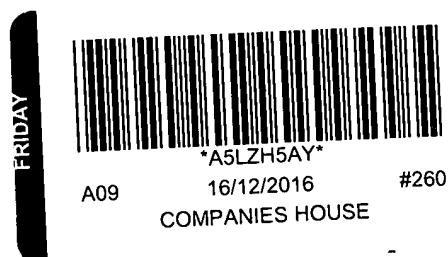


Financial statements

Wigan Leisure and Culture Trust

For the year ended 31 March 2016



Company No. 04624607
Charity No. 1105278

Company information

Charity registration number	1105278
Company registration number	04624607
Registered office	Robin Park Headquarters Robin Park Indoor Sports Centre Loire Drive Robin Park Wigan WN5 0UL
Trustees	D A Bartle T Bradshaw G W Cross P G Farrington D A Lea D Lythgoe P Moss D A Newman J Noott E Smethurst M A Weston C Wilks
Secretary	D M Heaton
Bankers	The Cooperative Bank Plc P O Box 101 1 Balloon Street Manchester M60 4EP
Solicitors	Stephensons Solicitors LLP Northgate Close Horwich Bolton BL6 6PQ
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the trustees

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act, present their report together with the audited financial statements for the year ended 31 March 2016.

The company information set out on page 1 forms part of this report.

Organisation

The charitable company is a company limited by guarantee with the income and property of the charitable company being applied solely towards meeting the objectives of the charity as outlined below. No dividend, bonus or profit share shall be paid or transferred directly or indirectly to members of the charitable company. The company is registered in England and Wales.

The financial statements show the financial affairs of both the Wigan Leisure and Culture Trust group and the Wigan Leisure and Culture Trust charitable company. The group consists of Wigan Leisure and Culture Trust, its 100% subsidiary, Wigan Leisure and Culture Enterprises Limited, and its indirect 100% subsidiary Inspiring Healthy Lifestyles Limited (formerly known as Proco Enterprises Limited).

Wigan Leisure and Culture Trust make substantial use of the brand Inspiring Healthy Lifestyles.

The charitable company operates under the memorandum and articles of association as modified in November 2007 and further updated in July 2010.

Charitable status

The company gained charitable status on 3rd August 2004. The charitable company registration number is 1105278.

Structure, governance and management

The Board of Trustees was set up through a mix of identified specialists/Council nominees and open adverts in the press. Replacement Trustees are recruited in a similar manner. The Board meets on a quarterly cycle.

The Board has four established sub-committees – Audit Committee; Finance and Performance Committee; Human Resources and Health & Safety Committee and the Nominations Committee and their members are listed below:

Audit Committee:

T Bradshaw; B Bowen (retired 13/04/15); P Farrington (Chair); F Carmichael (from 30/10/15, retired 26/05/16); J Noott (from 18/03/16)

The Committee met three times during 2015/16.

Report of the trustees

Human Resources and Health & Safety Committee:

D A Lea (Chair); T Bradshaw; D Bartle; M Weston; D Lythgoe (from 18/03/16) and M Kerr (retired 05/12/15).

The Committee met five times during 2015/16.

Finance and Performance Committee:

D Newman (Chair); G W Cross; E Smethurst; P Moss (from 18/03/16); C J Wilks (from 18/03/16) and M Watson (retired 06/06/16).

The Committee met five times during 2015/16.

Nominations Committee

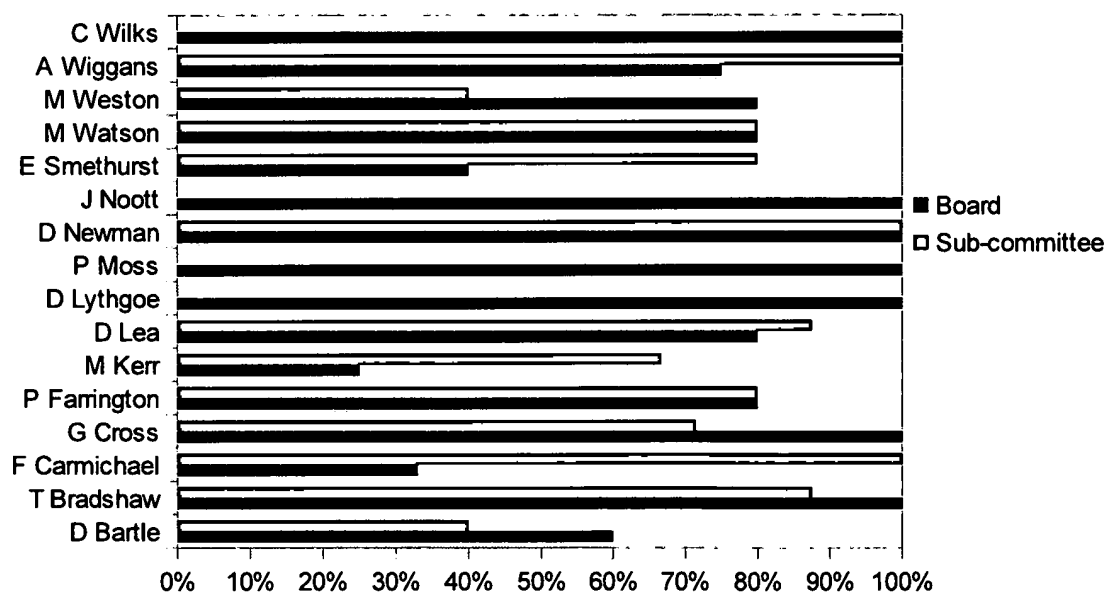
Chair of Trustees; Chair of Finance and Performance Committee; Chair of Audit Committee; Chair of Human Resources and Health & Safety Committee and the Managing Director.

The Committee met three times during 2015/16.

The number of Board and Committee meetings undertaken during the year has reduced in order to reflect resources available and a desire to increase the utilisation of Trustees expertise within the organisation beyond formal meetings.

Trustee's attendance record (percentage number of meeting held during 2015-16 or since appointment as a Trustee)

Board and sub-committee attendance



Report of the trustees

Executive Team

During 2015/16 members of the Senior Management Team were:

P Burt (Managing Director)
A Watmough (Head of Sport and Leisure Facilities)
D Heaton (Head of Finance and Resources, appointed Company Secretary from 01/04/16)
C Derbyshire (Head of Business Development)
L Johnson (Head of Wellbeing)

The following people also served on the Senior Management Team during 2015/16:

K Bardgett (Executive Director – Corporate Responsibility to 31/08/15, Transformation Lead from 01/09/15, left the organisation 31/12/15).
K P Gascoigne (Executive Director – Governance Development – left the organisation 30/04/15, continues to provide governance support on a freelance basis, resigned as Company Secretary 31/03/16).

