</u>	<u>2,511,000</u>
Net expenditure for the year before other recognised gains and losses	(875,000)	627,000	(248,000)
Remeasurement gains on defined benefit schemes	<u>2,690,000</u>	<u>4,434,000</u>	<u>7,124,000</u>
Net movement in funds	1,815,000	5,061,000	6,876,000
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>(45,149,000)</u>	<u>5,424,000</u>	<u>(39,725,000)</u>
PENSION LIABILITY CARRIED FORWARD	(43,334,000)	10,485,000	(32,849,000)
Unrestricted funds	35,299,830	-	35,299,830
Designated funds	395,482	-	395,482
Restricted funds	414,779	-	414,779
Share Capital	<u>43,500</u>	<u>-</u>	<u>43,500</u>
TOTAL FUNDS CARRIED FORWARD	<u>(7,180,409)</u>	<u>10,485,000</u>	<u>3,304,591</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

16. PRIOR YEAR ADJUSTMENT - continued

ii) Statement of Financial Activities (All in relation to FRS 102 s.28 unrestricted column)

Society	31.12.17 As previously reported £	Adjustments £	31.12.17 As restated £
EXPENDITURE ON			
Charitable Activities			
Operation of leisure, recreation sites and health activities	(3,276,000)	627,000	(2,649,000)
Losses on settlements	<u>(1,723,000)</u>	<u>-</u>	<u>(1,723,000)</u>
Net expenditure for the year before other recognised gains and losses	(4,999,000)	627,000	(4,372,000)
Remeasurement gains on defined benefit schemes	<u>2,925,000</u>	<u>4,434,000</u>	<u>7,359,000</u>
Net movement in funds	(2,074,000)	5,061,000	2,987,000
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>(40,157,000)</u>	<u>5,424,000</u>	<u>(34,733,000)</u>
PENSION LIABILITY CARRIED FORWARD	(42,231,000)	10,485,000	(31,746,000)
Unrestricted funds	35,361,635	-	35,361,635
Designated funds	395,482	-	395,482
Restricted funds	414,779	-	414,779
Share Capital	<u>43,500</u>	<u>-</u>	<u>43,500</u>
TOTAL FUNDS CARRIED FORWARD	<u>(6,015,604)</u>	<u>10,485,000</u>	<u>4,469,396</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

17. INTANGIBLE FIXED ASSETS**Group and Society**Goodwill
£**COST**

At 1 January 2018 and 31 December 2018

950,129**AMORTISATION**

At 1 January 2018

624,296

Charge for year

110,118

At 31 December 2018

734,414**NET BOOK VALUE**

At 31 December 2018

215,715

At 31 December 2017

325,833**18. TANGIBLE FIXED ASSETS****Group**

	Freehold/ Leasehold property £	Leasehold improvements £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2018	28,112,605	40,381,869	44,318,357	1,000,594	113,813,425
Additions	260,990	6,464,928	7,162,026	346,294	14,234,238
Disposals	-	(45,036)	(440,075)	(329,288)	(814,399)
At 31 December 2018	<u>28,373,595</u>	<u>46,801,761</u>	<u>51,040,308</u>	<u>1,017,600</u>	<u>127,233,264</u>
DEPRECIATION					
At 1 January 2018	1,783,436	22,484,016	32,816,277	316,838	57,400,567
Charge for year	980,174	3,278,817	4,545,254	231,358	9,035,603
Eliminated on disposal	-	(6,521)	(440,075)	(168,751)	(615,347)
At 31 December 2018	<u>2,763,610</u>	<u>25,756,312</u>	<u>36,921,456</u>	<u>379,445</u>	<u>65,820,823</u>
NET BOOK VALUE					
At 31 December 2018	<u>25,609,985</u>	<u>21,045,449</u>	<u>14,118,852</u>	<u>638,155</u>	<u>61,412,441</u>
At 31 December 2017	<u>26,329,169</u>	<u>17,897,853</u>	<u>11,502,080</u>	<u>683,756</u>	<u>56,412,858</u>

Included above are assets with a net book value of £284,416 (2017: £424,136) held under finance leases or hire purchase contracts.

Freehold/leasehold property includes freehold properties with a net book value of £16,569,983 (2017: £16,996,109).

Included in cost of Freehold/Leasehold property is land of £164,438 (2017: £164,438) which is not being depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

18. TANGIBLE FIXED ASSETS - CONTINUED**Society**

	Freehold/ Leasehold property £	Improvements to property £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2018	24,658,777	40,490,192	43,878,282	1,000,594	110,027,845
Additions	142,284	6,356,605	7,162,026	346,294	14,007,209
Disposals	-	(45,036)	-	(329,288)	(374,324)
At 31 December 2018	<u>24,801,061</u>	<u>46,801,761</u>	<u>51,040,308</u>	<u>1,017,600</u>	<u>123,660,730</u>
DEPRECIATION					
At 1 January 2018	1,854,830	22,591,519	32,371,557	316,838	57,134,744
Charge for year	834,352	3,171,314	4,549,899	231,358	8,786,923
Eliminated on disposal	-	(6,521)	-	(168,751)	(175,272)
At 31 December 2018	<u>2,689,182</u>	<u>25,756,312</u>	<u>36,921,456</u>	<u>379,445</u>	<u>65,746,395</u>
NET BOOK VALUE					
At 31 December 2018	<u>22,111,879</u>	<u>21,045,449</u>	<u>14,118,852</u>	<u>638,155</u>	<u>57,914,335</u>
At 31 December 2017	<u>22,803,947</u>	<u>17,898,673</u>	<u>11,506,725</u>	<u>683,756</u>	<u>52,893,101</u>

Freehold/leasehold property includes freehold properties with a net book value of £13,210,647 (2017: £13,480,252).

Included in cost of Freehold/Leasehold property is land of £164,438 (2017: £164,438) which is not being depreciated.

19. FIXED ASSET INVESTMENTS**Group**

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2018 and 31 December 2018	<u>11</u>	<u>1</u>	<u>12</u>
NET BOOK VALUE			
At 31 December 2018 and 31 December 2017	<u>11</u>	<u>1</u>	<u>12</u>

Society

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2018	3,669,884	1	3,669,885
Disposals	(8,867)	-	(8,867)
At 31 December 2018	<u>3,661,017</u>	<u>1</u>	<u>3,661,018</u>
NET BOOK VALUE			
At 31 December 2018	<u>3,661,017</u>	<u>1</u>	<u>3,661,018</u>
At 31 December 2017	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>

There were no investment assets outside the UK.

The in-year disposal relates to Fitspace Limited which was dissolved on 20 March 2018.

GREENWICH LEISURE LIMITED

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

19. FIXED ASSET INVESTMENTS - continued

The Society's investments at the balance sheet date in the share capital of companies include the following:

Leisure Partners Limited (Company number 07259179)

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	31.12.18	31.12.17
	£	£
	10	10
Aggregate capital and reserves	<u>10</u>	<u>10</u>

Woolwich Phase 5 Management Company Limited (Company number 06292797)

Nature of business: Management Company

Class of shares:	% holding
Ordinary	14.29

	31.12.18	31.12.17
	£	£
	1	1
Aggregate capital and reserves	<u>1</u>	<u>1</u>

GLL (Trading) Limited (Company number 04234158) – Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.

