

REGISTERED SOCIETY NUMBER: IP27793R (England and Wales)
HMRC CHARITY NUMBER: XR43398

REPORT OF THE COMMITTEE OF MANAGEMENT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
GREENWICH LEISURE LIMITED

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

MONDAY



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04/06/2018
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GREENWICH LEISURE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017

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GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2017**

The Committee of Management present their report, with the consolidated financial statements of the Society and its subsidiaries for the year ended 31 December 2017. 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) (effective January 2015).

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

A Ritchie

Resigned & Reappointed on 29 June 2017

G Kirk

Resigned & Reappointed on 29 June 2017

L Smith

J Rham

P Brooks

A Bindon

Resigned & Reappointed on 29 June 2017

B Brown

Resigned & Reappointed on 29 June 2017

S Wright

R Durrant

Resigned & Reappointed on 29 June 2017

M Perren

E Norsworthy

Resigned on 29 June 2017

E Anderson

Resigned on 29 June 2017

L Bird

J Smith

C Roberts

Resigned & Reappointed on 29 June 2017

S Hannen

E Gosden

Appointed on 29 June 2017

E Thoroughgood

Appointed on 29 June 2017

Chief Executive

J M Sesnan

Secretary

P Donnay

Bankers

Coop Bank
14 Hythe Street
Dartford
DA1 1BD

Lloyds Bank
Faryners House
25 Monuments Street
London
EC3R 8BD

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 2017

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 2017.

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 2017, the GLL Group directly managed over 300 facilities including leisure centres, play centres, children centres and libraries in partnership with over 50 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 1 January 2017 and the North Country Leisure Limited trading transferred on the 1 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. Surpluses from these subsidiaries are gift aided back to GLL.

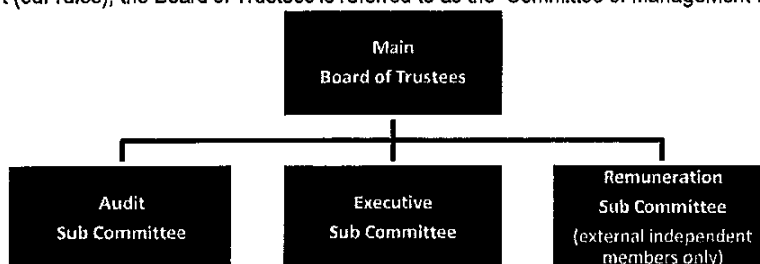
The income turnover of the Society alone in 2017 was £272m whilst the turnover of the GLL Group was £277m.

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".



GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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

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.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017, 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
- 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 Ealing
- London Borough of Lambeth
- London Borough of Hackney
- London Borough of Hammersmith & Fulham

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

OBJECTIVES AND ACTIVITIES (continued)

- 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
- Newcastle City 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*
- Vale of White Horse District Council
- Welwyn 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.

At the year end, GLL had secured further partnerships with the following Councils:

- London Borough of Croydon
- Manchester Metropolitan University
- North Kersteven District Council
- The University of Manchester

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:

- Crawley Borough Council
- Guildford Borough Council
- Woking Borough Council

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

Outside of partnership arrangements, GLL holds and manages 20 "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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 Mayor's office, Greater London Assembly and the London Legacy Development Corporation (LLDC)
- 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)

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

Although 2017 was a challenging year across the public leisure sector, GLL still had some notable achievements and performances across the year, with the following highlights:

- We invested over £8m directly in to the venues we operate across the year
- Our Children's centres were the first London Borough to achieve the prestigious UNICEF 'baby friendly' accreditation
- We commenced a new 25 year partnership with Cornwall Council to operate 15 leisure centres across the county
- We expanded our EXPLORE healthy lifestyles programme in to a number of community venues
- We signed a 125 year lease with Preston City Council to operate Fulwood and West view Leisure Centre, which are earmarked for £2m of investment
- We were successful in retaining our Barnet partnership for a further 10 years
- We spent £15m with likeminded Social Enterprises during the year
- More than 2,500 talented athletes benefitted from £1.4m of funding from the GLL Sport Foundation
- We successfully renewed our partnership with West Oxfordshire District Council for a further 10 years
- We secured a new 10 year partnership with the London Borough of Bromley to operate 14 libraries in the Borough
- We secured a 5 year partnership with Dudley Metropolitan Borough Council to manage 12 libraries and archive services across the Borough
- We secured a new 15 year partnership with the London Borough of Croydon to manage 7 leisure centres and a number of park venues
- We secured a 10 year partnership with North Kesteven District Council to operate 3 leisure centres
- Extensions were secured across a number of our partnerships
- We completed the purchase of 9 Fitness First gyms, re-branding them in to our Better family

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL REVIEW

The results for the year 2017 (January 1st - December 31st) are set out within these consolidated financial statements.

Overall the total GLL Group Income grew by 13% in 2017 compared with 2016 to £277m.

The net trading surplus from operating activities was £1.5 million for the year representing a 0.5% 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 2017).

In 2016, GLL made significant business acquisitions (Gosling, Sutton, Fitspace & Fitness First stand alones) and 2017 saw a significant programme of change contributing to losses in those new business destinations with a material negative impact on the total surplus of £3.2m. Excluding these out of the ordinary items, the surplus margin achieved was 1.7%.

The net total funds shown on the balance sheet shows a negative position but only because of the pensions accounting disclosures.

Please read note 26 to the accounts that explains the reasons for this position.

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 2017, the group had accumulated cash balance of £22.7m.

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:

The Society held fund balances at 31 December 2017 of £(7,180,409) (2016: £(10,473,077)) comprising £414,779 (2016: £516,409) of restricted funds and £35,695,312 (2016: £34,117,089) of unrestricted general funds, which are the Society's free reserves, and a pension reserve deficit of £43,334,000 (2016: £45,149,000). 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.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL REVIEW (continued)

Social Bond Issue

As reported in the previous year's accounts, GLL with sustainable bank Triodos successfully raised £5 million of capital funds through a social bond issue in 2013.

The five-year bond pays 5% gross fixed interest per year. Investors were split evenly between retail (54%) and institutional investors (46%) with support from the City of London Corporation Social Investment Fund, Rathbone Ethical Bond Fund and the Bank Workers Charity. The minimum investment was £2,000 or £200 for GLL employees.

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 incorporate 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 8 times by the unrestricted net asset value of the Society (excluding accounting pension's liabilities under FRS102, see pension note 26). 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 2017 covers the annual bond interest by more than 6 times and thus exceeds the covenant target.

The Bond is repayable in 2018 and is therefore now shown within the current liabilities rather than long term liabilities. GLL plans to refinance this borrowing.

Although there is no impact on cash flow or availability of working capital, this movement in accounting disclosure does cause the liquidity ratio to become negative in the short term.

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 300 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 2017, GLL welcomed in excess of 47 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.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Social Objectives

The following statements encapsulate the organisation's purpose and social aspirations.

- *We exist to make community services, facilities and spaces better for everyone. That means providing access to quality community leisure, culture, children's services, sport and fitness facilities.*
- *We're a charitable social enterprise, which means we work for the benefit of the public, the communities we work in, the environment, our staff and our partners*
- *We promote healthy and active lifestyles, giving communities access to facilities that help improve their health and happiness through participation in activities. It could be gyms, libraries, playgrounds, children's centres or world-class venues such as the London Aquatic Centre and Copper Box Arena.*
- *As a charitable social enterprise, we invest in our communities. And it's not just money; we also invest time and effort in encouraging everyone to take advantage of our services.*

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.

Achieving Better Communities

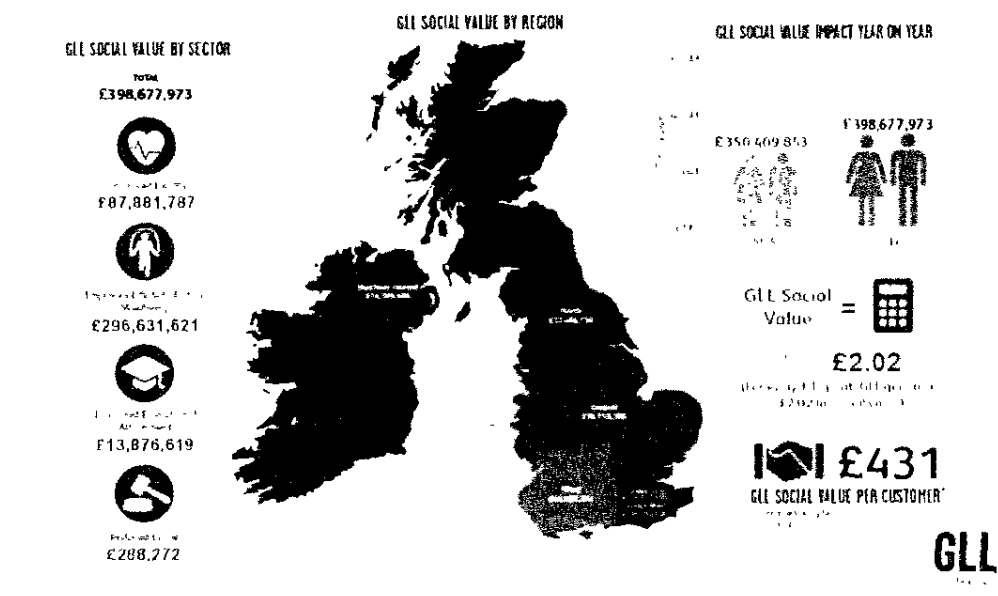
Through the promotion, provision and delivery of quality community services, GLL will empower the local communities in which it operates to achieve a better quality of life:

- **Improve health and wellbeing by increasing participation in positive and physical activities and sport.**
- **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. Its 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; access to community crowd funding programmes for local community groups; whilst the drive for increased participation through affordable and accessible offers has produced £399m in Social Value from more than 47 million visits.

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



GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

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 £2.02 of social value against the four dimensions and results in a total of £431 of Social Value generated per participant. As a charitable social enterprise, GLL's Social Value (£399m) is just as important as its annual turnover (£277m) and it underpins our ethos and values as well as our Corporate Plan objectives.