Changes within the Executive Team have resulted in a further two posts being removed from the organisation. Reducing the original team from four members and a Chief Executive, to four SMT members (Heads of Service with a wider remit) and a Managing Director, has effectively fully removed a layer of Senior Management.

Trustees would like to thank Kay Bardgett and Pete Gascoigne for their invaluable contribution.

Management Remuneration

The salaries for all roles in the organisation, including senior management, are determined through the use of a pay spine. The pay spine is determined by a mix of benchmarked salaries against market rate, former local authority grades and grades for roles that have transferred into the organisation. Senior and middle management do not receive automatic increments - any increments are performance based through a system of annual appraisals.

Trustee training and development

A revised Trustee Handbook forms the basis of Trustee induction, supplemented by familiarisation visits to facilities and events tailored to the interests and needs of the individual Trustee. The handbook is now updated on a regular basis when new information necessitates amendments.

Five Trustees attended Risk Management training during 2015/16.

Eight Trustees attended Organisational Familiarisation training during 2015/16.

A self-appraisal of the Board sub-committees was undertaken during the autumn of 2015 and a Board Development Plan for 2016/17 was approved in March 2016. A self-appraisal of the operation of the Board will be undertaken in the autumn of 2016.

Recruitment and rotation of Trustees

The memorandum and articles of the charitable company require Trustees to retire after three years in office. However, they may, if willing, be re-appointed by the Board at a Board meeting at the end of each term of office.

Wigan Council is entitled to appoint two Trustees to the charitable company.

Report of the trustees

Recruitment and rotation of Trustees (continued)

The Trustees took the decision to recruit new Trustees during 2015/16, both to replace retiring Trustees and to increase the number of Trustees. Four new Trustees were appointed on 18th March 2016.

Our long-serving Chair of Trustees, Andy Wiggans, retired from the Board after ten years' service to the Trust in December 2015. Trustees would like to thank Andy for his invaluable contribution, as well as to thank other retiring Trustees for their service.

The Board unanimously supported the recommendation of the Nominations Committee and appointed Gareth Cross as Chair of the Board in December 2015.

Decision making

Strategic decisions are made by the Board of Trustees, but operational decisions are the province of the Senior Management Team of the Trust. Significant operational decisions are, however, reported to the Board. The memorandum and articles of association allows delegation of all management decisions in accordance with such powers approved by the Board to the Senior Management Team.

Employee involvement

The charitable company has continued the practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the charitable company. The primary conduit for this has been an "Employee Representatives" group that has met regularly through the course of the year. In addition, regular written briefings from the Senior Management have been issued throughout the year.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retrain them and/or make suitable adjustments in order that their employment with the charitable company may continue.

It is the policy of the charitable company that training, career development and promotion opportunities should be available to all employees.

Objectives and policies

The charitable company has been established for the public benefit for the following purposes (drawn from the memorandum of the company):

- The advancement and support of education, culture, arts and history
- The provision or assistance in the provision of facilities for recreation or other leisure time occupations
- The promotion of good health through community participation in healthy recreation
- Any other charitable purposes beneficial to the public consistent with the above noted objectives as the Trustees shall determine

Report of the trustees

Objectives and policies (continued)

During 2015/16 a new three year Business Strategy was implemented for the charity. The vision statement for the new Business Strategy is:

- To inspire people to choose healthier, more active and creative lifestyles.

The adoption of the new Business Strategy also saw the adoption of a new overall brand for the charity – Inspiring Healthy Lifestyles.

This vision is delivered through four strategic aims:

- To provide inspiring leisure and creative experiences empowering people to improve their health and wellbeing.
- To develop, strengthen and expand our social enterprise approach delivering long term sustainability.
- Through a partnership approach, fulfil the vision and meet the strategic aims of our corporate clients.
- To support and develop community involvement, sharing best practice in everything we do.

Strategic Report

The Strategic Report comprises the following sections: from 'Strategies employed in the year' to 'Future Plans'.

Strategies employed in the year

Progress has been demonstrated in 2015/16 against all the strategic aims:

- To provide inspiring leisure and creative experiences empowering people to improve their health and wellbeing.
 - To review, develop and improve services that inspire everyone to be active and improve their wellbeing.
 - Within 2015/16 facilities were redeveloped and improved at Howe Bridge, Tadcaster Hindley and Leigh Leisure Centres and the Summit Indoor Adventure.
 - The development of Haigh Woodland Park has commenced with the completion of the new adventure playground.
 - To maintain high quality facilities and services ensuring delivery of key impact framework outcomes.
 - Investments were made in LED technology and a new boiler was installed at Chase Leisure Centre.
 - Collaborative work was undertaken with partners to establish outcome based performance frameworks demonstrating impact.

Report of the trustees

Strategies employed in the year (continued)

- To review and develop the Inspiring Healthy Lifestyles approach to memberships.
 - During 2015/16 a number of complementary health and fitness services were launched and their effectiveness is being monitored.
- To develop a holistic approach to the provision of easily accessible services.
 - An audit of services was undertaken which will be used to identify improvements which can be made to the experience of beneficiaries.
 - To develop, strengthen and expand our social enterprise approach delivering long term sustainability.
- To ensure the effective and successful operation of the organisation.
 - A Board Development plan was adopted and a review of Board sub-committees was undertaken.
 - A successful Trustee recruitment exercise was undertaken with new Trustees appointed in March 2016.
 - A review of the Business Development and Wellbeing Divisions was commenced.
- To expand the business through successful tendering for new contracts and the development of new products and services.
 - A business expansion strategy was approved by the Board and the Trust is fully engaged in work around Greater Manchester devolution.
 - Our trading subsidiary won a contract to manage the catering outlet in Hednesford Park, close to our facility at the Museum of Cannock Chase.
- To ensure a high quality customer experience throughout the organisation.
 - A Quality Management System has been rolled out to ensure consistency of approach to customers.
- To develop the use of appropriate systems to effectively manage organisational performance.
 - Work was undertaken to ensure a modern and resilient ICT network for the organisation.
 - Through a partnership approach, fulfil the vision and meet the strategic aims of our corporate clients.
- To ensure sustainable partnerships with all our key clients.
 - Positive contract discussions have continued with our largest client, Wigan Council with a view to finalising a long-term relationship early in 2016/17.
 - A review of support services has been ongoing, resulting in efficiencies through the adoption of shared services in some areas.
- To support partners in the strategic development of service provision.
 - Robust client relationships through Public Health have been established, including the development of a robust performance framework to demonstrate the broader and long-term impact on the organisation's beneficiaries.