Nature of business: Non charitable trading

Class of shares:	% holding
Ordinary	100.00

	31.12.18	31.12.17
	£	£
Income	3,788,122	4,078,119
Expenditure	(3,691,661)	(4,028,415)
Profit for the period	96,461	49,704
Gift aid distributions made	(96,461)	(49,704)
Aggregate capital and reserves	<u>1</u>	<u>1</u>

Tone Leisure Group Limited (Company number 05857912) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company. The company was dissolved on 7 August 2018.

Nature of business: Holding Company

Class of shares:	% holding
Limited by guarantee	100.00

	07.08.18	31.12.17
	£	£
Income	-	6,990
Expenditure	-	(22,399)
Deficit for the period	-	(15,409)
Aggregate funds	<u>-</u>	<u>-</u>

Tone Leisure (South Hams) Limited (Company number 05944280, Charity number 1119626)
The company was dissolved on 28 January 2018.

Nature of business: Management of leisure services

Class of shares:	% holding
Limited by guarantee	100.00

	28.01.18	31.12.17
	£	£
Income	-	-
Expenditure	-	(302,710)
(Deficit)/Surplus for the year excluding remeasurements on defined benefit pension scheme	-	(302,710)
Aggregate funds	<u>-</u>	<u>-</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018****19. FIXED ASSET INVESTMENTS - continued**

Tone Leisure (Taunton Deane) Limited (Company number 04983733, Charity number 1110756) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company. The company was dissolved on 7 August 2018.

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		07.08.18	31.12.17
		£	£
Income		-	2,616,775
Expenditure		-	(254,480)
Surplus for the year excluding remeasurements on defined benefit pension scheme		-	-
Aggregate funds		<u>-</u>	<u>-</u>

Gosling Leisure Limited (Company number 02880581) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by shares	100.00		
		31.12.18	31.12.17
		£	£
Income		266,063	360,336
Expenditure		(322,142)	(308,485)
(Loss)/profit for the period		(56,079)	51,852
Gift aid distribution paid		-	(85,000)
Aggregate funds		<u>3,558,804</u>	<u>3,614,883</u>

Fitspace Limited (Company number 05712720) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by shares	100.00		
		31.12.18	31.12.17
		£	£
Aggregate funds		-	-
Surplus for the period		<u>-</u>	<u>-</u>

The Training Room Health and Fitness Limited (Company number 04727904) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by shares	100.00		
		31.12.18	31.12.17
		£	£
Aggregate funds		-	-
Surplus for the period (realisation of revaluation of assets)		<u>-</u>	<u>-</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

19. FIXED ASSET INVESTMENTS - continued

North Country Leisure Limited (Company number 03683103, Charity number 1075009)

Nature of business: Management of leisure services

	%		
Class of shares:	holding		
Limited by guarantee	100.00		
		31.12.18	31.12.17
		£	£
Income		3,526,643	8,929,522
Expenditure		(3,556,643)	(6,327,146)
Other recognised gains and losses		794,000	(528,000)
Surplus/(Deficit) for the year		764,000	2,074,376
Aggregate funds		<u>(632,000)</u>	<u>(1,396,000)</u>

North Country Leisure Trading Limited (Company number 03660222)

The company was dissolved on 20 November 2018.

Nature of business: Management of leisure services

	%		
Class of shares:	holding		
Limited by guarantee	100.00		
		20.11.18	31.12.17
		£	£
Income		-	172,422
Expenditure		-	(178,474)
Loss for the period		-	(6,052)
Aggregate funds		<u>-</u>	<u>1</u>

20. INVESTMENT PROPERTY

Group and Society	Total
	£
COST	
At 1 January 2018	1,003,090
Additions	270,410
Disposals	<u>(166,986)</u>
At 31 December 2018	<u>1,106,514</u>
 NET BOOK VALUE	
At 31 December 2018	<u>1,106,514</u>
At 31 December 2017	<u>1,003,090</u>

In accordance with FRS 102, investment properties are shown at fair value and are not subject to depreciation. The value of the properties at the balance sheet date has been assessed by the Committee of Management who do not consider there to have been a material change in market value since the properties were purchased in 2010 when an independent valuation was carried out by the vendor. The properties purchased during 2012 are included at cost and the Board consider this to be reflective of the open market value at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

21. STOCKS

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Stocks	<u>630,791</u>	<u>504,625</u>	<u>630,791</u>	<u>504,625</u>

22. DEBTORS

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,788,203	9,375,400	13,788,203	9,375,400
Other debtors	15,389,388	21,240,843	15,389,388	21,240,843
Loans to employees	124,059	128,334	124,059	128,334
Prepayments	2,171,152	1,803,408	2,171,152	1,803,408
Amounts receivable on long term contracts	5,293,175	6,059,234	5,293,175	6,059,234
Amounts owed by group undertakings	-	-	-	2,701
	<u>36,765,977</u>	<u>38,607,219</u>	<u>36,765,977</u>	<u>38,609,920</u>
	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Amounts falling due after more than one year:				
Loans to employees	30,714	23,225	30,714	23,225
Amounts receivable on long term contracts	<u>5,681,431</u>	<u>6,885,397</u>	<u>5,681,431</u>	<u>6,885,397</u>
	<u>5,712,145</u>	<u>6,908,622</u>	<u>5,712,145</u>	<u>6,908,622</u>
	<u>42,478,122</u>	<u>45,515,841</u>	<u>42,478,122</u>	<u>45,518,542</u>

The Society "other debtors" figure of £15,389,388 (2017: £21,240,843) falling due within one year includes the following key items:

- Fees due from local authority clients and other partners not invoiced at the year end amounting to £2,952,663 (2017: £2,769,462);
- GLL Capital developments works in progress amounting to £5,233,218 (2017: £7,963,518);
- Client Capital development works delivered as agents by GLL that had not been recharged at the year end amounting to £7,203,507 (2017: £10,507,863).

The Society "amounts receivable on long term contracts" falling due after more than one year of £5,681,431 (2017: £6,885,397) relates to Council contract management fees recognised in advance of receipt which are recoverable in more than one year. Under certain contracts, Councils have opted for a "flat line" or "stepped" fee to fit within the Council annual budgets. GLL has agreed to facilitate these cashflow arrangements at a cost where appropriate resulting in these debtors.

No members of the Management Committee are in receipt of loans to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Bank loans (see note 25)	242,264	244,232	242,264	244,232
Other loans (see note 25)	540,676	5,484,802	540,676	5,484,802
Trade creditors	6,994,127	5,727,788	6,994,127	5,727,788
Other creditors	16,181,704	14,652,398	16,141,187	14,652,398
Social security and other taxes	3,334,051	3,624,646	3,296,098	3,622,426
Accrued expenses	23,379,268	23,925,785	23,379,268	23,923,335
Receipts in advance	14,006,806	16,008,225	14,006,806	16,008,225
Amounts owed to group undertakings	-	-	58,035	95,682
	<u>64,678,896</u>	<u>69,667,876</u>	<u>64,658,461</u>	<u>69,758,888</u>

Deferred income

	31.12.18
	£
Deferred income at 1 January 2018	16,008,225
Resources deferred in the year	14,006,806
Amounts released from previous periods	<u>(16,008,225)</u>
	<u>14,006,806</u>

Other Creditors of £16,181,704 (2017: £14,652,398) in the Group and Society accounts includes £2,619,462 (2017: £2,249,817) of 3rd party income collected as agent and payable upon receipt of a purchase invoice and £8,877,962 (2017: £7,759,214) accrued surplus share payable to local authority clients under contractual arrangements.