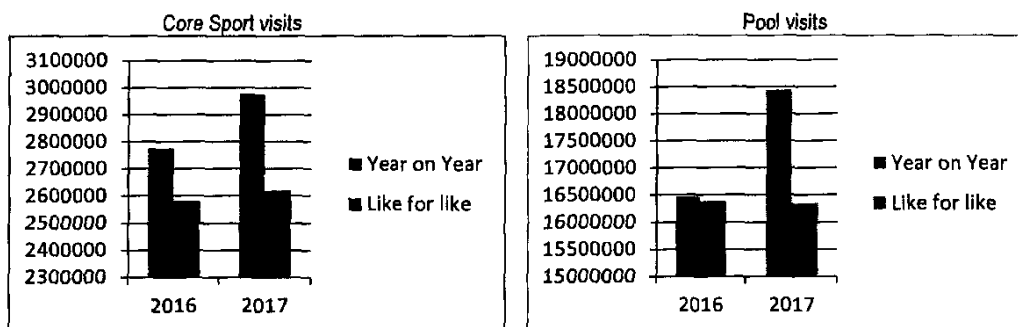
Focussing on Social Value means valuing accessibility and affordability for customers – delivering more diverse services, more concessionary pricing and more subsidised activity :-

- 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.

GLL has challenged the trend of national physical inactivity and its associated costs. In 2017 GLL succeeded in getting more people, more active, more often with a total 47 million visits (up from 42m in 2016).



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 2017 GLL worked with over 80 different partners to increase participation and community engagement. £400k was raised for Sport Relief (including Swimathon); £107,815 pledged to 12 projects via the GLL Community Foundation; participation in national and local charitable events produced significant outputs e.g. partnership with Macmillan Cancer has led to delivery contracts in Belfast and Cornwall.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

The GLL SPORT FOUNDATION supported 2,545 athletes creating £1.4 million of support value (£365,000 cash; £1,035,000 in kind) across 61 partnerships across England, Northern Ireland and Wales making it the largest independent programme in the UK. 89% of supported athletes receive no other central funding and 73%+ of supported athletes are aged under 21. A key initiative has seen the development of a Volunteering Strategy for GLL enabled by a partnership with the national 'Join In' consortium. 4 contract bids in 2017 required incorporation of a Volunteer Management solution. Highlights include:

- £15,000 secured from "Join In" in 2017 to evaluate volunteering in GLL.
- Pilot web portal created by Team Kinetic to allow registration of volunteers and opportunities.
- A new process for recruiting volunteers currently piloting in Hackney and Islington.

A tangible example of the impact of volunteering in action saw GLL invited to join the 'Make A Difference Week' project by Oxfordshire Community & Volunteer Action, Volunteer Link-up and Bartholomew School.

Its aim was to raise the profile of volunteering amongst young people and to develop mutually beneficial volunteering programmes. A total of 500 people were reached through delivery of 9 community sessions and events including a Girls Football Festival; an 'alternative' sports day; and a Slipper Soccer taster session.

A total of 15 students chose GLL as their first choice for placement with 6 students being offered placements including Arsenal Ladies and England U17's Goalkeeper, Lucy Thomas.

Lucy said 'I have developed my leadership and communication skills and learnt how to make sessions engaging. I have most enjoyed helping with the sessions for people with disabilities, seeing the smiles on all of their faces was great. I am now looking into getting my coaching qualifications.'

Emily Shaw, Volunteer Coordinator at OCVA said 'Having the involvement of Better was fantastic. The GLL team worked so hard to provide the students with an engaging and memorable week, offering them the opportunity to engage with school children, the elderly, leisure centre users and more.'

In addition GLL have worked in Bath with Project Search (young adults with learning difficulties) and the Prince's Trust (a charity that supports children and young adults get into work) on work placements, providing work experience for students at Bath Sports and Leisure Centre to give them an insight into the leisure industry. GLL have previously hosted placements for the organisations at both Odd Down Sports Ground and Keynsham Leisure Centre.

GLL's Community Foundation has continued to develop its impact across a growing number of partnerships and our ambition is to extend this further to all areas. Examples of its work include:

GLL serve up a treat for ping pong in the park

GLL have been working in partnership with Burnham Parish Council, supporting a Crowd Funding project to finance installing two outdoor table tennis tables in Burnham Park. The Ping Pong in the Park Project raised £7,450 in three months. The Crowd Funding campaign has been part of a wider development project to improve Burnham Park and what it can offer the local community giving older children and adults another way to keep fit and active. It will also provide a much needed outlet for teenagers and young adults, hopefully decreasing antisocial behaviour in the local area.

Community garden for Whitechapel sports centre

In partnership with Tower Hamlets Cleaner, Greener Volunteers and Gilliard-Try Construction the Whitechapel Sports Centre outside space has begun its gardening revamp. Gilliard-Try have volunteered their time to support the project, the initial stages have included cleaning and gutting the area which continued in December. The space will be open to community groups in 2018.

GLL Community Foundation supported a new project in Merton

The idea came about from the Head Teacher of Poplar School noticing lots of young children commute to school on their scooters and she devised the idea of a Scooter Park. The design includes using the existing road and adding road markings and undulating pathways with raised gradients to give interest plus a 'race track' grid. There will also be a 'village' area for play activities. The park will be used by the school at set times but open to the community each day and at weekends.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GLL has continued to demonstrate its commitment to delivering against the Diversity and Inclusion agenda seeing increases in participation by females; BAME groups; over 60's and disabled users.

Over 60's development:

- New Club hubs & Club membership have been set up in Rivermead, Windrush, Haydon, Wantage Chalfont, Kendal, Sutton, LAC, Wellington, Odd Down
- Dementia Friends training has taken place across a number of Club hubs
- Chiltern, Barnet and Swindon have piloted delivering Club sessions in community settings (Care Homes and Community Centres)
- Club games (60+) delivered in West, Belfast and London East/West regions
- The London club games had 900 participants from 22 partnership.

Dementia Friendly Swimming:

- GLL have supported the Swim England project in Barnet, Hackney, Manchester & Tower Hamlets across the three years of the project
- Sessions continue to run weekly in 9 GLL centres
- 80 staff undertook Understanding Dementia in a Leisure Environment Training
- Additional funding from 3 local authorities now supports delivery of new activities wider than aquatics for people living with dementia

Accessibility Project:

A successful funding application for £24,000 to the London Marathon Trust for Pool Pod development including a new marketing and engagement approach to support more disabled people to use leisure facilities in Camden through increasing usage of the Poolpod.

InstructAbility:

GLL continued our partnership with the Aspire charity to place disabled people in work placements. 12 participants joined the InstructAbility programme with initial training taking place at Poplar Baths.

Love Disfigure:

- Targeted sessions for people living with a disfigurement
- Meet and greet activator supports new people at the session

GLL's 'For The Girls' Programme was shortlisted for the "Engaging Inactive People" Sporta Award

- 800 + sessions were delivered across 9 centres
- 17,870 visits
- Average attendance 21 per session

HERE ARE A HANDFUL CASE STUDIES FROM THE VERY MANY AS EXAMPLES:

SUPPORTED ACCESS FOR WOMEN ONLY SWIMMING

Following the successful introduction of supported access for women's only swimming session at Pancras Square Leisure, working with Hopscotch Asian Women's Centre; two further partners have been identified, to bring more inactive women into the session: West Euston time bank (WETB) and Edith Neville School (ENS).

Both organisations work closely with the BME community, specifically Bangladeshi women. ENS delivers a weekly family swimming session encouraging parents to swim with their children during school hours. The women's only session provides further access for BME parents to engage with physical activity. What had historically been a quiet session with little uptake has quickly developed, through these partnerships, into a thriving weekly activity. The lifeguarding rota has been adjusted to meet the additional demand with up to 40 participants attending the session each week.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

INCLUSION - ALL IN ISLINGTON

The All in Islington project, a partnership of Islington Council; GLL; and Arsenal FC providing match funding for a Sport England investment sought to address the fact that the activity rate for disabled people aged 14+ was significantly lower than for non-disabled people in Islington.

The project was designed in consultation with local disabled people and representative organisations with the aim of getting more disabled residents in Islington more active. This was achieved through a range of new weekly sports sessions and fitness classes specifically for disabled people. These included football, tennis, cycling, Fitness Classes and Swimming. The project also set out to make all existing sessions more inclusive through staff training and improved marketing and communication with the local disabled community.

Partnership working saw GLL engage with:

- London Borough of Islington
- Arsenal in the Community
- Pedal Power
- Camden & Islington NHS Mental Health Foundation Trust
- North London Special League
- Illuminate Freedom
- Elfrida Society
- Tennis Foundation

Participation Targets - To engage 2,623 disabled people across 33,073 attendances. The project has been a success and by Year 3 had both met and exceeded its headline performance targets six months early. The number of females engaged and % of BAME participants also exceeded targets set.

- Better Inclusive members rose by 296% from project start (271 to 802 heads).
- Ironmonger Row Baths achieved Excellent in its Inclusive Fitness Initiative (IFI) accreditation, becoming one of only 3 centres in the country to hold the Excellent mark – All in Islington was a key driver in this success.
- 70 people received additional training and qualifications, including local disabled people and GLL staff
- Key project partner Illuminate Freedom was the first organisation in Islington to successfully crowdfund with the GLL Community Foundation.

STAR HUB CARDIFF BURSTS INTO THE COMMUNITY

Star Hub has gone from strength to strength with their partnership with StreetGames; Sport Cardiff; the Welsh Triathlon Association, the success in building these partnerships in the diverse community surrounding the Centre is starting to see the rewards with many new young people attending the facility. STAR has received funding from Street Games for support with Community events, taster sessions, family activities Go Tri and its junior programme.

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REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

GENERATION GAINS IN SWINDON

Generation Gains, a project funded by the Zurich Foundation and delivered by GLL, has targeted isolated elderly men engaging them in activity using apprenticeships for youngsters classed as NEETs. Lot of progress has been made including new sessions starting and the completion of numerous qualifications. To date 85 participants have taken part in a Generation Gains session.

A participant at the Croft Walking football session said "I can't believe at the age of 73 I am buying football shorts for myself! It's brilliant!"

The Apprentices have now gained a number of certificates through the GLL College namely; Emergency First Aid – Safeguarding Training – Dementia Awareness Training – Fitness Instructors Level 2, Health & Fitness Training and a Walking Football Activators Course run by Wiltshire Football Association. Bath University delivered bespoke data capture training for the evaluation process. The apprentices have now started working in the gyms in the leisure centres as they have qualified as fitness instructors. They are being supported by leisure centre staff to give gym inductions and programmes.

In the community, GLL are currently delivering Chair based strength and balance exercise classes at three sheltered homes in the Swindon area. Sealed netball has also started at a local Care Home. We organised a free taster Walking Football session at Croft Sports Centre. Now there are a regular group of participants including one gentleman who volunteers to referee the match alongside the apprentices.