Report of the trustees

Strategies employed in the year (continued)

- To develop an approach to market research to inform strategic decision-making and business development.
 - The Trust has played an active part in the development of the Association of Greater Manchester Leisure Trusts, positioning the organisation to take advantage of opportunities to serve more beneficiaries that may arise through the ongoing devolution process.
 - To support and develop community involvement, sharing best practice in everything we do.
- To identify appropriate opportunities to utilise alternative delivery mechanisms to increase workforce capacity.
 - There has been continued development of alternative delivery mechanisms throughout the Trust including apprenticeships, traineeships, work placements and volunteers.
 - Agile work opportunities have been developed in three key areas of the organisation.
- The development of a framework for effective support to the Third Sector.
 - The Trust has developed and manages the WiganVIP.com volunteering portal and Volunteer Centre Quality Accreditation has been achieved.
- To ensure a demonstrable contribution to local priorities.
 - Work has continued with the Norley Hall Play and Community Partnership and Community Outreach programme, including the submission of funding bids.

Results for the year

The financial statements are prepared in accordance with applicable accounting standards and the Charity Statement of Recommended Practice (FRS 102 SORP) issued in July 2014 and covers the activities of Wigan Leisure and Culture Trust and its trading subsidiaries Wigan Leisure and Culture Enterprises Limited and Inspiring Healthy Lifestyles Limited (formerly Proco Enterprises Limited). The Statement of Financial Activities (SOFA) shows the gross income from all sources and the split of activity between restricted, designated and unrestricted funds.

Total funds of the charitable company and the charitable group have increased due in part to actuarial pension gains (see note 25) and amount to negative £655,029 as at 31 March 2016 (2015: negative £6,997,097) representing unrestricted funds deficit of £2,905,011 (2015: negative £9,497,741, restricted funds surplus of £2,249,982 (2015: surplus £2,500,644) and designated funds surplus of Nil (2015: surplus £80,000). The pension deficit is £4,187,000 as at 31 March 2016 (2015: deficit £10,604,000).

The statement of financial activities shows that there was net expenditure before movements in the valuation of investments and the pension deficit for the charitable group for the financial year amounting to £513,175 (2015: net income £1,048,689).

The charitable group and the charitable company's income funds fall into the following categories:

- Restricted funds £2,249,982 (£2,500,644 as at 31 March 2015). Further information is provided in note 21 to the accounts.
- Unrestricted funds deficit £2,905,011 (£9,577,741 in deficit at 31 March 2015). This represents funds held for the day-to-day running of the charitable company. The unrestricted fund includes the pension deficit of £4,187,000 (2015: deficit £10,604,000).
- Designated funds Nil (£80,000 as at 31 March 2015) as set out in note 21.

Report of the trustees

Results for the year (continued)

The Trust met its social and business objectives and through a combination of proactive management and a committed workforce, the worst impact of the adverse economic conditions was mitigated.

Wigan Leisure and Culture Enterprises Limited and Inspiring Healthy Lifestyles Limited generated a trading surplus before taxation of £90,600 (2015: surplus of £848,339) and £4,239 (2015: surplus £68,572) respectively.

It is the Trust's intention to continue to use Wigan Leisure and Culture Enterprises Limited for certain aspects of its trading activities. However, Inspiring Healthy Lifestyles Limited will be declared dormant at an appropriate date. Performance is monitored on a regular basis.

Reliance on other parties

The charitable company continues to rely heavily on national and local government policies for contract income. Although the principal contract income from Wigan Council was further reduced in 2015/16, services were rationalised and investment made to accommodate that reduction.

Reserves

The charitable company's original agreement with Wigan Council confirms that for any year the Council, in determining its level of funding, will disregard any accumulated surpluses and general reserves in the charitable company's balance sheet at the end of the immediately preceding year up to a maximum of 15% of the funding for that immediate preceding year.

The condition directly affected the charitable company's reserves policy and in accordance with it, the charitable company has resolved to maximise (without setting a specific target amount) its reserves over a 10 year period.

Under the new agreement between Wigan Council and the charitable company this restriction has been removed.

The purpose of those reserves is to safeguard against both any significant loss of funding and any unforeseen adverse circumstances and to thereby facilitate the continuance of the delivery of the charitable company's stated objectives.

The level of consolidated reserves before taking account of the FRS 102 adjustment for the pension deficit at 31 March 2016 is £3,531,971 (2015: £3,606,903). These comprise restricted reserves of £2,249,982 (2015: £2,500,644); designated reserves of Nil (2015: £80,000) and general unrestricted reserves of £1,281,989 (2015: £1,026,259).

Investment Policy

Bearing in mind the charitable company's commitment to effective stewardship of resources, the Trust has endorsed an investment policy that allows for £1,500,000 to be invested in structured products with the balance of resources being invested in Public Sector Reserve accounts. Structured products are traded on the markets but guarantee, to various degrees, a return of capital invested. However, under the SORP, these investments are valued at market price rather than capital value, and on that basis a gain on revaluation has been recorded for 2015/16.

Report of the trustees

Grant Policy

The charitable company gives very limited grants to external institutions. Those that are given are approved by the Board through the charitable company's financial monitoring arrangements.

Pension Commitment

Wigan Leisure and Culture Trust Limited is a member of the following multiple employer defined benefit pension schemes, the Greater Manchester Pension Fund, the Staffordshire Pension Fund and the North Yorkshire Pension Fund.

Each member organisation shares a joint and several liabilities for the pension funds. As such, and in accordance with FRS 102, it has been possible to identify Wigan Leisure and Culture Trust's share of each schemes assets and liabilities at 31 March 2016, as advised by the appointed actuaries. Refer to note 25 for additional information.

Trustees have considered the defined benefit pension scheme liability and the risk of this liability becoming due and whilst the pension scheme deficit is not a debt but is an actuarial estimate of the liability that the Trust will need to fund, this will be over the longer term and the Trustees recognise the need to plan for this.

This risk is mitigated to some extent by the fact that any cessation of running services as a result of changes to the Trust's operating model or ending of contracts, is highly likely to result in staff transferring to a new service provider through a transfer of undertakings (TUPE) along with the associated pension liabilities.