The Society accrual figure of £23,379,268 (2017: £23,923,335) relates to accrued revenue costs for which GLL has yet to be invoiced.

The Society deferred income figure of £14,006,806 (2017: £16,008,225) relates to income received in advanced to be credited to the revenue account in the future as and when appropriate. This figure consists of annual management fees for various contracts released over the term of the contract; invoiced income where the prepaid event has not yet occurred; and current projects where the income is released as and when it is required.

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

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Bank loans (see note 25)	15,078,514	17,585,306	15,078,514	17,585,306
Other loans (see note 25)	5,309,309	2,950,561	5,309,309	2,950,561
Hire purchase (see note 25)	<u>21,805</u>	<u>130,360</u>	<u>21,805</u>	<u>130,360</u>
	<u>20,409,628</u>	<u>20,666,227</u>	<u>20,409,628</u>	<u>20,666,227</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

25. LOANS

An analysis of the maturity of loans is given below:

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Amounts falling due within one year on demand:				
Bank loans	242,264	244,232	242,264	244,232
Other loans	434,551	5,347,438	434,551	5,347,438
Hire purchase	106,125	137,364	106,125	137,364
	<u>782,940</u>	<u>5,729,034</u>	<u>782,940</u>	<u>5,729,034</u>
Amounts falling due between one and two years:				
Bank loans	237,288	238,987	237,288	238,987
Other loans	300,011	287,611	300,011	287,611
Hire purchase	21,805	106,918	21,805	106,918
	<u>559,104</u>	<u>633,516</u>	<u>559,104</u>	<u>633,516</u>
Amounts falling due between two and five years:				
Bank loans	10,487,277	12,738,836	10,487,277	12,738,836
Other loans	3,515,529	883,099	3,515,529	883,099
Hire purchase	-	23,442	-	23,442
	<u>14,002,806</u>	<u>13,645,377</u>	<u>14,002,806</u>	<u>13,645,377</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	4,353,949	4,607,483	4,353,949	4,607,483
Other loans	1,493,769	1,779,851	1,493,769	1,779,851
	<u>5,847,718</u>	<u>6,387,334</u>	<u>5,847,718</u>	<u>6,387,334</u>

In the year ended 31 December 2013 the Society issued a Social Bond. The bond was repayable in 5 years. On 4 October 2018, an offer was made to the holders of the existing bonds inviting them to extend the term of their existing bonds. It ranks pari passu with other unsecured debt and it attracts interest at 3%. This interest is payable annually in arrears at the end of October 2021.

In 2014 the Society took out a Mortgage which is secured as detailed in note 26. This loan is for 25 years and attracts interest at 1.5%. Capital and interest payments are made monthly.

26. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Equipment	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Expiring:				
Within one year	4,465,805	4,538,087	160,357	186,524
Between one and five years	17,964,222	18,067,347	120,203	246,471
In more than five years	46,699,606	51,124,958	-	-
	<u>69,129,633</u>	<u>73,730,392</u>	<u>280,560</u>	<u>432,995</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

26. OPERATING LEASE COMMITMENTS - continued

Society	Land and buildings		Equipment	
	31.12.18 £	31.12.17 £	31.12.18 £	31.12.17 £
Expiring:				
Within one year	4,465,805	4,538,087	160,357	186,524
Between one and five years	17,964,222	18,067,347	120,203	246,471
In more than five years	46,699,606	51,124,958	-	-
	<u>69,129,633</u>	<u>73,730,392</u>	<u>280,560</u>	<u>432,995</u>

This note reflects the requirements of FRS 102 section 20. For the purposes of the disclosure we have assumed RPI to be 3.0% and calculated the expected lease rent payments in accordance with the terms of the various leases.

The building leases relate mostly to the stand alone facilities acquired over the years. The remaining terms of these building leases range from 4 years to 22 years

27. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.18 £	31.12.17 £
Bank loans	15,320,778	17,829,537
Wandsworth Council	199,312	273,230
Hire purchase	127,930	267,724
Other loans	<u>2,856,347</u>	<u>3,087,575</u>
	<u>18,504,367</u>	<u>21,458,066</u>

Bank loan

First legal charge held over leasehold property known as Sporthouse, Mayesbrook Park, Lodge Avenue, Dagenham dated 31 January 2014.

Bank credit facility

Revolving credit facility agreement secured on properties.

Wandsworth Council loan

Charge over equipment held at Wandsworth Library dated 28 March 2014.

Hire purchase

Hire purchase debts are secured over the assets to which they relate.

Other loans

Includes the following:

- On 10 April 2012 the charity agreed a loan facility of £318,000 with Taunton Deane Borough Council for the development of its High Ropes Course at Vivary Park. The loan carries interest at 4% per annum and is secured with a fixed and floating charge over the assets of the High Ropes Course. The loan is repayable, in ten equal instalments of £31,800. The amount outstanding at 31 December 2018 was £nil (2017: £31,800).
- A loan of £2,856,347 (2017: £3,055,775) from Newcastle City Council.
- A rent deposit of £3,900 equal to the sum of 3 months principal rent relating to Yelverton Properties and is secured with a fixed charge on the assets of the Society.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS

The Society operates defined benefit pension schemes for some employees. The Society has admitted body status to the pension funds. Contributions to the schemes are charged to the Statements of Financial Activities so as to spread the cost of pensions over employees' working lives with the Society in such a way that the pension cost is a substantial level percentage of future pensionable payroll.

Latest actuarial valuations were carried out at 31 March 2016 and updated at the balance sheet date.

Group

	Defined benefit pension plans	
	31.12.18	31.12.17
	£	As Restated £
Present value of funded obligations	(103,140,000)	(109,778,000)
Fair value of plan assets	<u>74,706,000</u>	<u>76,929,000</u>
Present value of unfunded obligations	<u>(28,434,000)</u>	<u>(32,849,000)</u>
Deficit	<u>(28,434,000)</u>	<u>(32,849,000)</u>
Net liability	<u>(28,434,000)</u>	<u>(32,849,000)</u>

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

	Defined benefit pension plans	
	31.12.18	31.12.17
	£	As Restated £
Current service cost	4,556,000	4,569,000
Administrative expenses	77,000	72,000
Net interest cost	986,000	1,165,000
Losses/(gains) on curtailments and settlements	<u>161,000</u>	<u>187,000</u>
	<u>5,780,000</u>	<u>5,993,000</u>
Actual return on plan assets	<u>(4,539,000)</u>	<u>10,035,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.18	31.12.17
	£	As Restated £
Actuarial gains	9,221,000	6,251,000
Pass-through arrangement movement	<u>(1,612,000)</u>	<u>873,000</u>
	<u>7,609,000</u>	<u>7,124,000</u>
Cumulative amount of actuarial losses	<u>(13,087,991)</u>	<u>(20,696,991)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
	£	£
Defined benefit obligation	(109,778,000)	(120,402,000)
Current service cost	(4,556,000)	(4,569,000)
Contributions by scheme participants	(1,010,000)	(1,049,000)
Interest cost	(3,257,000)	(3,529,000)
Remeasurements	15,742,000	7,546,000
Benefits paid	1,863,000	1,133,000
Past service costs	(161,000)	(187,000)
Liabilities extinguished on settlements	-	9,082,000
Administration expenses	(26,000)	(24,000)
Pass-through arrangement movement	(1,957,000)	2,221,000
	<u>(103,140,000)</u>	<u>(109,778,000)</u>