Employment & Engagement

GLL provides employment for over 14,000 people. In 2015, we achieved the Investors in People Silver award which we retained throughout 2016 and 2017. Investors in People said: "Compared to many organisations we visit, GLL applies its values and social enterprise principles to its workforce in a very genuine way. There is a deep commitment to 'growing our own' managers. The workforce reflects the local community that it serves and there were many examples of people starting as frontline staff but through support and development becoming supervisors and managers, either through GLL's various schemes (e.g. the award-winning Trainee Manager scheme and Academies) or through coaching".

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 such as Manchester, Belfast, Barking & Dagenham and Tower Hamlets in London. We believe that giving employment to those from deprived areas brings greater wealth and social cohesion to those locations. Within our most deprived areas, 67% 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. Continuing our 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 2017, there were 333 people working for GLL on the Park, 63 of which were new appointments. We issue regular job updates to local employment brokers across London incl: 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), London Legacy Development Corporation and the Mayor's Fund for London. 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 entry-level jobs, the graduate scheme or apprenticeships.

Company-wide partnerships

We recognise that different local communities often have specific characteristics and issues. 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 job centre network and we work closely with their regional representatives and account managers to ensure that they have a good understanding of our organisation and our recruitment and training needs so that they can communicate these clearly to potential applicants. In Wales, we ensure relevant job roles are translated into Welsh and are also passed onto Menter Caerdydd, an organisation that promotes the Welsh language amongst the community in Cardiff.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

We are building more relationships with difficult to reach demographics such as older people and school children so that fitness and leisure centres are seen as welcoming places to visit and keep active, which in the long-term will have a positive effect on the workforce and communities.

Socio-demographics

Our social ethos and charitable objectives ensure accessibility, equality and opportunity for all – and 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 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 paths for all current employees as well as our Trainee Management Graduate programme which fast-tracks talented graduates to management positions. Our Management Academies are now well into their second year and are run for staff in both the North and South of the country. Academies are year-long intensive schemes that incorporate a blended learning approach for aspiring managers and supervisors to give them the skills, knowledge and accredited qualifications for career advancement – this is done alongside their job role but with time off for study. In 2017, 8 members of our cohort from the first year's academy were promoted. 27 people joined our Management Academy in 2017.

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 2017, in London, 41% of GLL's workforce came from a BME background, with almost 21% 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. GLL's 'For the Girls' campaign, coupled with Sport England's 'This Girl Can' campaign are making the leisure and sporting environment more accessible and less intimidating places for women and girls for both exercise and work. 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 now make up over 57% of our workforce with over 34% holding senior management positions. Our summer lifeguard recruitment campaign targeted at women, who are underrepresented in this field, attracted 35% female recruits. We believe that by attracting more women into entry-level roles, this will in time close the gender gap at a more senior level. Our academies also aim to give more females the confidence to achieve more in the workplace – 11 of our Managers Academy participants in 2017 were female.

Older People

We're 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. From the available data, over 614 staff were aged 60 or over (an increase of 154 on the previous year) and many were still in physically active roles such as Lifeguard/Recreation Assistant or Swimming Teacher. Our summer lifeguard recruitment campaign championing older people in the workplace generated much positive publicity within the national media; the campaign was picked up by the BBC and Sunday Times to name a few.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Disability/Learning Difficulties

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. This issue has been a focus of our Workforce Equality Strategy. 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. In 2017 we took 20 participants with learning disabilities through work experience placements, two of whom have since gained employment with us and some of whom continue their placements through to 2018. They gain life skills, such as improved communication and the ability to use public transport to get to work. They also develop the 'soft skills' that are so vital in the workplace, such as reliability, punctuality and a better understanding of social norms and acceptable behaviour at work. Following the programme, all students are guaranteed an interview with GLL.

We also work with an organisation called Aspire, who run the Instructability scheme for people with spinal injuries. The project helps to get disabled people into the workplace and provides them with free fitness-industry training, leading to an internationally recognised CYQ Level 2 Gym Instructor qualification. In 2017, we hosted the training scheme for Instructability at Poplar Baths and offered 10 students three-month placements in our leisure centres in Brixton, Crystal Palace, Botwell Green (Hillingdon), Clapham, Burnt Oak, Kensington, Poplar Baths, Dormers Wells (Ealing), Britannia (Hackney) and Barking. We are hopeful that job offers will be made to some of the participants on the scheme.

In Tower Hamlets we took on two paid work placement students from the JET scheme which provides training and employment skills to young people with disabilities and/or health conditions.

GLL became a Disability Confident Employer in 2017 having been 'Two Tick' accredited for many years beforehand. This accreditation recognises 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 2017, we employed 280 people with disabilities – 66 more than in 2016.

Graduates

GLL have supported the employment of graduates for over 20 years with our graduate Trainee Management (TM) scheme. We've recruited over 217 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 2017, there were 46 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. 13 of 2017'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. 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 2017, GLL recruited 141 new apprentices alongside the 76 already on the scheme, leading to 55 of these apprentices working for GLL that same year. Almost 70% of all apprentices who joined the scheme in 2016 resulted in them working for 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 2017, 961 staff gained new qualifications, 862 staff renewed existing qualifications and nearly 3,800 staff undertook various forms of in-house training and development. 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 2017, nearly 3,000 workers attended our UK-wide annual staff communications days and 1,600 staff got involved with a wide range of extra-curricular social events.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 has 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 2017, 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 2017 included:

- CRC Annual report completed in line with statutory requirements.
- Continued accreditation to International Environmental Standard – ISO14001:2004 at 11 GLL premises across 3 Partnerships.
- Delivery of numerous energy capital investments across the business.
- Commenced quarterly KPI reporting across the 7 GLL regions to support operational teams in managing their environmental impact.
- Achieved our 30% Recycling target across GLL's corporate waste contracts
- GLL now generates renewable energy from 47 sources, including 35 Solar Panel installations. Renewable generation in 2017 totalled Over 1.3m kwh.
- 38 CHP units were active in 2017, using natural gas to generate low carbon heat and over 13m kWh of electricity locally for premises.
- 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
- Community Solar projects at Thamesmere LC and Coldharbour LC

WASTE AND RECYCLING

Grundon Waste Services and their regional partners along with 1st Waste collected general waste and recycling from 150 GLL Leisure Centres under centrally controlled contracts. The key objectives and achievements under the GLL Waste and Recycling Policy in 2017 are below:

- Achieved zero waste to landfill by the end of 2017 (within Grundon Contract)
- 31.3% Recycling rate by weight achieved in 2017 achieving the 30% Target
- Long term goal to increase recycling to 50% by 2020
- Over 396 tonnes of recycled material collected

GLL GREEN – CONTINUOUS INVESTMENT

GLL continues to invest. For example:

- Vale of White Horse - White Horse Leisure Centre installed an innovative new solar thermal heat pump to provide renewable support for the centre's cooling system. The install has been a great success improving the efficiency of the heat pump and reducing electricity use through the cooling units of over 30%.
- Cornwall - Lighting replacement at Bodmin LC metal halide to low energy LED in the tennis hall and pool changes
- BMS Strategy in East London Centres
- Cardiff - New pool covers at Western and Fairwater
- Cornwall – New Pool covers in Liskeard, Launceston, Wadebridge and Bude.
- Cornwall – Replacement Pool covers in Truro, Saltash, Newquay, Helston, St Ives, St Austell and Ships & Castles in Falmouth.
- Cornwall - CHP units commissioned at St Austell
- Cornwall – New boilers installed at St Austell and Launceston

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Other investments highlighted for 2018 include:

- 120kW replacement CHP unit to be installed at Bath SC
- New gas turbine CHP to be installed at Swindon Link providing low carbon heat and power under a power purchase agreement.
- Spend to save investments in Cardiff Partnership including LED lighting projects, de-stratification fans, Solar PV, replacement boilers and BMS systems.

ENERGY USE IN LIKE FOR LIKE CENTRES YEAR ON YEAR

In 2017 the utility consumption in like for like centres showed the following results against 2016:

- Gas consumption reduced by 1.05% overall, saving of 2.5m kWh.
- Electricity consumption decreased by over 2.2m kWh (-2.46%)
- Electricity savings exceed the GLL corporate target of an annual 2% reduction.
- Absolute Carbon Emissions increased in 2017 due to the additional size of the organisation. However in like for like premises Carbon Emissions reduced by 1.8% in 2017 just short of GLL's 2% target.
- Water usage is now also being reported quarterly with a year on year increase of 7% - water market reform in 2017 has made this a key focus on the 2018 strategic plan to reduce water consumption and costs across GLL's premises.

Carbon Efficiency & organisational changes

2017 brought the addition of 29 new libraries in Bromley and Dudley, 8 Standalone Better Gyms as well as 19 new leisure Centres across Cornwall, Preston and York. A majority of the new additions joined the company late in the year and therefore had minimal impact in energy consumption for 2017 but this will be seen in 2018. The loss of the Westminster partnership in 2016 has also impacted emissions for the CRC year 2016/17.

Total Carbon Footprint (tCO ₂ e)	57,063	57,000	69,739	82,144	78,577
GLL Turnover £1000's	£123,072	£133,357	£163,358	£226,217	£245,967
Carbon Efficiency tCO ₂ e/£m Turnover	464	427.4	426.9	363.1	319.5
Cumulative Change %	-8.64	-15.77	-15.88	-24.56	-31.10

* Figures taken from GLL CRC Annual report 2017 (Covering 2016/17)

** Drop in Emissions due to loss of Westminster partnership 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 38%, in 2017 the total footprint fell slightly. 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 30% reduction in the amount of Carbon GLL emits per £1m of turnover.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

GLL registered a CRC Annual footprint of 78,577 tCO₂e in year 7 of the scheme (2016/17) which was the fourth year of Phase 2.

The allowance cost for GLL was around £1.3m showing the significant impact of the scheme.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

AWARDS AND RECOGNITION

GLL continues to hold ISO14001:2004 with external audits and certification completed in July 2017.

In 2015 a new version of the Standard (ISO14001:2015) was published and GLL has made the necessary changes to its Environmental Management System to ensure continued compliance with revised Certification happening in June 2018.



GLL also recertified to the Carbon Trust Standard in 2016 for the 4th consecutive time (2010, 2012, 2014 and 2016). The latest award was in recognition of an 11.3% relative reduction in our Carbon footprint measured against GLL's turnover - also known as "Emissions Intensity". GLL will be re-applying for Certification in 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 will be embarking on our new 5 year plan GLL2022.