Specific actions that are already in place to manage the risk are that the Trustees have closed the local government pension schemes it operates to both new and existing non scheme member employees, in order to manage the future financial risk in relation to pension fund deficits. After an evaluation process WLCT has joined the National Employment Savings Trust (NEST) scheme. It is planned that over time a greater proportion of our employees will be part of this, rather than the local government scheme. This will over time achieve greater cost certainty as NEST is a contribution based scheme rather than a final salary based scheme. In response to new legislation, employees are "auto-enrolled" into the NEST scheme.

Additionally, any future increased employer contribution rates are forecasted and planned for as part of the budgeted revenue account, and there is an Admitted Body Agreement in place for the largest scheme the Trust operates as an employing body whereby the Local Authority acts as guarantors.

Financial Risk Management

We operate a formal risk management process, where Trustees and senior managers together identify top-level risks to the charitable company, their probability, impact and consequent actions necessary to manage them. A formal risk management policy was approved by Trustees in July 2011. This includes Corporate and Operational Risk Registers which are constantly under review.

The current economic climate underpins much risk management activity. This is both in the context of reducing public expenditure and in the context of wage restraint and recessionary pressures nationally putting pressure on individual household budgets. During 2015/16 the Trust managed a reduction in the Community Service Fee paid by our biggest client, Wigan Council, by over 50%. This was largely mitigated by new partnership arrangements with Wigan Council which saw Libraries, Museums, and Archives and Greenspace maintenance in Wigan taken back in-house by the Council. On the other hand, the new 10 year (minimum) contract with Wigan Council is providing a firm foundation on which to sustain and grow the organisation.

Report of the trustees

Financial Risk Management (continued)

The Board of Trustees have overseen the detailed negotiations with Wigan Council with regards to the award of a new 10 year (minimum) contract to deliver leisure services within the Borough. This major challenge is nearing completion and Trustees feel confident that WLCT is now in a strong position to sustain and grow its operation in the coming years.

However, the government have indicated that further reductions in local authority expenditure in the period from 2015/16 to 2017/18 and beyond are planned, and the uncertainty around the impact of the UK leaving the European Union on the economy as a whole, mean that we will need to continue to work closely with our clients to ensure financial sustainability alongside delivering maximum public benefit. To date we have received positive support through their agreement to invest in facilities that will not only require less revenue investment, but also better meet the needs of the local population in terms of improving health and wellbeing.

In relation to individual household spending our focus on developing a high quality offer at reasonable and competitive prices has been successful in enabling us to retain and grow our individual customer base and maximise the public benefit delivered by the Trust.

Managing a rationalisation programme also entails managing the risks associated with that programme. Trustees would like to thank management for their careful and empathetic management of that programme, particularly where it has been necessary to reduce the number of posts on the establishment and also to thank the staff themselves for the professionalism and commitment they have shown and continue to show in delivering services.

The key risks identified for the year 2015/16 were:

Objective	Risk	How we managed the risk
To successfully sustain, develop and expand the charity	Financial reliance on a small number of key commissions and in particular the partnership arrangement with Wigan Council	Continuing to bid for further contracts which deliver public benefit Further developing our relationship with our largest client – Wigan Council culminating in the agreement of a 10 year partnership arrangement.
To successfully sustain, develop and expand the charity	Reliance on public sector funding particularly in the light of on-going local government spending restrictions	Continuing to bid for further contracts which deliver public benefit Further development of affordable offers to the public that bring public benefit
To successfully sustain, develop and expand the charity	Achievement of budget reductions in response to funding reductions from our commissioners and maximising financial returns from our contracts.	Adoption of a project management based methodology for change management and stringent contract management control.

Report of the trustees

Financial Risk Management (continued)

The Trust is not exposed to currency risk and has minimal exposure to interest rate risk, price risk or market risk.

Training in risk assessment is delivered to staff, and a small "Risk and Compliance" team has been established to support this area of work.

Public Benefit

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning the future activities of the Trust.

The Trust delivers public benefit by:

- Not restricting access to its services to any member of the public, irrespective of their place of residence
- Providing free access to the Museum of Cannock Chase
- Providing access to all leisure facilities at tariffs lower than commercial market tariffs
- Providing free access to weight management and other health related services
- Delivering activities from parks and other open spaces that are open free of charge to the public
- Providing employment opportunities and learning and skills development

A clear focus of the Trust's business strategy is to ensure that more people are more active, more often so that the health and wellbeing benefits of regular exercise are realised. Further increases in participation have been achieved. This has been demonstrated by annual increases achieved in physically active adults in Wigan (+3.4%), Cannock Chase (+2.1%) and Selby (+2%) (Active People Survey 9).

The following key performance indicators for the year demonstrate that we had:

- 3.25 million visits to our leisure centres
- Supported volunteers to contribute over 39,000 hours of their time supporting our services
- 7,183 attendances in sports development community activity
- Over 6800 concessionary cardholders

In Wigan the Trust's Wellbeing team has engaged with over 5,000 participants on the physical activity intervention programmes. Figures from 2015/16 for the Community Weight Management programme show 40% of participants have achieved a weight loss of at least 5% of their total body weight at the end of the programme. In Selby the Move It and Lose it programme has again been successful with a total of 1,093 new participants engaged with the project throughout the year of which 855 have finished the 12 week course. Of these 855 finishers, 577 (67%) achieved the completion target set by North Yorkshire Public Health, with 422 (73%) losing 3% of their starting weight in 12 weeks and 332 (58%) retaining a 5% loss of their starting weight at 24 weeks. Over 700 stone (4,445 kg) has been lost by participants taking part in the scheme.

Report of the trustees

Public Benefit (continued)

Throughout the year the Trust has continued to develop its strong track record of working with volunteers and community groups. Our existing volunteering programme has 838 registered individuals who delivered more than 39,000 hours during 2015/16 across a range of projects, services, events and activities including supporting events at the Prince of Wales Theatre in Cannock, woodland custodians, activity leaders and play. The Trust also provides support to local organisations, charities and voluntary groups in the form of time, expertise, advice and, where possible, the attainment of funding to sustain delivery of programmes and Trust priorities.