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

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
	£	£
Fair value of scheme assets	76,929,000	80,677,000
Contributions by employer	2,586,000	2,800,000
Contributions by scheme participants	1,010,000	1,049,000
Interest on assets	2,271,000	2,364,000
Return on assets less interest	(6,144,000)	7,657,000
Benefits paid	(1,863,000)	(1,133,000)
Other actuarial losses	(377,000)	(8,518,000)
Settlement prices received	-	(6,571,000)
Administration expenses	(51,000)	(48,000)
Pass-through arrangement movement	345,000	(1,348,000)
	<u>74,706,000</u>	<u>76,929,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
Equities	57.81%	65.69%
Bonds	16.72%	15.57%
Property	8.42%	8.34%
Cash/other	15.67%	8.47%
Gilts	1.38%	1.93%
	<u>100.00%</u>	<u>100.00%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

As the Group operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £22,813,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	51,906,000	53,430,000	64,865,000
Projected service cost	2,187,000	2,242,000	2,298,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	55,599,000	53,430,000	51,332,000
Projected service cost	2,314,000	2,242,000	2,173,000

Principal actuarial assumptions at the balance sheet date:

	31.12.18	31.12.17 As Restated
Discount rate	2.6% - 3.0%	2.5% - 2.8%
Future salary increases	2.2% - 4.4%	2.7% - 4.5%
Future pension increases	2.1% - 2.4%	2.0% - 2.4%
Price increases	2.1% - 2.4%	2.0% - 2.5%

Society

	Defined benefit pension plans	
	31.12.18	31.12.17 As Restated
	£	£
Present value of funded obligations	(92,346,000)	(98,758,000)
Fair value of plan assets	<u>64,289,000</u>	<u>67,012,000</u>
Present value of unfunded obligations	<u>(28,057,000)</u>	<u>(31,746,000)</u>
Deficit	<u>(28,057,000)</u>	<u>(31,746,000)</u>
Net liability	<u>(28,057,000)</u>	<u>(31,746,000)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
	£	£
Current service cost	4,038,000	4,028,000
Administrative expenses	77,000	72,000
Net interest cost	965,000	1,153,000
Losses/(gains) on curtailments and settlements	85,000	17,000
	<u>5,165,000</u>	<u>5,270,000</u>
Actual return on plan assets	<u>(4,673,000)</u>	<u>9,161,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
	£	£
Actuarial gains	8,367,000	10,861,000
Pass-through arrangement movement	<u>(1,612,000)</u>	<u>873,000</u>
	<u>6,755,000</u>	<u>11,734,000</u>
Cumulative amount of actuarial losses	<u>(8,444,991)</u>	<u>(15,199,991)</u>

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

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
	£	£
Defined benefit obligation	(98,758,000)	(113,783,000)
Liabilities assumed on settlements	-	11,782,000
Current service cost	(4,038,000)	(4,028,000)
Past service cost	(85,000)	(17,000)
Contributions by scheme participants	(921,000)	(949,000)
Interest cost	(2,983,000)	(3,279,000)
Remeasurements	14,769,000	8,417,000
Benefits paid	1,653,000	902,000
Administration expenses	(26,000)	(24,000)
Pass-through arrangement movement	<u>(1,957,000)</u>	<u>2,221,000</u>
	<u>(92,346,000)</u>	<u>(98,758,000)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.18	31.12.17
	£	As Restated £
Fair value of scheme assets	67,012,000	69,251,000
Assets acquired on settlements	(189,000)	4,807,000
Contributions by employer	2,099,000	2,187,000
Contributions by scheme participants	921,000	949,000
Interest on assets	2,018,000	2,126,000
Return on assets less interest	(6,025,000)	7,021,000
Benefits paid	(1,464,000)	(902,000)
Settlement prices received	-	(8,513,000)
Other actuarial losses	(377,000)	(8,518,000)
Administration expenses	(51,000)	(48,000)
Pass-through arrangement movement	345,000	(1,348,000)
	<u>64,289,000</u>	<u>67,012,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.18	31.12.17
		As Restated
Equities	58.04%	65.63%
Bonds	15.51%	15.60%
Property	8.44%	8.23%
Cash/other	16.01%	8.29%
Gilts	2.00%	2.25%
	<u>100.00%</u>	<u>100.00%</u>

As the Society operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £22,813,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	51,906,000	53,430,000	64,865,000
Projected service cost	2,187,000	2,242,000	2,298,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	55,599,000	53,430,000	51,332,000
Projected service cost	2,314,000	2,242,000	2,173,000

Principal actuarial assumptions at the balance sheet date:

	31.12.18	31.12.17
Discount rate	2.6% - 2.9%	2.6% - 2.8%
Future salary increases	2.2% - 4.4%	2.7% - 4.5%
Future pension increases	2.1% - 2.4%	2.2% - 2.4%
Price increases	2.4%	2.0% - 2.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

Future employer contribution rates per borough are detailed below:

London Borough of Barnet	17.90% (fixed from 2014/15 to 2019/20)
London Borough of Camden	29.00% (fixed from 2017/18 to 2019/20);
Royal Borough of Greenwich	16.50% (fixed from 2014/15 to 2019/20)
CITRUS	32.60% (fixed from 2016/17 to 2018/19);
London Borough of Merton	26.40% (fixed from 2017/18 to 2019/20);
London Borough of Tower Hamlets	20.00% (fixed from 2017/18 to 2019/20);
Wiltshire(scheme 1)	16.10%/14.20%/12.20% (fixed from 2017/18 to 2019/20);
Wiltshire(scheme 2)	21.70% (fixed from 2017/18 to 2019/20);
London Pension Fund Authority	17.70% (fixed from 2017/18 to 2019/20);
Cambridgeshire County Council	25.10%/25.40%/25.70% (fixed from 2017/18 to 2019/20);
London Borough of Ealing	16.40% (fixed from 2017/18 to 2019/20);

Additional background information

Once again, the volatility of the investment markets and the slight increase in the discount rate have caused the disclosures under FRS102 section 28 pension liability on the balance sheet to change.

In 2014, the liability on the balance sheet jumped from £11m to £20.45m and then reduced slightly to £19.8m in 2015 (excluding subsidiaries). This movement was mainly due to the change in the discount rate.

In 2016, the pension's liability as a group doubled from £22.5m to £45m. Again, this was caused by a further drop in the discount rate dictated by the accounting standard FRS102s28.

The discount rate dropped a little further in 2017 causing an increase in pension's liabilities. These were mitigated by a more refined use of other assumptions and use of the latest life expectancy model for our largest scheme as well as changes in contractual relationship with some local authorities that remove the liabilities from the GLL balance sheet (Barnet – new contract; Camden – negotiated contract change; Reading – negotiated contract change).