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

Our plan will also see a series of new initiatives to devolve more operational decision-making and local programme delivery to our UK Regions.

In 2018 we are looking forward within changed market-conditions, pressure on public funding for leisure services, increased competitive markets and a business desire to refocus and restructure to deliver better customer experiences. We will therefore focus on customer experience, 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.

GREENWICH LEISURE LIMITED

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LOOKING TO THE FUTURE and DELIVERING OUR AMBITION - continued

Due to successful business development, GLL will be expanding our services and partnerships across the UK during 2018 with library services in London Borough of Bromley and Dudley in the West Midlands. New leisure centre services will include the London Borough of Croydon, Ely and Manchester as well as new partnership in the London Borough of Barnet. 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.

2018 will feature multiple work streams across our "four business pillars" to ensure that we are truly Stronger, Leaner, Better for the future.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

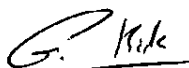
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 10 May 2018 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 2017 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Society Balance Sheet, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 (the financial reporting standard applicable in the UK and R.O.I).

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.

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 2017 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

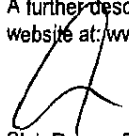
As explained more fully in the committee of management's responsibilities statement set out on page 22, the committee of management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines 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.



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: 10 May 2018

GREENWICH LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	31.12.17 Unrestricted Funds £	31.12.17 Restricted Funds £	31.12.17 FRS 102 s.28 Adjustment Unrestricted £	31.12.17 Total Funds £	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 s.28 Adjustment Unrestricted £	31.12.16 Total Funds £
INCOME								
Income from charitable activities								
Operation of leisure, recreation sites and health activities	3	271,836,917	786,652	-	272,623,569	242,480,970	-	242,609,049
Income from other trading activities								
Commercial trading operations	4	4,225,114	-	-	4,225,114	3,188,538	-	3,188,538
Investment income	5	202,321	-	-	202,321	170,225	-	170,225
Total income		276,264,352	786,652	-	277,051,004	245,839,733	-	245,967,812
EXPENDITURE ON								
Costs of raising funds								
Investment management costs	6	37,147	-	-	37,147	24,714	-	24,714
Commercial trading operations	4	4,231,166	-	-	4,231,166	2,994,762	-	2,994,762
Charitable activities								
Operation of leisure, recreation sites and health activities	7	270,156,409	862,482	3,386,000	274,404,891	240,878,132	(311,000)	240,614,838
Losses on settlements		-	-	(2,511,000)	(2,511,000)	-	-	-
Other expenditure	10	261,407	25,800	-	287,207	25,800	-	287,207
Total expenditure		274,686,129	888,282	875,000	276,449,411	244,159,015	(311,000)	243,921,521
Net income/(expenditure) for the year before other recognised gains and losses		1,578,223	(101,630)	(875,000)	601,593	1,680,718	311,000	2,046,291

The notes form part of these financial statements

GREENWICH LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	31.12.17 Unrestricted Funds £	31.12.17 Restricted Funds £	31.12.17 FRS 102 s.28 Adjustment Unrestricted £	31.12.17 Total Funds £	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 s.28 Adjustment Unrestricted £	31.12.16 Total Funds £
Net income/(expenditure) for the year before other recognised gains and losses	1,578,223	(101,630)	(875,000)	601,593	1,680,718	54,573	311,000	2,046,291
Transfers between funds 29	-	-	-	-	(1,772)	1,772	-	-
Remeasurement gains/(losses) on defined benefit schemes 26	-	-	2,690,000	2,690,000	-	-	(23,310,000)	(23,310,000)
Net movement in funds	1,578,223	(101,630)	1,815,000	3,291,593	1,678,946	56,345	(22,999,000)	(21,263,709)
Shares issued	5,975	-	-	5,975	14,150	-	-	14,150
Shares cancelled	(4,900)	-	-	(4,900)	(11,800)	-	-	(11,800)
RECONCILIATION OF FUNDS								
Total funds brought forward	34,159,514	516,409	(45,149,000)	(10,473,077)	32,478,218	460,064	(22,150,000)	10,788,282
TOTAL FUNDS CARRIED FORWARD	<u>35,738,812</u>	<u>414,779</u>	<u>(43,334,000)</u>	<u>(7,180,409)</u>	<u>34,159,514</u>	<u>516,409</u>	<u>(45,149,000)</u>	<u>(10,473,077)</u>

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

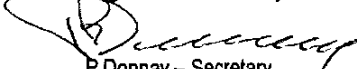
GREENWICH LEISURE LIMITED**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2017**

		31.12.17 Total Funds £	31.12.17 Total Funds £	31.12.16 Total Funds £	31.12.16 Total Funds £
	Notes				
FIXED ASSETS					
Intangible assets	15		325,833		423,572
Tangible assets	16		56,412,858		57,230,641
Investments	17		12		12
Investment property	18		1,003,090		1,200,869
			57,741,793		58,855,094
CURRENT ASSETS					
Stocks	19	504,625		520,753	
Debtors: amounts falling due within one year	20	38,607,219		29,809,897	
Debtors: amounts falling after more than one year	20	6,908,622		7,573,816	
Cash at bank and in hand		22,725,435		21,597,312	
		68,745,901		59,501,778	
CREDITORS					
Amounts falling due within one year	21	(69,667,876)		(57,285,266)	
NET CURRENT ASSETS			(921,975)		2,216,512
TOTAL ASSETS LESS CURRENT LIABILITIES			56,819,818		61,071,606
CREDITORS					
Amounts falling due after more than one year	22		(20,666,227)		(26,395,683)
NET ASSETS EXCLUDING PENSION LIABILITY			36,153,591		34,675,923
PENSION LIABILITY	26		43,334,000		45,149,000
FUNDS					
Unrestricted funds		(8,034,169)		(11,443,207)	
Designated funds		395,481		411,296	
Total unrestricted funds			(7,638,688)		(11,031,911)
Restricted funds			414,779		516,409
Share capital	28		43,500		42,425
TOTAL FUNDS	29		(7,180,409)		(10,473,077)
TOTAL FUNDS EXCLUDING PENSION LIABILITY			36,153,591		34,675,923

The financial statements were approved by the Committee of Management on 10 May 2018 and were signed on its behalf by:


J M Sesnan – Committee Member
Society Registered Number:


G Kirk – Committee Member
IP27793R


P Donnay – Secretary

The notes form part of these financial statements

GREENWICH LEISURE LIMITED**SOCIETY BALANCE SHEET
AT 31 DECEMBER 2017**

		31.12.17 Total Funds £	31.12.17 Total Funds £	31.12.16 Total Funds £	31.12.16 Total Funds £
	Notes				
FIXED ASSETS					
Intangible assets	15		325,833		423,572
Tangible assets	16		52,893,101		46,635,781
Investments	17		3,669,885		3,669,885
Investment property	18		<u>1,003,090</u>		<u>1,200,869</u>
			57,891,909		51,930,107
CURRENT ASSETS					
Stocks	19	504,625		394,850	
Debtors: amounts falling due within one year	20	38,609,920		31,612,515	
Debtors: amounts falling due after more than one year	20	6,908,622		7,573,816	
Cash at bank and in hand		<u>22,725,435</u>		<u>19,739,781</u>	
		68,748,602		59,320,962	
CREDITORS					
Amounts falling due within one year	21	<u>(69,758,888)</u>		<u>(53,753,450)</u>	
NET CURRENT ASSETS			<u>(1,010,286)</u>		<u>5,567,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			56,881,623		57,497,619
CREDITORS					
Amounts falling due after more than one year	22		<u>(20,666,227)</u>		<u>(23,030,671)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>36,215,396</u>		<u>34,466,948</u>
PENSION LIABILITY	26		42,231,000		40,157,000
FUNDS					
Unrestricted funds		(6,869,364)		(6,241,661)	
Designated funds		<u>395,481</u>		-	
Total unrestricted funds			(6,473,883)		(6,241,661)
Restricted funds			414,779		509,184
Share capital	28		<u>43,500</u>		<u>42,425</u>
TOTAL FUNDS	29		<u>(6,015,604)</u>		<u>(5,690,052)</u>
			<u>36,215,396</u>		<u>34,466,948</u>

The financial statements were approved by the Committee of Management on 10 May 2018 and were signed on its behalf by:


J M Sesnan – Committee Member


G Kirk – Committee Member


P Donnay – Secretary

Society Registered Number: IP27793R

The notes form part of these financial statements

GREENWICH LEISURE LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities	1	<u>9,782,837</u>	<u>12,614,253</u>
Cash flows from investing activities			
Interest		(643,153)	(595,348)
Rent		122,547	35,642
Sale of fixed assets		679,344	297,819
Purchase of investments		(4,568)	(3,669,873)
Sale of investments		202,346	-
Other business combinations		-	(9,689,360)
Purchase of tangible fixed assets		(8,027,390)	(11,790,989)
Purchase/additions to investment property		-	(38,831)
Cash used on investing activities		<u>(7,670,874)</u>	<u>(25,450,940)</u>
Cash flows from financing activities			
Repayment of borrowing		(984,916)	(535,294)
New loans issued		-	12,000,000
Share issue		2,075	14,150
Shares cancelled		(1,000)	(11,800)
Cash used in financing activities		<u>(983,841)</u>	<u>11,467,056</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>1,128,123</u>	<u>(1,369,631)</u>
Cash and cash equivalents at the beginning of the year		21,597,312	22,966,943
Total cash and cash equivalents at the end of the year		<u>22,725,435</u>	<u>21,597,312</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017****1. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.17	31.12.16
	£	£
Net incoming resources before other recognised gains and losses	601,593	2,046,291
Amortisation of goodwill	97,739	112,876
Depreciation charges	8,120,313	8,115,532
Deficit on disposal of fixed assets	45,516	(141,586)
Interest received	(42,627)	(109,869)
Interest paid	685,780	705,217
Rents received	(159,694)	(60,356)
Rental expenses paid	37,147	24,714
Movement in provisions	-	-
Increase in stocks	16,128	(144,418)
(Increase)/decrease in debtors	(8,132,128)	(1,856,315)
Increase in creditors	7,638,070	4,233,167
Interest cost on defined benefit pension scheme	1,162,000	3,746,000
Expected return on defined benefit pension scheme	(2,511,000)	(2,904,000)
Pension deficit taken on new contract	-	-
Administrative expenses	72,000	76,000
Difference between pension charge and cash contributions	<u>2,152,000</u>	<u>(1,229,000)</u>
Net cash inflow from operating activities	<u>9,782,837</u>	<u>12,614,253</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

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 August 2014) 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 charity.