Throughout the year our Wellbeing teams delivered a range of initiatives related to inclusive sport, with particular consideration to promoting activity amongst hard to reach groups including female participants, older adults and disabled participants. A real success in this area is evident in Wigan's Get Out Get Active Programme, funded through Spirit of 2012. An English Federation of Disability Sport led consortium bid was awarded the funding within which the Trust had been successful in becoming a local delivery partner. The project will be officially launched on 1st October, which will mark the start of the 3 year delivery period. Funding coming to the Trust equates to circa £30k per delivery year. The Wigan delivery is centred around three inclusive hubs (Howe Bridge Leisure Centre, Hindley Leisure Centre, and Wigan Youth Zone); there will be set weekly sessions being delivered here as well as an outreach programme to get more people active within the local area.

The Trust has a clear commitment to improving education and skills, reducing inequalities, increasing lifelong learning and skills opportunities and providing employment opportunities. Through our Learning Centre, key partners and existing services we provide a wide range of pathways/opportunities for children and young people to access additional training and personal development. The Trust employed more than 100 trainees and apprentices across all our services and provides support for schools in recruiting apprentices and providing a range of qualifications.

This year's National Play Day event was once again held at Haigh Hall. All delivery services across the organisation came together to showcase the services offered by WLCT. Around 6,000 people attended making the event one of the busiest in its history in Wigan. Participants took part in activities such as climbing, crazy golf, free play, inflatables, crafts, multi sports, tri golf etc. The event saw all the Trust's delivery teams, local community groups and some council partners working together to deliver as many free activities as possible.

The Trust has been able to facilitate investment in facilities for local people. During 2015/16 major capital refurbishment schemes have been completed at Howe Bridge Sports Centre including an outdoor artificial playing pitch and the indoor climbing walls, skate park and adventure play zones alongside the Subs Bench café. The Haigh Woodland Park developments continued alongside the introduction of Foot Golf at the Haigh Golf Course. Plans to introduce Foot Golf at Cannock Park Golf Course were also finalised during 2015/16. In Selby the new Selby Leisure Centre opened in March 2015 with over 315,000 attendances recorded during the year – a 19% increase on the final year of operations at the Abbey Leisure Centre.

Going Concern

After making enquiries the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. Further information is given in the accounting policies (page 25).

Report of the trustees

Future Plans

Our future plans are derived from the Business Strategy adopted in March 2015 and updated in March 2016.

- To provide inspiring leisure and creative experiences empowering people to improve their health and wellbeing.
 - To review, develop and improve services that inspire everyone to be active and improve their wellbeing.
 - To maintain high quality facilities and services ensuring delivery of key impact framework outcomes.
 - To review and develop the WLCT approach to memberships.
 - To develop a holistic approach to the provision of easily accessible services
- To develop, strengthen and expand our social enterprise approach delivering long term sustainability
 - To ensure the effective and successful operation of the organisation
 - To expand the business through successful tendering for new contracts and the development of new products and services
 - To ensure a high quality customer experience throughout the organisation
 - To develop the use of appropriate systems to effectively manage organisational performance
- Through a partnership approach, fulfil the vision and meet the strategic aims of our corporate clients
 - To ensure sustainable partnerships with all our key clients
 - To support partners in the strategic development of service provision
 - To develop an approach to market research to inform strategic decision-making and business development
- To support and develop community involvement, sharing best practice in everything we do.
 - To identify appropriate opportunities to utilise alternative delivery mechanisms to increase workforce capacity
 - The development of a framework for effective support to the Third Sector
 - To ensure a demonstrable contribution to local priorities

Trustees

The Trustees (who are directors of Wigan Leisure and Culture Trust for the purposes of company law) are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and regulations. Those that served during the year ended 31 March 2016 were:

D A Bartle

B Bowen (retired 13 April 2015)

T Bradshaw

F Carmichael (appointed 20 August 2015, retired 26 May 2016)

G W Cross

P Farrington

Report of the trustees

Trustees (continued)

M Kerr (retired 5 December 2015)
D A Lea
D Lythgoe (appointed 18 March 2016)
P Moss (appointed 18 March 2016)
D A Newman
J Noott (appointed 18 March 2016)
E Smethurst
M Watson (retired 6 June 2016)
M Weston
A Wiggans (retired 5 December 2015)
C Wilks (appointed 18 March 2016)

The Trustees have no beneficial interest in the charitable company.

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of Wigan Leisure and Culture Trust for the purposes of company law) are responsible for preparing the Report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the United Kingdom and Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

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

In so far as the Trustees are aware:

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

Report of the trustees

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed in accordance with Section 485 of the Companies Act 2006.

In approving the Report of the trustees, the trustees are also approving the strategic report in their capacity as directors of the company.

ON BEHALF OF THE BOARD OF TRUSTEES



G W Cross
Trustee
9 December 2016



Independent auditor's report to the members of Wigan Leisure and Culture Trust

We have audited the financial statements of Wigan Leisure and Culture Trust for the year ended 31 March 2016 which comprise the consolidated statement of financial activities, the consolidated income and expenditure account, the consolidated and charitable company balance sheets, the consolidated statement of cash flows 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 United Kingdom and Ireland.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 16 and 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the members of Wigan Leisure and Culture Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the trustees which incorporates the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

15 December

2016

Consolidated statement of financial activities

	Note	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2016 £	Restated Total 2015 £
INCOME						
Trading activities						
Activities for generating funds	2	1,157,932	-	-	1,157,932	5,147,079
Investment income	3	37,316	-	-	37,316	40,703
Charitable activities						
Community service fees from Wigan Council		3,913,497	-	-	3,913,497	8,381,686
Corporate responsibility		300,108	-	-	300,108	824,021
Environmental management and sustainability		14,772,039	-	64,862	14,836,901	13,688,918
Culture		491,250	-	22,925	514,175	822,166
Business development and financial services		109,039	-	-	109,039	365,412
Total income		20,781,181	-	87,787	20,868,968	29,269,985
EXPENDITURE						
Raising funds	5	1,064,825	-	-	1,064,825	4,231,900
Charitable activities						
Corporate responsibility		3,088,760	80,000	36,819	3,205,579	4,597,976
Culture		1,126,708	-	199,260	1,325,968	2,968,046
Business development and financial services		450,135	-	-	450,135	3,291,152
Environmental management and sustainability		14,881,451	-	102,370	14,983,821	14,231,384
Pension scheme operating charge	25	178,000	-	-	178,000	(1,270,000)
Other pension finance costs	25	340,000	-	-	340,000	257,000
	6	20,065,054	80,000	338,449	20,483,503	24,075,558
Taxation	11	(166,185)	-	-	(166,185)	(86,162)
Total expenditure	9	20,963,694	80,000	338,449	21,382,143	28,221,296
Net (expenditure)/income for the year		(182,513)	(80,000)	(250,662)	(513,175)	1,048,689
Gains and losses on revaluation and disposal of investment assets	15	(79,757)	-	-	(79,757)	60,013
Actuarial gain/(loss) on defined benefit pension schemes	25	6,935,000	-	-	6,935,000	(5,220,000)
Net movement in funds		6,672,730	(80,000)	(250,662)	6,342,068	(4,111,298)
Total funds brought forward		(9,577,741)	80,000	2,500,644	(6,997,097)	(2,885,799)
Total funds carried forward	21	(2,905,011)	-	2,249,982	(655,029)	(6,997,097)

The financial activities above include £20,635,435 (2015: £25,488,225) of income and £20,563,262 (2015: £22,861,559) expenditure relating to the charitable company.