In 2018, the discount rate increased slightly and so the liabilities have reduced. In addition, following a review of FRS102 requirements and management contracts in place, it was confirmed that some schemes that had been reported as DB schemes should in fact have been reported as DC schemes in the accounts as the contracts include full pass through of liabilities upon termination (Greenwich Libraries, Merton, Somerset, Ealing and Tower Hamlets). Prior year balances have been adjusted to reflect this correction. With these adjustments, the deficit on the balance sheet has dropped to £28,434. Although the valuation on an ongoing basis puts the scheme at £4.63m surplus.

Separately, in 2016/17, the schemes underwent their triennial valuations in order to "reset" the employer contribution rates for the next 3 years. Under this valuation method, the combined position of the various fund amounted to a SURPLUS of £1.4m with most schemes showing as being overfunded. An updated position of the funds in question was sought and now shows a combined SURPLUS of £4.63m as at the 31st December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

For clarity, the pension disclosures here relate to Defined Benefit schemes GLL is a member of. Most of these are through membership of the Local Government Pension Schemes (LGPS).

Pensions' valuation and disclosure is a difficult and controversial topic and because of the complexities, it is an area that requires further explanation. It is important to appreciate how the LGPS and other DB pension schemes work and how ongoing contributions requirements are calculated to ensure the scheme remain or become fully funded in the long term.

FRS102 section 28 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions (there are not any) and (more significantly) any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions liability calculation used for accounting purposes are based largely on the actuarial Ongoing Basis calculations (such as inflation, life expectancy etc) **but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit.** Whereas the "Ongoing Basis" uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the Ongoing Basis – and therefore much higher net present pension scheme deficits. It is therefore quite common for an organisation like GLL to take on a new local authority contract and a fully funded pension scheme under the Ongoing Basis only to find that this gives rise to a significant FRS102 deficit (which needs full provision in the accounts) due to the specific FRS102 discount factor required to be used.

The FRS102 liability is therefore based on the latest triennial Ongoing Basis calculations but is re-calculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors (AA rated Government gilts). The FRS102 discount factor used dropped in 2014 by 0.9% from 2013 causing a significant increase in the deficit disclosures on the balance sheet for 2014. The discount rate grew by approximately 0.2% from 2014 reducing the deficit slightly for 2015 but then dropped again by a massive 1.2% in 2016 to around 2.8% causing the liabilities to double on paper for accounting purposes. In 2017, the discount rate dropped again by 0.2% to 2.6% but then rose in 2018 by 0.25% to 2.85%.

Future employer contributions are calculated at each triennial actuarial valuation. The actuaries calculate the scheme surplus or deficit based on prevailing assumptions around returns, inflation, discount factors, life expectancy etc. and then calculate the employer contribution required to a) maintain and provide for current and future pensions and b) reduce any deficit over time. The employer contributions required are communicated to the employers and remain in place until the next triennial valuation. For all LGPS, the last triennial actuarial valuation was carried out in 2016 and new rates set for 3 years from April 2017.

The employer contribution rates are therefore established by the actuaries on the Ongoing Basis and have **no direct linkage** to the FRS102 calculations or provisions. To put it another way, a change in the FRS102 provision does not on its own impact the employer contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

A few key points to note:

- GLL is up to date with all required employer contributions in all of its schemes.
- The majority of GLL's employees in DB schemes are members of one of the LGPS schemes under admissions agreements – these are subject to triennial actuarial valuations which then establish the actuarial surplus or deficit and the required ongoing employer contribution rates.
- When GLL secures new contracts, it always takes on a fully funded pension liability calculated under the actuarial Ongoing Basis.
- FRS102 requires a different method of calculating a pension scheme deficit – based on AA rated bond yields rather than actuarial forecast investment returns. Due to this, FRS102 gives rise to significantly higher deficit calculations for accounting purposes – however it is important to understand that FRS102 is not the recognised actuarial method to calculate the necessary contribution rate and almost certainly overstates the actuarial liability in the accounts.
- GLL's required employer contributions only change every three years based on the triennial actuarial valuation on the Ongoing Basis. Changes to the annual FRS102 valuation do not impact GLL's employer contribution.
- Government bond yields (on which the FRS102 discount factor calculations are based) are at extremely low levels – this gives rise to higher net present pension scheme deficits. It seems more likely that discount factors will increase rather than decrease further in future – which should mean accounting deficits are more likely to shrink rather than increase.
- GLL does have joint and several liability under most LGPSs in which its employees are members – although we believe that the major employer (i.e. the local authority) provides an indemnity to third parties against the failure of other third party employers.
- In order to illustrate the differences between the valuation methods, GLL and its subsidiaries commissioned the actuaries to evaluate the position of the funds under both "FRS102" for the accounts and under the "Ongoing Basis" method and assumptions for DB schemes. The differences are shown below.

Pension Fund (£'000)	FRS102 as at 31/12/18	Ongoing Basis as at 31/12/18	Difference
GLL			
LPFA	(3,120)	1,434	4,554
CITRUS Pension Plan	(598)	(782)	(184)
Royal Borough of Greenwich LGPS (multiple agreements)	(22,813)	910	23,723
Wiltshire LGPS 1 (Swindon)	436	1,167	731
Wiltshire LGPS 2 (Swindon)	(802)	608	1,410
Northamptonshire LGPS (Cambridge)	(294)	4	298
Copeland	(456)	302	758
South Lakes	(410)	(3)	407
Total	(28,057)	3,640	31,697
NCL			
Newcastle 1	(632)	90	722
Newcastle 2	255	900	645
Total	(377)	990	1,367
GLL Group Total	(28,434)	4,630	33,064

As can be seen by the valuations in the table above, the difference is significant and material. It therefore needs to be understood when evaluating GLL's financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

28. EMPLOYEE BENEFIT OBLIGATIONS - continued

The largest difference relates to the Greenwich Scheme. In 2015, the scheme's Actuaries explained the position as follows. These comments remain relevant today:

"The most significant reason for this difference is the change in financial assumptions on the ongoing basis compared to that of the FRS102 basis, in particular that of the discount rate. FRS102 prescribes that the discount rate should be based on market yields at the reporting date of 'high quality corporate bonds' of equivalent currency and term to the employer's liabilities. The discount rate used for all reports was the 23 year point on the Merrill Lynch AA-rated corporate bond yield curve. This method therefore disregards the actual investments of the Fund and assumes that all assets will earn an investment return in line with corporate bonds only.

The discount rate used on the ongoing funding basis for each Fund is based on the funding strategy of that Fund. The Royal Borough of Greenwich Pension Fund is invested in a range of different assets, several of which have a higher expected return than that of corporate bonds. As a result the discount rate used on the ongoing funding basis is significantly higher than that on the FRS102 basis, thereby decreasing the value placed on the employer's liabilities. This effectively means, based on the assumptions used on the FRS102 basis, significantly more assets would need to be held by the employer in order to meet the cost of benefits accrued compared to the ongoing funding basis. This is the main reason for the perceived discrepancy.

It should be noted that the FRS102 reports are for accounting purposes only and are not used to determine contributions to be made from the employer to the Fund, which are based on the ongoing funding position."