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 Management Committee believe that the Group is well placed to manage its business risks successfully. The Management Committee are satisfied that the Group will be able to meet all its obligations as and when they fall due. The Management Committee 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, Tone Leisure Group Limited, North Country Leisure Limited, Gosling Leisure Limited and Fitspace 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 Trustees 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.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

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 FRS102 the properties are not depreciated and are valued at fair value at the reporting date by the Committee of Management.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

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 26.

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.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****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, Tone Leisure Group Limited, North Country Leisure Limited, Gosling Leisure Limited and Fitspace Limited.

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

	31.12.17	31.12.16
	£	£
Gross incoming resources	271,848,490	224,689,341
Investment management costs	(37,147)	(24,714)
Total expenditure on charitable activities	(274,649,589)	(221,702,889)
Governance costs	(126,174)	(82,121)
Other resources expended	(287,207)	(287,207)
Net incoming resources	(3,251,627)	2,592,410
Actuarial (loss)/gain on defined benefit pension scheme	2,925,000	(19,219,000)
	<u>(326,627)</u>	<u>(16,626,590)</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	31.12.17	31.12.16
	£	£
Operation of leisure, recreation sites and health activities	234,341,665	209,862,130
Management fees	36,170,789	31,128,586
Other funding	2,111,115	1,618,333
	<u>272,623,569</u>	<u>242,609,049</u>

4. 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, North Country Leisure (Trading) Limited and Gosling Leisure Limited for the period):

	31.12.17	31.12.16
	£	£
Turnover	4,225,114	3,188,538
Cost of sales and administration costs	(4,231,166)	(2,994,762)
Net profit	<u>(6,052)</u>	<u>193,776</u>

5. INVESTMENT INCOME

	31.12.17	31.12.16
	£	£
Interest received	42,627	109,869
Rent	159,894	60,356
	<u>202,321</u>	<u>170,225</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****6. COSTS OF GENERATING FUNDS**

	31.12.17	31.12.16
	£	£
Insurance	1,997	2,914
Rates and water	784	1,211
Light and heat	4,166	5,454
Equipment purchases	78	429
Legal fees	5,306	2,977
Site services	23,234	9,781
Other expenses	1,582	1,948
	<u>37,147</u>	<u>24,714</u>

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

7. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES EXPENSES

	Direct Costs	Support Costs (see note 8)	31.12.17 Total Charitable Activities	31.12.16 Total Charitable Activities
	£	£	£	£
Leisure, recreation and health activities	<u>258,460,270</u>	<u>15,944,621</u>	<u>274,404,891</u>	<u>240,614,838</u>

8. SUPPORT COSTS

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

	31.12.17	31.12.16
	Operation of leisure, recreation sites and health activities	Operation of leisure, recreation sites and health activities
	£	£
Wages	6,000,000	5,954,082
Premises expenses	8,271,880	5,562,379
Motor and travel	282,515	225,892
Overheads	1,261,602	752,306
Governance costs (note 9)	<u>128,624</u>	<u>107,955</u>
	<u>15,944,621</u>	<u>12,602,614</u>

9. GOVERNANCE COSTS

	31.12.17	31.12.16
	£	£
Auditors' remuneration	86,645	58,955
Auditors' remuneration for non-audit work	30,625	20,000
Auditors' remuneration for audit of subsidiary accounts	6,695	29,000
Underprovision previous year	<u>4,659</u>	<u>-</u>
	<u>128,624</u>	<u>107,955</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2017**10. OTHER RESOURCES EXPENDED**

	31.12.17	31.12.16
	£	£
Social Bond issue costs	37,207	37,207
Social Bond interest payable	<u>250,000</u>	<u>250,000</u>
	<u>287,207</u>	<u>287,207</u>

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.12.17	31.12.16
	£	£
Auditors' remuneration	93,340	87,955
Auditors' remuneration for non-audit work	30,625	20,000
Depreciation - owned assets	8,024,469	8,008,783
Depreciation - assets held under finance lease or hire purchase	95,844	106,749
Hire of plant and machinery	1,745,211	1,655,837
Deficit/(surplus) on disposal of fixed asset	45,516	(141,586)
Goodwill amortisation	<u>97,739</u>	<u>112,876</u>

12. COMMITTEE MEMBERS' EMOLUMENTS

	31.12.17	31.12.16
	£	£
Committee members' emoluments	806,373	759,845

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

	7	10
Defined benefit schemes		

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 13 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:

	31.12.17	31.12.16
	£	£
J M Sesnan	204,406	203,644
S Ward	115,165	108,921
A Ritchie	48,308	45,382
G Kirk	84,679	84,959
L Smith	37,304	36,980
J Rham	69,401	65,509
S Wright	53,203	52,422
M Perren	57,784	59,789
E Norsworthy (resigned on 27 June 2017)	-	36,359
E Anderson (resigned on 27 June 2017)	-	40,735
S Hannen (appointed on 27 June 2016)	55,111	25,145
E Thoroughgood (appointed on 27 June 2017)	32,606	-
E Gosden (appointed on 27 June 2017)	48,406	-

Trustees' Expenses

During the year, reimbursed expenses amounting to £1,439 (2016: £1,014) were paid to Trustees.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****12. COMMITTEE MEMBERS' EMOLUMENTS - continued**

The total amount of employee benefits received by key management personnel is £892,322 (2016: £891,815). The Society considers its key management personnel comprises of the directors of the Society.

13. STAFF COSTS

	31.12.17 £	31.12.16 £
Wages and salaries (including social security and pension costs)	135,673,141	120,355,598
Redundancy and severance payments	2,665,095	137,504
Social Security costs	9,276,774	8,098,614
Pension costs	7,001,349	5,689,288
Defined benefit difference between service charge and contributions paid	2,152,000	(1,229,000)
Apprenticeship Levy	457,969	-
	<u>157,226,328</u>	<u>133,052,004</u>

Redundancy and severance payments in general include payments to pension funds in respect of pension strain. However, included amongst those amounts is £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:

	31.12.17	31.12.16
Direct	10,291	7,858
Administration and support	350	335
Management	<u>9</u>	<u>10</u>
	<u>10,650</u>	<u>8,203</u>

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

	31.12.17	31.12.16
£60,000 - £70,000	13	12
£70,001 - £80,000	6	6
£80,001 - £90,000	4	5
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	3	3
£120,001 - £130,000	-	-
£130,001 - £140,000	4	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:

31.12.17	31.12.16
34	34

14. 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 (2016: £Nil).

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

15. INTANGIBLE FIXED ASSETS

Group and Society

	Goodwill £
COST	
At 1 January 2017 and 31 December 2017	<u>950,129</u>
AMORTISATION	
At 1 January 2017	526,557
Charge for year	<u>97,739</u>
At 31 December 2017	<u>624,296</u>
NET BOOK VALUE	
At 31 December 2017	<u>325,833</u>
At 31 December 2016	<u>423,572</u>

16. TANGIBLE FIXED ASSETS

Group

	Freehold/ Leasehold property £	Leasehold improvements £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2017	27,510,567	36,960,852	41,624,420	972,053	107,067,892
Additions	2,528,544	2,207,979	2,789,938	500,929	8,027,390
Additions through business combinations					
Disposals	(634,006)	(79,462)	(96,001)	(472,388)	(1,281,857)
Reclassification of assets	<u>(1,292,500)</u>	<u>1,292,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>28,112,605</u>	<u>40,381,869</u>	<u>44,318,357</u>	<u>1,000,594</u>	<u>113,813,425</u>
DEPRECIATION					
At 1 January 2017	1,241,253	19,465,599	28,780,739	349,660	49,837,251
Charge for year	736,620	3,007,049	4,131,539	245,105	8,120,313
Eliminated on disposal	(142,737)	(40,332)	(96,001)	(277,927)	(556,997)
Reclassification	<u>(51,700)</u>	<u>51,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>1,783,436</u>	<u>22,484,016</u>	<u>32,816,277</u>	<u>316,838</u>	<u>57,400,567</u>
NET BOOK VALUE					
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>
At 31 December 2016	<u>26,269,314</u>	<u>17,495,253</u>	<u>12,843,681</u>	<u>622,393</u>	<u>57,230,641</u>

Included above are assets with a net book value of £321,490 (2016: £409,577) held under finance leases or hire purchase contracts.

Freehold/leasehold property includes freehold properties with a net book value of £16,996,109 (2016: £17,787,880).

Included in cost of Freehold/Leasehold property is land of £164,438 (2016: £164,438) which is not being depreciated.

GREENWHICH LEISURE LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. TANGIBLE FIXED ASSETS - CONTINUED

Society

	Freehold/ Leasehold property £	Improvements to property £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2017	22,163,454	34,278,768	38,658,628	972,053	96,072,903
Additions	2,528,544	6,211,424	5,315,655	500,929	14,556,552
Disposals	(33,221)	-	(96,001)	(472,388)	(601,610)
At 31 December 2017	<u>24,658,777</u>	<u>40,490,192</u>	<u>43,878,282</u>	<u>1,000,594</u>	<u>110,027,845</u>
DEPRECIATION					
At 1 January 2017	1,156,922	19,584,470	28,346,070	349,660	49,437,122
Charge for year	697,908	3,007,049	4,121,488	245,105	8,071,550
Eliminated on disposal	-	-	(96,001)	(277,927)	(373,928)
At 31 December 2017	<u>1,854,830</u>	<u>22,591,519</u>	<u>32,371,557</u>	<u>316,838</u>	<u>57,134,744</u>
NET BOOK VALUE					
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>
At 31 December 2016	<u>21,006,532</u>	<u>14,694,298</u>	<u>10,312,558</u>	<u>622,393</u>	<u>46,635,781</u>

Freehold/leasehold property includes freehold properties with a net book value of £13,480,252 (2016: £13,772,360).

Included in cost of Freehold/Leasehold property is land of £164,438 (2016: £164,438) which is not being depreciated.

17. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>11</u>	<u>1</u>	<u>12</u>
NET BOOK VALUE			
At 31 December 2017 and 31 December 2016	<u>11</u>	<u>1</u>	<u>12</u>

Society

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2017	3,669,884	1	3,669,885
Additions	-	-	-
At 31 December 2017	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>
NET BOOK VALUE			
At 31 December 2017	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>
At 31 December 2016	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>

There were no investment assets outside the UK.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****17. 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:

Ordinary

% holding
100.00

	31.12.17	31.12.16
	£	£
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:

Ordinary

% holding
14.29

	31.12.17	31.12.16
	£	£
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:

Ordinary

% holding
100.00

	31.12.17	31.12.16
	£	£
Income	4,078,119	2,282,963
Expenditure	(4,023,410)	(2,282,963)
Profit for the period	49,704	-
Dividends paid	(49,704)	-
Aggregate capital and reserves	<u>1</u>	<u>1</u>

Tone Leisure Group Limited (Company number 05857912)

Nature of business: Holding Company

Class of shares:

Limited by guarantee

% holding
100.00

	31.12.17	31.12.16
	£	£
Income	6,990	30
Expenditure	(22,399)	(528)
Deficit for the period	(15,409)	(498)
Aggregate funds	<u>-</u>	<u>15,409</u>

Tone Leisure (South Hams) Limited (Company number 05944280, Charity number 1119626)

Nature of business: Management of leisure services

Class of shares:

Limited by guarantee

% holding
100.00

	31.12.17	31.12.16
	£	£
Income	-	2,566,391
Expenditure	(302,710)	(2,452,249)
(Deficit)/Surplus for the year excluding remeasurements on defined benefit pension scheme	(302,710)	114,142
Aggregate funds	<u>-</u>	<u>302,710</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****17. FIXED ASSET INVESTMENTS - continued****Tone Leisure (Taunton Deane) Limited (Company number 04983733, Charity number 1110756))**

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.17	31.12.16
		£	£
Income		2,616,775	5,856,414
Expenditure		(254,480)	(5,686,770)
Surplus for the year excluding remeasurements on defined benefit pension scheme		-	169,644
Aggregate funds		<u>-</u>	<u>(2,362,295)</u>

Gosling Leisure Limited (Company number 02880581)

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by shares	100.00		
		31.12.17	31.12.16
		£	£
Income		360,336	193,468
Expenditure		(308,485)	(206,541)
Loss for the period		51,852	(12,974)
Dividends paid		(85,000)	-
Aggregate funds		<u>3,614,883</u>	<u>3,648,032</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		
		31.12.17	31.12.16
		£	£
Aggregate funds		-	6,886,045
Surplus for the period		<u>-</u>	<u>-</u>

The Training Room Health and Fitness Limited (Company number 04727904) – The company was dissolved after the year end.

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by shares	100.00		
		31.12.17	31.12.16
		£	£
Aggregate funds		-	(6,664,678)
Surplus for the period (realisation of revaluation of assets)		<u>-</u>	<u>789,133</u>

GREENWICH LEISURE LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. FIXED ASSET INVESTMENTS - continued

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

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.03.17	31.12.16
		£	£
Income		8,292,524	10,104,804
Expenditure		(6,217,144)	(12,403,809)
Surplus/(Deficit) for the year		2,075,380	(2,299,005)
Aggregate funds		<u>-</u>	<u>(2,075,380)</u>

North Country Leisure Trading Limited (Company number 03660222)

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.03.17	31.12.16
		£	£
Income		172,422	825,495
Expenditure		(178,474)	834,014
Loss for the period		(6,052)	(8,519)
Aggregate funds		<u>1</u>	<u>6,053</u>

18. INVESTMENT PROPERTY

Group and Society	Total £
COST	
At 1 January 2017	1,200,869
Additions	4,567
Disposals	<u>(202,346)</u>
At 31 December 2017	<u>1,003,090</u>
NET BOOK VALUE	
At 31 December 2017	<u>1,003,090</u>
At 31 December 2016	<u>1,200,869</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.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

19. STOCKS

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Stocks	<u>504,625</u>	<u>520,753</u>	<u>504,625</u>	<u>394,850</u>

Group

Stock amounts recognised within expenditure for the current period are £2,408,161 (2016: £2,418,802).

Society

Stock amounts recognised within expenditure for the current period are £2,238,497 (2016: £1,348,017).

20. DEBTORS

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	9,375,400	8,989,892	9,375,400	8,253,783
Other debtors	21,240,843	15,234,623	21,240,843	14,905,313
Loans to employees	128,334	106,412	128,334	106,412
Accrued income	-	181,209	-	2,147
Prepayments	1,803,408	1,431,097	1,803,408	1,251,521
Amounts receivable on long term contracts	6,059,234	3,866,664	6,059,234	3,866,664
Amounts owed by group undertakings	-	-	2,701	3,226,675
	<u>38,607,219</u>	<u>29,809,897</u>	<u>38,609,920</u>	<u>31,612,515</u>

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Amounts falling due after more than one year:				
Loans to employees	23,225	30,149	23,225	30,149
Amounts receivable on long term contracts	<u>6,885,397</u>	<u>7,543,667</u>	<u>6,885,397</u>	<u>7,543,667</u>
	<u>6,908,622</u>	<u>7,573,816</u>	<u>6,908,622</u>	<u>7,573,816</u>
	<u>45,515,841</u>	<u>37,383,713</u>	<u>45,518,542</u>	<u>39,186,331</u>

The Society "other debtors" figure of £21,240,843 (2016: £14,905,313) 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 £2,769,462 (2016: £3,154,649);
- GLL Capital developments works in progress amounting to £7,963,518 (2016: £3,295,363);
- Client Capital development works delivered as agents by GLL that had not been recharged at the year end amounting to £10,507,863 (2016: £8,455,300).

The Society "amounts receivable on long term contracts" of £6,885,397 (2016: £7,543,667) 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.

GREENWICH LEISURE LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans (see note 23)	244,232	532,395	244,232	241,090
Other loans (see note 23)	5,484,802	452,099	5,484,802	69,769
Trade creditors	5,727,788	4,005,291	5,727,788	2,659,967
Other creditors	14,652,398	14,638,853	14,652,398	14,619,917
Social security and other taxes	3,624,646	3,487,697	3,622,426	3,267,639
Accrued expenses	23,925,785	16,895,611	23,923,335	15,920,601
Receipts in advance	16,008,225	17,273,320	16,008,225	16,974,467
Amounts owed to group undertakings	-	-	95,682	-
	<u>69,667,876</u>	<u>57,285,266</u>	<u>69,758,888</u>	<u>53,753,450</u>

Deferred income

	31.12.17
	£
Deferred income at 1 January 2017	17,273,320
Resources deferred in the year	16,579,749
Amounts released from previous periods	<u>(17,273,320)</u>
	<u>16,579,749</u>

Other Creditors of £14,652,398 (2016: £14,619,917) in the Group and Society accounts includes £2,249,817 (2016: £1,682,534) of 3rd party income collected as agent and payable upon receipt of a purchase invoice and £7,759,214 (2016: £9,011,082) accrued surplus share payable to local authority clients under contractual arrangements.

The Society accrual figure of £23,923,335 (2016: £15,920,601) relates to accrued revenue costs for which GLL has yet to be invoiced.

The Society deferred income figure of £16,008,225 (2016: £16,974,467) 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.

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

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans (see note 23)	17,585,306	17,824,823	17,585,306	17,824,823
Other loans (see note 23)	2,950,561	8,303,824	2,950,561	5,205,848
Hire purchase (see note 23)	<u>130,360</u>	<u>267,036</u>	<u>130,360</u>	-
	<u>20,666,227</u>	<u>26,395,683</u>	<u>20,666,227</u>	<u>23,030,671</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2017**23. LOANS**

An analysis of the maturity of loans is given below:

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Amounts falling due within one year on demand:				
Bank loans	244,232	532,395	244,232	241,090
Other loans	5,347,438	312,794	5,347,438	69,769
Hire purchase	137,364	139,305	137,364	-
	<u>5,729,034</u>	<u>984,494</u>	<u>5,729,034</u>	<u>310,859</u>
Amounts falling due between one and two years:				
Bank loans	238,987	235,760	238,987	235,760
Other loans	287,611	5,247,901	287,611	5,004,876
Hire purchase	106,918	162,937	106,918	-
	<u>633,516</u>	<u>5,646,598</u>	<u>633,516</u>	<u>5,240,636</u>
Amounts falling due between two and five years:				
Bank loans	12,738,836	12,728,863	12,738,836	12,728,863
Other loans	883,099	930,047	883,099	200,972
Hire purchase	23,442	104,099	23,442	-
	<u>13,645,377</u>	<u>13,763,009</u>	<u>13,645,377</u>	<u>12,929,835</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	4,607,483	4,860,200	4,607,483	4,860,200
Other loans	1,779,851	2,125,876	1,779,851	-
	<u>6,387,334</u>	<u>6,986,076</u>	<u>6,387,334</u>	<u>4,860,200</u>

In the year ended 31 December 2013 the Society issued a Social Bond. The bond is repayable in 5 years. It ranks pari passu with other unsecured debt and it attracts interest at 5%. This interest is payable annually in arrears at the end of October.