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Consolidated income and expenditure account

	2016 £	Restated 2015 £
Income		
Activities for generating funds	1,195,248	5,187,782
Charitable activities	<u>19,673,720</u>	<u>24,082,203</u>
	<u>20,868,968</u>	<u>29,269,985</u>
Expenditure		
Costs of generating funds	1,064,825	4,231,900
Charitable activities	<u>19,965,503</u>	<u>25,088,558</u>
	<u>21,030,328</u>	<u>29,320,458</u>
Net expenditure before pension costs	(161,360)	(50,473)
Pension (costs)/credit	(518,000)	1,013,000
Realised gains on investment	<u>18,894</u>	<u>20,503</u>
(Loss)/profit on ordinary activities before tax	(660,466)	983,030
Taxation credit	<u>166,185</u>	<u>86,162</u>
Net (expenditure)/income for the year	<u>(494,281)</u>	<u>1,069,192</u>

The accompanying notes form part of these financial statements.

Consolidated balance sheet

	Note	2016 £	Restated 2015 £
Fixed assets			
Intangible assets	13	2,742	4,474
Tangible fixed assets	14	2,657,722	2,044,497
Investments	15	1,691,592	1,738,547
		<u>4,352,056</u>	<u>3,787,518</u>
Current assets			
Stocks	16	104,730	83,177
Debtors	17	2,380,578	2,974,410
Cash at bank and in hand		1,405,806	2,190,502
		<u>3,891,114</u>	<u>5,248,089</u>
Creditors: amounts falling due within one year	18	<u>(3,894,382)</u>	<u>(5,126,574)</u>
Net current (liabilities)/assets		<u>(3,268)</u>	<u>121,515</u>
Total assets less current liabilities		4,348,788	3,909,033
Creditors : amounts falling due after more than one year	19	<u>(815,310)</u>	<u>(302,130)</u>
Net assets excluding pension liability		3,533,478	3,606,903
Deferred taxation	20	(1,507)	-
Defined benefit pension scheme liability	25	(4,187,000)	(10,604,000)
Net liabilities		<u>(655,029)</u>	<u>(6,997,097)</u>
Income funds			
Restricted funds	21	2,249,982	2,500,644
Unrestricted funds	21		
Designated funds		-	80,000
General unrestricted funds		1,281,989	1,026,259
Pension reserve funds		<u>(4,187,000)</u>	<u>(10,604,000)</u>
Total deficit		<u>(655,029)</u>	<u>(6,997,097)</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 9 December 2016 and signed on their behalf by:



G W Cross
Trustee

The accompanying notes form part of these financial statements.

Charitable company balance sheet

	Note	2016 £	Restated 2015 £
Fixed assets			
Tangible fixed assets	14	2,631,368	2,044,497
Investments	15	1,691,593	1,738,548
		<u>4,322,961</u>	<u>3,783,045</u>
Current assets			
Stocks	16	78,481	57,273
Debtors	17	2,232,060	2,775,024
Cash at bank		1,275,471	1,201,492
		<u>3,586,012</u>	<u>4,033,789</u>
Creditors: amounts falling due within one year	18	<u>(3,648,331)</u>	<u>(4,666,630)</u>
Net current (liabilities)/assets		(62,319)	(632,841)
Total assets less current liabilities		4,260,642	3,150,204
Creditors: amounts falling due after more than one year	19	<u>(815,310)</u>	<u>(295,047)</u>
Net assets excluding pension liability		3,445,332	2,855,157
Defined benefit pension scheme liability	25	(4,187,000)	(10,604,000)
Net liabilities		<u>(741,668)</u>	<u>(7,748,843)</u>
Income funds			
Restricted funds	21	2,249,982	2,500,644
Unrestricted funds	21		
Designated funds		-	80,000
General unrestricted funds		1,195,350	274,513
Pension reserve funds		(4,187,000)	(10,604,000)
Total deficit		<u>(741,668)</u>	<u>(7,748,843)</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 9 December 2016 and signed on their behalf by:



G W Cross
Trustee

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	2016 £	2015 £
Cash flows from operating activities		
Net (expenditure)/income for the financial year	(513,175)	1,048,689
Adjustments for:		
Depreciation of tangible assets	700,439	1,239,760
Amortisation of intangible fixed assets	1,732	1,732
Loss on sale of fixed assets	-	15,720
Taxation charge	(166,185)	(86,162)
Investment income	(32,802)	(30,679)
Decrease in debtors	589,575	603,180
(Increase)/decrease in stocks	(21,553)	9,744
(Decrease)/increase in creditors	(1,165,306)	440,014
Increase/(decrease) in pension liability	518,000	(1,013,000)
Net cash used in operating activities	(89,275)	2,228,998
Cash flows from investing activities		
Purchase of tangible assets	(241,201)	(617,933)
Purchase of investments	(32,802)	(30,679)
Proceeds from sale of tangible assets	-	460,092
Net cash used in investing activities	(274,003)	(188,520)
Cash flows from financing activities		
Investment income	32,802	30,679
Capital element of finance leases	(454,220)	(329,231)
Repayment of loans	-	(497,786)
Net cash used in financing activities	(421,418)	(796,338)
Net decrease in cash and cash equivalents	(784,696)	1,244,140
Cash and cash equivalents at the beginning of year	2,190,502	946,362
Cash and cash equivalents at end of year	1,405,806	2,190,502

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

Company information

Wigan Leisure and Culture Trust is a charity (No: 1105278) and a registered company (No: 04624607) whose registered office is Robin Park Indoor Sports Centre, Loire Drive, Robin Park, Wigan, WN5 0UL.

The Trust delivers public benefit by providing free access, or access at tariffs lower than commercial market tariffs, to facilities as set out in the report of the trustees.