29. CONTINGENT LIABILITIES

The Society has insurance cover relating to Performance and Pension Bonds as at 31 December 2018 of £10,286,100 (2017: £12,735,100).

Included in cash balances is a cash collateral deposit of £60,000 for the benefit of North Somerset Council. This is required under the terms of the service agreement to operate Churchill Leisure Centre and to facilitate the continuity of service in the event of the company ceasing to operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

30. CALLED UP SHARE CAPITAL**Group and Society**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.18 £	31.12.17 £
1694 (2017: 1740)	Ordinary	£25	<u>42,350</u>	<u>43,500</u>

250 shares (2017: 239) of £25 each were allotted and fully paid for cash at par during the year. During the year 296 shares (2017: 196 shares) were forfeited and cancelled due to the members having left the Society.

The Society maintains an up to date register of all members and their share holdings.

31. MOVEMENT IN FUNDS**Group**

	At 1.1.18 As Restated £	Net movement in funds £	Transfers between funds £	At 31.12.18 £
Unrestricted funds				
General funds	35,299,830	2,201,134	(171,663)	37,329,301
Pension liability	(32,849,000)	4,415,000	-	(28,434,000)
Share capital	43,500	(1,150)	-	42,350
Designated Fund – Copeland	202,969	-	(11,242)	191,727
Designated Fund – South Lakes	192,513	-	(77,095)	115,418
Designated fund – Finesse	-	-	260,000	260,000
	<u>2,889,812</u>	<u>6,614,984</u>	<u>-</u>	<u>9,504,796</u>
Restricted funds				
Social bond	21,500	(21,500)	-	-
For the Girls, by the girls	41,218	-	-	41,218
I am Tower Hamlets	58,403	(35,702)	-	22,701
Lincolnshire Arts Council	135,771	(116,373)	-	19,398
Swindon Zurich	132,582	(26,955)	-	105,627
Dementia Friendly Swimming	25,305	(25,549)	-	(244)
	<u>414,779</u>	<u>(226,079)</u>	<u>-</u>	<u>188,700</u>
TOTAL FUNDS	<u>3,304,591</u>	<u>6,388,905</u>	<u>-</u>	<u>9,693,496</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued

Group

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
Unrestricted funds				
General funds	298,725,638	(296,524,504)	-	2,201,134
Pension liability	-	(3,194,000)	7,609,000	4,415,000
Share capital	6,250	(7,400)	-	(1,150)
	<u>298,731,888</u>	<u>(299,725,904)</u>	<u>7,609,000</u>	<u>6,614,984</u>
Restricted funds				
Social bond	-	(21,500)	-	(21,500)
I am Tower Hamlets	2,024	(37,726)	-	(35,702)
Lincolnshire Arts Council	-	(116,373)	-	(116,373)
Swindon Zurich	160,539	(187,494)	-	(26,955)
Dementia Friendly Swimming	4,171	(29,720)	-	(25,549)
	<u>166,734</u>	<u>(392,813)</u>	<u>-</u>	<u>(226,079)</u>
TOTAL FUNDS	<u>298,898,622</u>	<u>(300,118,717)</u>	<u>7,609,000</u>	<u>6,388,905</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued**Group - previous year**

	At 1.1.17 As restated £	Net movement in funds As restated £	Transfers between funds As restated £	At 31.12.17 As restated £
Unrestricted funds				
General funds	33,705,793	1,578,223	15,814	35,299,830
Pension liability	(39,725,000)	6,876,000	-	(32,849,000)
Share capital	42,425	1,075	-	43,500
Designated Fund – Copeland	215,929	-	(12,960)	202,969
Designated Fund – South Lakes	195,367	-	(2,854)	192,513
	(5,565,486)	8,455,298	-	2,889,812
Restricted funds				
Social bond	47,300	(25,800)	-	21,500
For the Girls, by the girls	119,236	(78,018)	-	41,218
TDBC Grant	7,225	(7,225)	-	-
Lottery Funding	54,694	(54,694)	-	-
Vibe	5,177	(5,177)	-	-
Community Play (inclusion Reserve)	25,072	(25,072)	-	-
I am Tower Hamlets	93,422	(35,019)	-	58,403
Single status	41,853	(41,853)	-	-
3G Pitch	82,669	(82,669)	-	-
Lincolnshire Arts Council	-	135,771	-	135,771
Swindon Zurich	-	132,582	-	132,582
Dementia Friendly Swimming	39,761	(14,456)	-	25,305
	516,409	(101,630)	-	414,779
TOTAL FUNDS	(5,049,077)	8,353,668	-	3,304,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

Group - previous year

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

	Incoming resources As restated £	Resources expended As restated £	Gains, losses and transfers As restated £	Movement in funds As restated £
Unrestricted funds				
General funds	276,264,352	(274,686,129)	-	1,578,223
Pension liability	-	(248,000)	7,124,000	6,876,000
Share capital	5,975	(4,900)	-	1,075
	<u>276,270,327</u>	<u>(274,939,029)</u>	<u>7,124,000</u>	<u>8,455,298</u>
Restricted funds				
Social bond	-	(25,800)	-	(25,800)
For the Girls, by the girls	74,382	(152,400)	-	(78,018)
Lottery Funding	-	(54,694)	-	(54,694)
TDBC	-	(7,225)	-	(7,225)
Vibe	-	(5,177)	-	(5,177)
Community Play	-	(25,072)	-	(25,072)
I am Tower Hamlets	15,617	(50,636)	-	(35,019)
Single status	-	(41,853)	-	(41,853)
3G Pitch	-	(82,669)	-	(82,669)
Lincolnshire Arts Council	232,941	(97,170)	-	135,771
Swindon Zurich	446,189	(313,607)	-	132,582
Dementia Friendly Swimming	17,523	(31,979)	-	(14,456)
	<u>786,652</u>	<u>(888,282)</u>	<u>-</u>	<u>(101,630)</u>
TOTAL FUNDS	<u>277,056,979</u>	<u>(275,827,311)</u>	<u>7,124,000</u>	<u>8,353,668</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued

Society

	At 1.1.18 As Restated £	Net movement in funds £	Transfers between funds £	At 31.12.18 £
Unrestricted funds				
General funds	35,361,635	2,244,195	(171,663)	37,434,167
Pension liability	(31,746,000)	3,689,000	-	(28,057,000)
Share capital	43,500	(1,150)	-	42,350
Designated Fund – Copeland	202,969	-	(11,242)	191,727
Designated Fund – South Lakes	192,513	-	(77,095)	115,418
Designated Fund - Finesse	-	-	260,000	260,000
	<u>4,054,617</u>	<u>5,909,292</u>	<u>-</u>	<u>9,986,662</u>
Restricted funds				
Social bond	21,500	(21,500)	-	-
For the Girls, by the girls	41,218	-	-	41,218
I am Tower Hamlets	58,403	(35,702)	-	22,701
Lincolnshire Arts Council	135,771	(116,373)	-	19,398
Swindon Zurich	132,582	(26,955)	-	105,627
Dementia Friendly Swimming	25,305	(25,549)	-	(244)
	<u>414,779</u>	<u>(226,079)</u>	<u>-</u>	<u>188,700</u>
TOTAL FUNDS	<u>4,469,396</u>	<u>5,705,966</u>	<u>-</u>	<u>10,175,362</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued**Society**