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

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****24. OPERATING LEASE COMMITMENTS**

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

Group

	Land and buildings		Equipment	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Expiring:				
Within one year	4,538,087	4,259,216	186,524	79,174
Between one and five years	18,067,347	18,076,597	246,471	67,678
In more than five years	51,124,958	55,654,194	-	52,105
	<u>73,730,392</u>	<u>77,990,007</u>	<u>432,995</u>	<u>198,957</u>

Society

	Land and buildings		Equipment	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Expiring:				
Within one year	4,538,087	4,259,216	186,524	65,437
Between one and five years	18,067,347	18,076,597	246,471	52,105
In more than five years	51,124,958	55,654,194	-	52,105
	<u>73,730,392</u>	<u>77,990,007</u>	<u>432,995</u>	<u>169,647</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 7 years to 22 years

25. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.17	31.12.16
	£	£
Bank loans	17,829,537	18,293,619
Wandsworth Council	273,230	343,829
Hire purchase	267,724	406,340
Other loans	<u>3,087,575</u>	<u>3,684,829</u>
	<u>21,458,066</u>	<u>22,728,617</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

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 2017 was £31,800. Other loans also include a loan of £3,055,775 (2016: £3,097,976) from Newcastle City Council.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****26. 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	
	31.12.17	31.12.16
	£	£
Present value of funded obligations	(138,932,000)	(135,430,000)
Fair value of plan assets	<u>95,598,000</u>	<u>90,281,000</u>
	(43,334,000)	(45,149,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(43,334,000)</u>	<u>(45,149,000)</u>
Net liability	<u>(43,334,000)</u>	<u>(45,149,000)</u>

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Current service cost	5,001,000	3,291,000
Administrative expenses	72,000	76,000
Net interest cost	1,162,000	842,000
Losses/(gains) on curtailments and settlements	<u>187,000</u>	<u>(1,867,000)</u>
	<u>6,422,000</u>	<u>2,342,000</u>
Actual return on plan assets	<u>10,035,000</u>	<u>11,922,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Actuarial (losses)/gains	<u>2,690,000</u>	<u>(23,310,000)</u>
	<u>2,690,000</u>	<u>(23,310,000)</u>
Cumulative amount of actuarial losses	<u>(25,564,991)</u>	<u>(28,254,991)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2017**26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Defined benefit obligation	(135,430,000)	(100,291,000)
Current service cost	(5,001,000)	(3,291,000)
Contributions by scheme participants	(1,145,000)	(1,147,000)
Interest cost	(3,530,000)	(3,746,000)
Remeasurements	(3,880,000)	(32,583,000)
Benefits paid	1,183,000	491,000
Past service costs	(187,000)	(4,000)
Liabilities extinguished on settlements	9,082,000	5,170,000
Administration expenses	(24,000)	(29,000)
	<u>(138,932,000)</u>	<u>(135,430,000)</u>

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Fair value of scheme assets	90,281,000	78,141,000
Contributions by employer	3,036,000	2,653,000
Contributions by scheme participants	1,145,000	1,147,000
Interest on assets	2,368,000	2,904,000
Return on assets less interest	6,570,000	9,277,000
Benefits paid	(1,183,000)	(491,000)
Settlement prices received	(6,571,000)	(3,303,000)
Administration expenses	(48,000)	(47,000)
	<u>95,598,000</u>	<u>90,281,000</u>

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

	Defined benefit pension plans	
	31.12.17	31.12.16
Equities	65.69%	65.02%
Bonds	15.57%	12.77%
Property	8.34%	8.62%
Cash/other	8.47%	11.76%
Gilts	1.93%	1.83%
	<u>100.00%</u>	<u>100.00%</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

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 £ 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	67,297,000	68,920,000	70,584,000
Projected service cost	2,601,000	2,666,000	2,733,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	71,195,000	68,920,000	66,719,000
Projected service cost	2,751,000	2,666,000	2,584,000

Principal actuarial assumptions at the balance sheet date:

	31.12.17	31.12.16
Discount rate	2.5% - 2.8%	2.7% - 2.8%
Future salary increases	2.7% - 4.5%	2.4% - 4.5%
Future pension increases	2.0% - 2.4%	2.0% - 2.5%
Price increases	2.0% - 2.5%	2.0% - 2.5%

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

	31.12.17	31.12.16	31.12.14	31.12.13	31.12.12
Defined benefit pension plans					
Defined benefit obligation	(138,932,000)	(135,430,000)	(100,291,000)	(71,106,000)	(57,684,045)
Fair value of scheme assets	95,598,000	90,281,000	78,141,000	50,653,000	46,683,302
Deficit	(43,334,000)	(45,149,000)	(22,150,000)	(20,453,000)	(11,000,743)
Experience adjustments on scheme assets	-	-	969,000	389,000	423,495
Experience adjustments on scheme liabilities	-	-	-	263,000	882,754

Society

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Present value of funded obligations	(127,912,000)	(112,528,000)
Fair value of plan assets	85,681,000	72,371,000
	(42,231,000)	(40,157,000)
Present value of unfunded obligations	-	-
Deficit	(42,231,000)	(40,157,000)
Net liability	(42,231,000)	(40,157,000)

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Current service cost	4,460,000	2,742,000
Administrative expenses	72,000	66,000
Net interest cost	1,150,000	752,000
Losses/(gains) on curtailments and settlements	17,000	-
	<u>5,699,000</u>	<u>3,560,000</u>
Actual return on plan assets	<u>9,161,000</u>	<u>10,716,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Actuarial (losses)/gains	<u>2,925,000</u>	<u>(19,219,000)</u>
	<u>2,925,000</u>	<u>(19,219,000)</u>
Cumulative amount of actuarial losses	<u>(24,008,991)</u>	<u>(26,933,991)</u>

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Defined benefit obligation	(112,528,000)	(79,026,000)
Liabilities assumed on settlements	(4,501,000)	-
Current service cost	(4,460,000)	(2,742,000)
Past service cost	(17,000)	-
Contributions by scheme participants	(1,045,000)	(985,000)
Interest cost	(3,280,000)	(3,158,000)
Remeasurements	(3,009,000)	(27,529,000)
Benefits paid	952,000	941,000
Administration expenses	(24,000)	(29,000)
	<u>(127,912,000)</u>	<u>(112,528,000)</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.17	31.12.16
	£	£
Fair value of scheme assets	72,371,000	59,288,000
Assets acquired on settlements	11,291,000	-
Contributions by employer	2,423,000	2,360,000
Contributions by scheme participants	1,045,000	985,000
Interest on assets	2,130,000	2,406,000
Return on assets less interest	5,934,000	8,310,000
Benefits paid	(952,000)	(941,000)
Settlement prices received	(8,513,000)	-
Administration expenses	(48,000)	(37,000)
	<u>85,681,000</u>	<u>72,371,000</u>

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

	Defined benefit pension plans	
	31.12.17	31.12.16
Equities	65.63%	67.58%
Bonds	15.60%	12.83%
Property	8.23%	8.17%
Cash/other	8.29%	9.42%
Gilts	2.25%	2.00%
	<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 £28,789,000 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	67,297,000	68,920,000	70,584,000
Projected service cost	2,601,000	2,666,000	2,733,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	71,195,000	68,920,000	66,719,000
Projected service cost	2,751,000	2,666,000	2,584,000

Principal actuarial assumptions at the balance sheet date:

	31.12.17	31.12.16
Discount rate	2.6% - 2.8%	2.7% - 2.8%
Future salary increases	2.7% - 4.5%	2.4% - 4.5%
Future pension increases	2.2% - 2.4%	2.0% - 2.5%
Price increases	2.0% - 2.5%	2.0% - 2.5%

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	31.12.17	31.12.16	31.12.14	31.12.13	31.12.12
Defined benefit pension plans					
Defined benefit obligation	(127,912,000)	(112,528,000)	(79,026,000)	(71,106,000)	(57,684,045)
Fair value of scheme assets	85,681,000	72,371,000	59,288,000	50,653,000	46,683,302
Deficit	(42,231,000)	(40,157,000)	(19,738,000)	(20,453,000)	(11,000,743)
Experience adjustments on scheme assets		-	969,000	389,000	423,495
Experience adjustments on scheme liabilities		-	-	263,000	882,754

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	21.90% (fixed from 2014/15 to 2017/18); 29.00% (fixed from 2017/18 to 2019/20)
Royal Borough of Greenwich	16.50% (fixed from 2014/15 to 2019/20)
CITRUS	25.70% (fixed from 2013/14 to 2016/16); 32.60% (fixed from 2017/17 to 2018/19)
London Borough of Merton	24.20% (fixed from 2014/15 to 2017/18)
Royal County of Berkshire	15.80% (fixed from 2014/15 to 2017/18); 12.00% (fixed for 2017/18)
London Borough of Tower Hamlets	17.70% (fixed from 2014/15 to 2017/18); 20.00% (fixed from 2017/18 to 2019/20)
Wiltshire(scheme 1)	18.10% (fixed from 2014/15 to 2017/18); 16.10%/14.20%/12.20% (fixed from 2017/18 to 2019/20)
Wiltshire(scheme 2)	19.50% (fixed from 2014/15 to 2017/18); 21.70% (fixed from 2017/18 to 2019/20)
London Pension Fund Authority	18.20% (fixed from 2014/15 to 2017/18); 17.70% (fixed from 2017/18 to 2019/20)
Cambridgeshire County Council	24.90% (fixed from 2014/15 to 2017/18); 25.10%/25.40%/25.70% (fixed from 2017/18 to 2019/20)
London Borough of Ealing	16.00% (fixed from 2014/15 to 2017/18); 16.40% (fixed from 2017/18 to 2019/20)

Once again, the volatility of the investment markets and the drop 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 is 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).

Conversely, in the previous year, 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 £5.3m as at the 31st December 2017.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

For clarity, these 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 aren't 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 liability 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%.

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.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****26. 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.
- With a number of these schemes, GLL benefits from indemnities from the local authority which means GLL has no liability for any scheme deficit in the event of a termination of the contract which gave rise to the original transfer of staff to GLL. Regardless of these indemnities and because GLL has the risk on fluctuating employer contributions (unless capped), the deficits still have to be disclosed on the balance sheet in accordance with FRS102.
- 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 31/12/17	Ongoing Basis as at 31/12/17	Difference
GLL			
LPFA	(4,852)	1,441	6,293
London Borough of Ealing LGPS	(224)	243	467
CITRUS Pension Plan	(523)	(647)	(124)
London Borough of Tower Hamlets LGPS	(360)	65	425
London Borough of Merton LGPS	(800)	48	848
Royal Borough of Greenwich LGPS (multiple agreements)	(28,789)	(514)	28,275
Wiltshire LGPS 1 (Swindon)	396	1,321	925
Wiltshire LGPS 2 (Swindon)	(988)	857	1,845
Northamptonshire LGPS (Cambridge)	(311)	106	417
Somerset	(4,913)	993	5,906
Copeland	(453)	539	992
South Lakes	(414)	100	514
Total	(42,231)	4,552	46,783
NCL			
Newcastle 1	(1,396)	(320)	1,076
Newcastle 2	293	1,090	797
Total	(1,103)	770	1,873
GLL Group Total	(43,334)	5,322	48,656

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.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 DECEMBER 2017**

26. 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 are relevant to 2017 results also:

"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.

27. CONTINGENT LIABILITIES

The Society has insurance cover relating to Performance Bonds as at 31 December 2017 of £12,735,100 (2016: £6,994,000)

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.