Basis of preparation

These financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with:

- Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102 SORP);
- Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued 16 July 2014;
- Charities Act 2011;
- Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Information on the impact of first time adoption of FRS 102 is given in note 28.

The financial statements are presented in sterling (£).

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the policies below.

In acceptance of these financial statements, members will be approving the adoption of the following disclosure exemptions in respect of the subsidiary undertakings:

- The requirement to present a statement of cash flows and related notes.
- The requirement to disclose financial instrument details.

The Trust constitutes a public benefit entity as defined by FRS 102. This is the first year the charity has prepared financial statements under FRS 102 with 31 March 2015 the end of the latest period where accounts were prepared in accordance with the previous financial reporting framework

Going concern

As set out in the Report of the trustees, negotiations regarding future services are on-going with Wigan Council. Heads of Terms have been signed and an updated contract is due to be signed today. These negotiations will result in changes to the charities' portfolio of services; nevertheless, the commitment of all parties will ensure that the group will continue to be a going concern.

Forecasts have been prepared which disclose that the group has significant headroom to operate with existing funds for the next 12 months. In view of this the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Notes to the financial statements

Basis of consolidation

The group financial statements consolidate those of the charitable company and its subsidiary undertakings drawn up to 31 March 2016 on a line by line basis.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the group and the income can be reliably measured. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Income from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of income can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Voluntary income

Voluntary income comprises all income from donations, gifts, core funding grants and investment income.

Donations under Gift Aid together with the associated income tax recoveries are credited as income in the year in which they are received.

Legacies

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalized and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Grants receivable and local authority fees

Grants receivable and local authority fees are credited to the statement of financial activities when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Notes to the financial statements

Charitable trading income

Charitable trading income represents amounts receivable by the charitable company for services provided aligned with the charitable company's objectives as disclosed on pages 6 and 7 of these financial statements.

Investment income and rental income

Income from investments and from rental income is included in the statement of financial activities in the year in which it is receivable.

Expenditure

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

- Costs of raising funds comprise the costs of commercial trading carried out by the subsidiary undertakings.
- Expenditure on charitable activities includes the costs of providing services and other activities undertaken to further the purposes of the charity and their associated support costs.

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

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trusts activities. The basis on which support costs have been allocated is set out in note 7.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects being undertaken by the Trust.

Goodwill

Goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the charitable group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

Notes to the financial statements

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated so as to write off the cost of an asset, less its residual value over the useful economic life of that asset as follows:

Plant and equipment	– 10%- 50% straight line
Computer equipment and software	– 10% - 25% straight line
Leasehold improvements	– over the lesser of the life of the lease or 15 years straight line.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

The financial statements do not include the cost of land, buildings and equipment used at nominal rent by Wigan Leisure and Culture Trust, whose title rests with Wigan Council, Selby District Council and Cannock Chase District Council. It is not practicably possible to attribute a value to this benefit.

Investments

Listed investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations throughout the year.

Movements in value arising from investment changes or revaluation and the profit on disposal of investments have been charged or credited to the funds to which they relate.

Investments in subsidiaries are measured at cost less accumulated impairment.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of financial activities over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell.

Notes to the financial statements

Contributions to pension schemes

Defined benefit scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current and past service costs and costs from settlements and curtailments are included within charitable activities. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported separately in the statement of financial activities.

In relation to each pension fund, it has been possible to identify the charitable company's share of the underlying assets and liabilities. Therefore, each pension scheme is accounted for on both an individual charitable company and consolidated basis.

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid, the group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Financial Activities when they fall due. The assets of the plan are held separately from the group in independently administered funds.

Employee termination benefits

Redundancy costs are provided for in the year in which they are notified publicly or to employees.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Financial Activities, except that a charge attributable to an item recognised directly in equity is also recognised directly in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Notes to the financial statements

Current and deferred tax (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 the Income and expenditure account.

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 best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

Notes to the financial statements

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Significant judgements and key areas of estimation uncertainty

The trustees consider there to be no items in the financial statements where they have had to make significant judgements in the process of applying the group's accounting policies or key sources of estimation uncertainty, other than as stated below:

The present value of the three pension scheme defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 March 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Activities for generating funds - Group

Incoming resources from activities for generating funds are:

	Unrestricted £	Designated £	Restricted £	2016 £	2015 £
Activities for generating funds					
Operations of trading subsidiaries	1,157,932	-	-	1,157,932	5,147,079

3 Investment income - Group

	Unrestricted £	Designated £	Restricted £	2016 £	2015 £
Investment income comprises :					
Bank interest receivable	4,514	-	-	4,514	10,024
Investment portfolio income	32,802	-	-	32,802	30,679
	37,316	-	-	37,316	40,703

Notes to the financial statements

4 Operations of trading subsidiaries

	Inspired Healthy Lifestyles Limited		Wigan Leisure and Culture Enterprises Limited	
	2016	Restated 2015	2016	Restated 2015
	£	£	£	£
A summary of the results of the trading subsidiaries is set out below:				
Turnover	-	290,098	1,157,932	4,856,981
Other operating income and charges	4,239	(221,526)	(1,067,332)	(4,008,642)
Operating surplus	4,239	68,572	90,600	848,339
Tax charge on surplus on ordinary activities	(850)	(14,000)	(17,965)	(172,902)
Profit for the year	3,389	54,572	72,635	675,437

The net assets and liabilities of the subsidiaries were:

	2016	Restated 2015	2016	Restated 2015
	£	£	£	£
Fixed assets	-	-	26,356	2
Current assets	7,530	86,515	324,693	1,451,992
Creditors: amounts falling due within one year	(4,139)	(31,941)	(252,035)	(735,212)
Net current assets	3,391	54,574	72,658	716,780
Creditors: amounts falling due in greater than one year	-	-	-	(7,083)
Deferred tax provision	-	-	(1,507)	-
Net assets	3,391	54,574	97,507	709,699
Aggregate share capital and reserves	3,391	54,574	97,507	709,699

5 Costs of generating funds - Group

	2016	2015
	£	£
Unrestricted funds		
Staff costs and allowances	508,889	2,650,940
Establishment expenses	132,188	353,238
Transport expenses	(2,969)	396,909
Supplier, services and other expenses	419,991	624,162
Agency and contracted services	12,158	183,587
General expenses	(5,432)	23,064
	1,064,825	4,231,900

Notes to the financial statements

6 Charitable activities - Group

	Unrestricted direct costs £	Unrestricted support costs £	Governance costs £	Total unrestricted costs £	Designated direct costs £	Restricted direct costs £	Total 2016 £	Total 2015 £
Corporate responsibility	2,760,350	87,973	240,437	3,088,760	80,000	36,819	3,205,579	4,597,976
Culture	1,017,915	108,793	-	1,126,708		199,260	1,325,968	2,968,046
Business development and financial services	212,882	237,253	-	450,135	-	-	450,135	3,291,152
Healthy living	12,839,020	2,042,431	-	14,881,451	-	102,370	14,983,821	14,231,384
Pension scheme operating (credit)/charge	178,000	-	-	178,000	-	-	178,000	(1,270,000)
Other pension finance costs	340,000	-	-	340,000	-	-	340,000	257,000
Total expenditure for charitable activities	17,348,167	2,476,450	240,437	20,065,054	80,000	338,449	20,483,503	24,075,558

The note shows how support costs are split between charitable activity reporting lines. For further analysis of unrestricted support costs see note 7. See note 25 for further details concerning pension costs. Governance costs are set out in note 7.