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
Unrestricted funds				
General funds	294,859,256	(292,615,061)	-	2,244,195
Pension liability	-	(3,066,000)	6,755,000	3,689,000
Share capital	6,250	(7,400)	-	(1,150)
	<u>294,865,506</u>	<u>(295,688,461)</u>	<u>6,755,000</u>	<u>5,932,045</u>
Restricted funds				
Social bond	-	(21,500)	-	(21,500)
I am Tower Hamlets	2,024	(37,726)	-	(35,702)
Lincolnshire Arts Council	-	(116,373)	-	(116,373)
Swindon Zurich	160,539	(187,494)	-	(26,955)
Dementia Friendly Swimming	4,171	(29,720)	-	(25,549)
	<u>166,734</u>	<u>(392,813)</u>	<u>-</u>	<u>(226,079)</u>
TOTAL FUNDS	<u>295,032,240</u>	<u>(296,081,274)</u>	<u>6,755,000</u>	<u>5,705,966</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued

Society - previous year

	At 1.1.17 As restated £	Net movement in funds As restated £	Transfers between funds As restated £	At 31.12.17 As restated £
Unrestricted funds				
General funds	33,915,339	1,841,778	(395,482)	35,361,635
Pension liability	(34,733,000)	2,987,000	-	(31,746,000)
Share capital	42,425	1,075	-	43,500
Designated Fund – Copeland	-	-	202,969	202,969
Designated Fund – South Lakes	-	-	192,513	192,513
	(775,236)	4,829,853	-	4,054,617
Restricted funds				
Social bond	47,300	(25,800)	-	21,500
For the Girls, by the girls	119,236	(78,018)	-	41,218
I am Tower Hamlets	93,422	(35,019)	-	58,403
3G Pitch	82,669	(82,669)	-	-
Lincolnshire Arts Council	-	135,771	-	135,771
Dementia Friendly Swimming	39,761	(14,456)	-	25,305
Swindon Zurich	-	132,582	-	132,582
Lottery Funding	54,694	(54,694)	-	-
Vibe	5,177	(5,177)	-	-
Community Play	25,072	(25,072)	-	-
Single Status	41,853	(41,853)	-	-
	509,184	(94,405)	-	414,779
TOTAL FUNDS	(266,052)	4,735,448	-	4,469,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued**Society - previous year**

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

	Incoming resources As restated £	Resources expended As restated £	Gains, losses and transfers As restated £	Movement in funds As restated £
Unrestricted funds				
General funds	271,061,838	(269,220,060)	-	1,841,778
Pension liability	-	(4,372,000)	7,359,000	2,987,000
Share capital	5,975	(4,900)	-	1,075
	<u>271,067,813</u>	<u>(273,596,960)</u>	<u>7,359,000</u>	<u>4,829,853</u>
Restricted funds				
Social bond	-	(25,800)	-	(25,800)
For the Girls, by the girls	74,382	(152,400)	-	(78,018)
Arts Council	-	-	-	-
I am Tower Hamlets	15,617	(50,636)	-	(35,019)
3G Pitch	-	(82,669)	-	(82,669)
Lincolnshire Arts Council	232,941	(97,170)	-	135,771
Dementia Friendly Swimming	17,523	(31,979)	-	(14,456)
Swindon Zurich	446,189	(313,607)	-	132,582
Lottery Funding	-	(54,694)	-	(54,694)
Vibe	-	(5,177)	-	(5,177)
Community Play	-	(25,072)	-	(25,072)
Single Status	-	(41,853)	-	(41,853)
	<u>786,652</u>	<u>(881,057)</u>	<u>-</u>	<u>(94,405)</u>
TOTAL FUNDS	<u>271,854,465</u>	<u>(274,478,017)</u>	<u>7,359,000</u>	<u>4,735,448</u>

RESTRICTED FUND – SOCIAL BOND

Grant funding was provided to help with the funding of the issue costs of the Social Bond. These costs are being recognised as resources expended at a constant rate on the carrying amount of the bond.

RESTRICTED FUND – FOR THE GIRLS, BY THE GIRLS

National Lottery funding was secured to support the 'for the Girls, by the Girls' project which aims to encourage inactive girls and women aged between 14 and 25 to take part in physical activity.

RESTRICTED FUND – ARTS COUNCIL

Funding has been received for a Roald Dahl exhibition at libraries run in Lincolnshire.

RESTRICTED FUND – I AM TOWER HAMLETS

Increased sport and physical activity participation of the following groups:

Inactive People
 Women & Girls
 Young People
 Older People (50+ years)
 People with disabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued**RESTRICTED FUND – SWINDON ZURICH**

Funding received from Zurich Community Trust to provide community activities for the Older generation who are often socially isolated, the funding covers staffing costs for these events. The programme has just been extended to July 2020.

RESTRICTED FUND – DEMENTIA FRIENDLY SWIMMING

Funding from Swim England to provide swimming sessions for dementia sufferers – funding covered staff costs and hire of facilities.

DESIGNATED FUND – COPELAND

Includes a fund set up to meet future possible pension liabilities in connection with the Copeland Contract and a separate fund for maintenance responsibilities that will occur over the life of the contract.

DESIGNATED FUND – SOUTHLAKES

Includes a fund set up to meet future possible pension liabilities in connection with the South Lakes Contract and a separate fund for maintenance responsibilities that will occur over the life of the contract.

DESIGNATED FUND – FINESSE**COMMUNITY FUND**

£260,000 of the net Assets transferred by WHLL to GLL on the Completion Date is held by GLL as a designated fund to be applied solely for charitable community purposes to support local initiatives in Welwyn Hatfield.

For a period of 11 years starting on and including the Completion Date, GLL shall transfer not less than £45,000 per annum into the Community Fund.

ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	62,734,682	-	62,734,682
Current assets	60,292,638	188,700	60,481,338
Current liabilities	(64,678,896)	-	(64,678,896)
Long term liabilities	(20,409,628)	-	(20,409,628)
Pension scheme liability	(28,434,000)	-	(28,434,000)
Total net assets	9,504,796	188,700	9,693,496

Society	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	62,897,582	-	62,897,582
Current assets	60,214,169	188,700	60,402,869
Current liabilities	(64,658,461)	-	(64,658,461)
Long term liabilities	(20,409,628)	-	(20,409,628)
Pension scheme liability	(28,057,000)	-	(28,057,000)
Total net assets	9,986,662	188,700	10,175,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

31. MOVEMENT IN FUNDS - continued

ANALYSIS OF NET ASSETS BETWEEN FUNDS - previous year

Group

	Unrestricted Funds As restated £	Restricted Funds As restated £	Total Funds As restated £
Fixed assets	57,741,793	-	57,741,793
Current assets	68,331,122	414,779	68,745,901
Current liabilities	(69,667,876)	-	(69,667,876)
Long term liabilities	(20,666,227)	-	(20,666,227)
Pension scheme liability	(32,849,000)	-	(32,849,000)
Total net assets	<u>2,889,812</u>	<u>414,779</u>	<u>3,304,591</u>