28. CALLED UP SHARE CAPITAL

Group and Society

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.17 £	31.12.16 £
1740 (2016: 1697)	Ordinary	£25	<u>43,500</u>	<u>42,425</u>

239 shares (2016: 566) of £25 each were allotted and fully paid for cash at par during the year. During the year 196 shares (2016: 472 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.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****29. MOVEMENT IN FUNDS****Group**

	At 1.1.17 £	Net movement in funds £	Transfers between funds £	At 31.12.17 £
Unrestricted funds				
General funds	33,705,793	1,578,223	15,814	35,299,830
Pension liability	(45,149,000)	1,815,000	-	(43,334,000)
Share capital	42,425	1,075	-	43,500
Designated fund – Copeland & South Lakes	<u>411,296</u>	<u>-</u>	<u>(15,814)</u>	<u>395,482</u>
	(10,989,486)	3,394,298	-	(7,595,188)
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	<u>39,761</u>	<u>(14,456)</u>	<u>-</u>	<u>25,305</u>
	516,409	(101,630)	-	414,779
TOTAL FUNDS	<u>(10,473,077)</u>	<u>3,292,668</u>	<u>-</u>	<u>(7,180,409)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****29. 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	276,264,352	(274,686,129)	-	1,578,223
Pension liability	-	(875,000)	2,690,000	1,815,000
Share capital	5,975	(4,900)	-	1,075
	<u>276,270,327</u>	<u>(275,566,029)</u>	<u>2,690,000</u>	<u>3,394,298</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>(276,454,311)</u>	<u>2,690,000</u>	<u>3,292,668</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

29. MOVEMENT IN FUNDS - continued

Society

	At 1.1.17 £	Net movement in funds £	Transfers between funds £	At 31.12.17 £
Unrestricted funds				
General funds	33,915,339	1,841,778	(395,482)	35,361,635
Pension liability	(40,157,000)	(2,074,000)	-	(42,231,000)
Share capital	42,425	1,075	-	43,500
Designated Fund – Copeland	-	-	202,969	202,969
Designated Fund – South Lakes	-	-	192,513	192,513
	(6,199,236)	(231,147)	-	(6,430,383)
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	(5,690,052)	(325,552)	-	(6,015,604)

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****29. 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	271,061,838	(269,220,060)	-	1,841,778
Pension liability	-	(4,999,000)	2,925,000	(2,074,000)
Share capital	5,975	(4,900)	-	1,075
	<u>271,067,813</u>	<u>(274,223,960)</u>	<u>2,925,000</u>	<u>(231,147)</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>(275,105,017)</u>	<u>2,925,000</u>	<u>(325,552)</u>

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017

29. MOVEMENT IN FUNDS - continued

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 – TDBC GRANT

The grant was received in 2009 as a contribution towards the cost of the new gyms being installed. The balance reduces as the fixed assets are depreciated.

RESTRICTED FUND – LOTTERY FUNDING

The funding was received in 2009 as a contribution towards the cost of the new gyms being installed. The balance reduces as the fixed assets are depreciated.

RESTRICTED FUND – ARTS COUNCIL

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

RESTRICTED FUND – VIBE

The fund has arisen through the drawing down of County Council funding to deliver diversionary activities to 13 to 19 year olds in Taunton Deane. *These funds cannot be spent in any other way, other than as specified within the funding application* to deliver diversionary activities at certain leisure centres.

RESTRICTED FUND – COMMUNITY PLAY (INCLUSION RESERVE)

The inclusion fund has arisen through the drawing down of County Council funding to deliver play opportunities to disabled children under the age of 16 in Taunton Deane. These funds cannot be spent in any other way, other than as specified within the funding application to deliver disabled play activities at certain leisure centres.

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

RESTRICTED FUND – SINGLE STATUS

The Single Status grant was received from South Hams District Council in 2012 as a contribution towards the costs of harmonising pay and conditions for employees doing equivalent work throughout the council departments. The related costs incurred are set against the fund.

3G PITCH

A service level agreement is in place to work in partnership with Lakes Leisure to build a 3G pitch at Ulverston Leisure Centre. The 3G pitch has been capitalised and depreciation will be charged against this fund on an ongoing basis.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017****29. MOVEMENT IN FUNDS - continued****ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Group	Unrestricted Funds £	Restricted Funds £	Total Funds £
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	(43,334,000)	-	(43,334,000)
Total net assets	<u>(7,595,188)</u>	<u>414,779</u>	<u>(7,180,409)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS

Society	Unrestricted Funds £	Restricted Funds £	Total Funds £
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	(42,231,000)	-	(42,231,000)
Total net assets	<u>(6,430,383)</u>	<u>414,779</u>	<u>(6,015,604)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2017**30. RECONCILIATION OF MOVEMENTS IN FUNDS****Group**

	31.12.17	31.12.16
	£	£
Surplus/(deficit) for the financial year	601,593	2,046,291
Other recognised gains and losses relating to the year (net)	2,690,000	(23,310,000)
Shares issued during the year	5,975	14,150
Shares cancelled during the year	(4,900)	(11,800)
Net addition to funds	3,292,668	(21,261,359)
Opening funds	(10,473,077)	10,788,282
Closing funds	(7,180,409)	(10,473,077)

Society

	31.12.17	31.12.16
	£	£
Surplus for the financial year	(3,251,627)	2,592,410
Other recognised gains and losses relating to the year (net)	2,925,000	(19,219,000)
Shares issued during the year	5,975	14,150
Shares cancelled during the year	(4,900)	(11,800)
Net addition to funds	(325,552)	(16,624,240)
Opening funds	(5,690,052)	10,934,188
Closing funds	(6,015,604)	(5,690,052)

31. CAPITAL COMMITMENTS

	Group		Society	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Contracted for but not provided for in the financial statements	-	-	-	-

At 31 December 2017 there was capital expenditure authorised by the committee of management but not contracted for of £2,834,000 (2016: £2,053,215).

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 DECEMBER 2017**

32. 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.

33. 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 £1,000 (2016: £4,500) in relation to services provided to the Society.

During the year Greenwich Leisure Limited made payments on behalf of Tone Leisure Limited of £nil (2016: £102,468). Tone Leisure Limited incurred utility charges of £6,990, which were invoiced to and paid by Greenwich Leisure Limited.

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

During the year Greenwich Leisure Limited made payments on behalf of North Country Leisure Limited of £nil (2016: £81,523).

Greenwich Leisure Limited loaned North Country Leisure Limited £nil (2016: £3,466,763) of which £3,466,763 (2016: £256,854) had been repaid by the year end and £nil (2016: £13,336) interest charged. The balance at the end of the year was £nil (2016: £3,223,246).

During the year Greenwich Leisure Limited made payments on behalf of Gosling Leisure Limited of £nil (2016: £106,290). Gosling Leisure Limited charged Greenwich Leisure Limited £45,000 relating to rent and Greenwich Leisure Limited charged Gosling Leisure Limited £45,000 also relating to Rent.

During the year Greenwich Leisure Limited made payments on behalf of Flitspace Leisure Limited of £nil (2016: £488,678) which was outstanding at the year end.

34. BUSINESS COMBINATIONS

On 1 April 2017 the Society acquired the assets and liabilities of North Country Leisure Limited and North Country Leisure Trading Limited.

On 1 January 2017 the Society acquired the assets and liabilities of Tone Leisure (Taunton Deane) Limited. Included within the acquisition cost of £1,897,182 are restricted funds of £126,796.

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

	North Country Leisure Limited	North Country Leisure Trading Limited	Tone Leisure (Taunton Deane) Limited
Date of acquisition	1 April 2017	1 April 2017	1 January 2017
Type of acquisition	Assets	Assets	Assets
Means of control	Transfer of liabilities	Transfer of liabilities	Transfer of assets
Cost of acquisition	(£2,130,084)	(£66,954)	£1,897,182
Value of acquisition	(£2,130,084)	(£66,954)	£1,897,182

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.

APPENDIX GREENWICH LEISURE LIMITED

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT & STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	31.12.17 Unrestricted Funds	31.12.17 Unrestricted Funds on acquisition	31.12.17 Restricted Funds	31.12.17 FRS 102 Adjustment Unrestricted	31.12.17 Total Funds	31.12.16 Total Funds excl FRS 102	31.12.16 Total Funds
	£	£	£	£	£	£	£
INCOME							
Donations and legacies	-	-	-	-	-	29,868	29,868
Commercial trading operations	134,704	1,770,386	126,796	-	2,031,886	-	-
Income from charitable activities							
Operation of leisure, recreation sites and health activities	268,999,427	-	659,856	-	269,659,283	224,494,616	224,494,616
Income from other trading activities							
Investment income	157,321	-	-	-	157,321	164,857	164,857
Total income	269,291,452	1,770,386	786,652	-	271,848,490	224,689,341	224,689,341
EXPENDITURE ON							
Raising Funds							
Investment management costs	37,147	-	-	-	37,147	24,714	24,714
Charitable activities							
Operation of leisure, recreation sites and health activities	266,724,468	-	855,257	3,276,000	270,855,725	220,585,010	221,785,010
Losses on settlements	-	-	-	1,723,000	1,723,000	-	-
Losses on acquisitions	-	2,197,038	-	-	2,197,039	-	-
Other expenditure	261,407	-	25,800	-	287,207	287,207	287,207
Total expenditure	267,023,022	2,197,038	881,057	4,999,000	275,100,117	220,896,931	222,096,931
Net income/(expenditure) for the year before other recognised gains and losses	2,268,430	(426,652)	(94,405)	(4,999,000)	(3,251,627)	3,792,410	2,592,410

APPENDIX GREENWICH LEISURE LIMITED

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT & STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	31.12.17 Unrestricted Funds £	31.12.17 Unrestricted Funds on acquisition £	31.12.17 Restricted Funds £	31.12.17 FRS 102 Adjustment Unrestricted £	31.12.17 Total Funds £	31.12.16 Total Funds excl FRS 102 £	31.12.16 Total Funds £
Net income/(expenditure) for the year before other recognised gains and losses	2,268,430	(426,652)	(94,405)	(4,999,000)	(3,251,627)	3,792,410	2,592,410
Transfers between funds	-	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	-	-	-	2,925,000	2,925,000	-	(19,219,000)
Pension deficit inherited on new contract	-	-	-	-	-	-	-
Net movement in funds	2,268,430	(426,652)	(94,405)	(2,074,000)	(326,627)	3,792,410	(16,626,590)
Shares issued	5,975	-	-	-	5,975	14,150	14,150
Shares cancelled	(4,900)	-	-	-	(4,900)	(11,800)	(11,800)
RECONCILIATION OF FUNDS Total funds brought forward	33,957,764	-	509,184	(40,157,000)	(5,690,052)	10,934,188	10,934,188
TOTAL FUNDS CARRIED FORWARD	36,227,269	(426,652)	414,779	(42,231,000)	(6,015,604)	14,728,948	(5,690,052)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure arises from acquired and continuing activities.