Society

	Unrestricted Funds As restated £	Restricted Funds As restated £	Total Funds As restated £
Fixed assets	57,891,909	-	57,891,909
Current assets	68,333,823	414,779	68,748,602
Current liabilities	(69,758,888)	-	(69,758,888)
Long term liabilities	(20,666,227)	-	(20,666,227)
Pension scheme liability	(31,746,000)	-	(31,746,000)
Total net assets	<u>4,054,617</u>	<u>414,779</u>	<u>4,469,396</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

32. RECONCILIATION OF MOVEMENTS IN FUNDS**Group**

	31.12.18	31.12.17 As Restated
	£	£
(Deficit)/surplus for the financial year	(1,218,945)	794,593
Other recognised gains and losses relating to the year (net)	7,609,000	7,558,000
Shares issued during the year	6,250	5,975
Shares cancelled during the year	<u>(7,400)</u>	<u>(4,900)</u>
Net addition to funds	6,388,905	8,353,668
Opening funds	<u>3,304,591</u>	<u>(5,049,077)</u>
Closing funds	<u>9,693,496</u>	<u>3,304,591</u>

Society

	31.12.18	31.12.17 As Restated
	£	£
Surplus/(Deficit) for the financial year	(1,047,884)	(3,058,627)
Other recognised gains and losses relating to the year (net)	6,755,000	11,734,000
Shares issued during the year	6,250	5,975
Shares cancelled during the year	<u>(7,400)</u>	<u>(4,900)</u>
Net addition to funds	5,705,966	8,676,448
Opening funds	<u>4,469,396</u>	<u>(4,207,052)</u>
Closing funds	<u>10,175,362</u>	<u>4,469,396</u>

33. CAPITAL COMMITMENTS

	Group		Society	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Contracted for but not provided for in the financial statements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2018 there was capital expenditure authorised by the committee of management but not contracted for of £2,376,545 (2017: £2,834,000).

34. ULTIMATE CONTROLLING PARTY

The Society is controlled by its members, none of whom have any controlling powers over the Society. The day to day running of the Society rests with its Committee of Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

35. RELATED PARTY DISCLOSURES

During a previous year certain committee members held social bonds in the Society: Interest on these amounts is paid out annually on 31 October. The following gross interest payments were made during the year:

Mark Sesnan	£500
Matt Perren	£100
Alan Ritchie	£50
William Brown	£300

During the year Greenwich Leisure Limited made payments to Bill Brown, one of the committee members, of £1,500 (2017: £1,000) in relation to services provided to the Society.

During the year Greenwich Leisure Limited made payments on behalf of Tone Leisure Limited of £nil (2017: £nil). Tone Leisure Limited incurred utility charges of £nil (2017: £6,990), which were invoiced to and paid by Greenwich Leisure Limited.

During the year Tone Leisure (Taunton Deane) Limited incurred utility charges of £nil (2017: 254,480), which were invoiced to and paid by Greenwich Leisure Limited.

Greenwich Leisure Limited loaned North Country Leisure Limited £nil (2017: £nil) of which £nil (2017: £3,466,763) had been repaid by the year end and £nil (2017: £nil) interest charged. The balance at the end of the year was £nil (2017: £nil).

During the year Greenwich Leisure Limited made payments on behalf of Gosling Leisure Limited of £nil (2017: £nil). Gosling Leisure Limited charged Greenwich Leisure Limited £45,000 (2017: £45,000) relating to rent and Greenwich Leisure Limited charged Gosling Leisure Limited £50,000 (2017: £50,000) also relating to Rent.

36. BUSINESS COMBINATIONS

On 1 April 2018 the Society acquired the assets and liabilities of Welwyn Hatfield Leisure Limited.

The split of assets and liabilities are shown below, as are the results of all entities since acquisition:

	Welwyn Hatfield Leisure Limited
Date of acquisition	1 April 2018
Type of acquisition	Assets
Means of control	Transfer of assets
Cost of acquisition	£Nil
Value of acquisition	£779,292

The transfer of assets all happened at fair value and these assets are included within fixed assets as additions during the year for the Society.

	Welwyn Hatfield Leisure Limited
	£
Intangible assets	2,676
Tangible fixed assets	642,514
Investments	1
Stocks	63,345
Debtors	263,108
Cash at bank and in hand	274,152
Creditors	(466,504)
Total	<u>779,292</u>

APPENDIX GREENWICH LEISURE LIMITED

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	31.12.18 Unrestricted Funds £	31.12.18 Unrestricted Funds on acquisition £	31.12.18 Restricted Funds £	31.12.18 FRS 102 Adjustment Unrestricted £	31.12.18 Total Funds £	31.12.17 Total Funds excl FRS 102 £	31.12.17 Total Funds £
INCOME								
Donations and legacies	3	96,461	779,292	-	-	875,753	-	-
Assets on acquisition		-	-	-	-	-	2,031,886	2,031,886
Income from charitable activities								
Operation of leisure, recreation sites and health activities		293,875,627	-	166,734	-	294,042,361	269,659,283	269,659,283
Income from other trading activities								
Investment income		107,876	-	-	-	107,876	157,321	157,321
Total income		294,079,964	779,292	166,734	-	295,025,990	271,848,490	271,848,490
EXPENDITURE ON								
Raising Funds								
Investment management costs		60,825	-	-	-	60,825	37,147	37,147
Charitable activities								
Operation of leisure, recreation sites and health activities		292,346,453	-	371,313	3,066,000	295,783,766	267,579,725	270,228,725
Losses on settlements		-	-	-	-	-	-	1,723,000
Losses on acquisitions		-	-	-	-	-	2,197,038	2,197,038
Other expenditure		207,783	-	21,500	-	229,283	287,207	287,207
Total expenditure		292,615,061	-	392,813	3,066,000	296,073,874	270,101,117	274,473,117
Net income/(expenditure) for the year before other recognised gains and losses		1,464,903	779,292	(226,079)	(3,066,000)	(1,047,884)	1,747,373	(2,624,627)

APPENDIX GREENWICH LEISURE LIMITED

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Notes	31.12.18 Unrestricted Funds £	31.12.18 Unrestricted Funds on acquisition £	31.12.18 Restricted Funds £	31.12.18 FRS 102 Adjustment Unrestricted £	31.12.18 Total Funds £	31.12.17 Total Funds £	31.12.17 Total Funds excl FRS 102 £
Net income/(expenditure) for the year before other recognised gains and losses	1,464,903	779,292	(226,079)	(3,066,000)	(1,047,884)	(2,624,627)	1,747,373
Transfers between funds	-	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	-	-	-	8,367,000	8,367,000	6,486,000	-
Pass-through arrangement	-	-	-	(1,612,000)	(1,612,000)	873,000	-
Net movement in funds	1,464,903	779,292	(226,079)	3,689,000	5,707,116	4,734,373	1,747,373
Shares issued	6,250	-	-	-	6,250	5,975	5,975
Shares cancelled	(7,400)	-	-	-	(7,400)	(4,900)	(4,900)
RECONCILIATION OF FUNDS	35,800,617	-	414,779	(31,746,000)	4,469,396	(266,052)	34,466,948
Total funds brought forward	37,264,370	779,292	188,700	(28,057,000)	10,175,362	4,469,396	36,215,396
TOTAL FUNDS CARRIED FORWARD							

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure arises from acquired and continuing activities.