Notes to the financial statements

7 Analysis of support costs - Group

	Management £	HR £	Finance £	Marketing £	IT £	Admin £	Building £	Other £	Contribution Received £	Total 2016 £	Total 2015 £
Corporate responsibility	15,108	3,924	11,688	12,575	32,711	20,695	10,440	274	(19,442)	87,973	336,672
Culture	18,683	4,853	14,455	15,550	40,453	25,593	12,911	339	(24,044)	108,793	91,784
Business development and financial services	40,743	10,583	31,522	33,912	88,216	55,810	28,157	741	(52,431)	237,253	955,646
Healthy living	350,747	91,105	271,364	291,940	759,430	480,457	242,386	6,369	(451,367)	2,042,431	1,966,714
Total support costs	425,281	110,465	329,029	353,977	920,810	582,555	293,894	7,723	(547,284)	2,476,450	3,350,816

Cost allocation includes an element of judgement and the charitable company has had to consider the cost benefit of detailed calculations and record keeping. Support costs have been allocated according to the number of full time equivalent staff within each charitable activity.

Governance costs are made up of the following:

	2016 £	2015 £
Internal audit	15,300	19,800
External auditors fee:		
audit services	30,030	33,620
non-audit services	15,950	4,750
Other Governance related costs	179,157	242,479
	240,437	300,649

8 Direct charitable expenditure - Group

	Unrestricted funds £	Designated £	Restricted funds £	Total 2016 £	Total 2015 £
Staff costs and allowances	11,323,222	-	-	11,323,222	14,487,638
Establishment expenses	2,430,366	-	-	2,430,366	3,072,638
Transport expenses	118,684	-	-	118,684	550,173
Supplier, services and other expenses	3,640,586	80,000	338,449	4,059,035	3,881,572
Agency and contracted services	511,009	-	-	511,009	750,651
General expenses	690,135	-	-	690,135	1,346,882
Support services	833,052	-	-	833,052	999,004
Pension scheme operating (credit)/charge (note 24)	178,000	-	-	178,000	(1,270,000)
Other pension finance costs (note 24)	340,000	-	-	340,000	257,000
	20,065,054	80,000	338,449	20,483,503	24,075,558

Notes to the financial statements

9 Analysis of resources expended - Group

	Staff costs £	Other £	Total 2016 £	Restated Total 2015 £
Costs of generating funds	508,889	555,936	1,064,825	4,231,900
Charitable activities				
Corporate responsibility	201,756	2,763,386	2,965,142	4,297,327
Culture	501,443	824,523	1,325,966	2,968,046
Business development and financial services	1,297,243	(847,108)	450,135	3,291,152
Healthy living	9,322,780	5,661,043	14,983,823	14,231,384
Pension scheme operating (credit)/charge	178,000	-	178,000	(1,270,000)
Other pension finance costs	340,000	-	340,000	257,000
	<u>12,350,111</u>	<u>8,957,780</u>	<u>21,307,891</u>	<u>28,006,809</u>
Governance costs	179,157	61,280	240,437	300,649
Taxation	-	(166,185)	(166,185)	(86,162)
	<u>12,529,268</u>	<u>8,852,875</u>	<u>21,382,143</u>	<u>28,221,296</u>

The above costs include:

	2016 £	2015 £
Fees payable to the charitable group's auditor for the audit of the group annual financial statements	30,030	33,620
Non-audit services:		
Taxation services		
- compliance	4,750	4,750
- advisory	11,200	-
Depreciation		
Owned assets	310,073	383,375
Assets held under finance leases	390,366	305,741
Impairment of tangible fixed assets	-	550,644
Amortisation of goodwill	<u>1,732</u>	<u>1,732</u>

10 Trustees and employees

Staff costs during the year were as follows:

	Group 2016 £	Charitable company 2016 £	Group 2015 £	Charitable company 2015 £
Wages and salaries	10,415,388	9,961,769	14,754,601	12,514,352
Social security costs	522,448	501,240	808,952	678,858
Pension costs	<u>1,591,432</u>	<u>1,559,393</u>	<u>(409,496)</u>	<u>(693,011)</u>
	<u>12,529,268</u>	<u>12,022,402</u>	<u>15,154,057</u>	<u>12,500,199</u>

Redundancy costs included above amount to £82,780 (2015: £391,352) in respect of the group and the charitable company.

Notes to the financial statements

10 Trustees and employees (continued)

Group

The average monthly number of permanent employees of the charitable group was as follows:

	2016 Number	2015 Number
Business development and financial services	51	172
Corporate responsibility	8	38
Culture	41	47
Healthy living	438	405
Executive management team	1	4
	<u>539</u>	<u>666</u>

The number of full time equivalents was:

	2016 Number	2015 Number
Business development and financial services	47	167
Corporate responsibility	7	37
Culture	18	15
Healthy living	334	317
Executive management team	1	4
	<u>407</u>	<u>540</u>

The group and the charitable company

Employees receiving remuneration in excess of £60,000 are analysed as follows:

	2016 £	2015 £
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£100,001- £110,000	-	1

During the year the following amounts were paid to higher paid employees as shown above:

	2016 £	2015 £
Pension contributions to defined benefit schemes	<u>27,322</u>	<u>60,805</u>

Total key management personnel remuneration totalled £401,763 (2015: 414,789).

Notes to the financial statements

10 Trustees and employees (continued)

The group and the charitable company

The trustees have not received any remuneration from the group or charitable company during the year.

£5,800 (2015: £5,507) of expenses were paid to 10 (2015: 10) trustees during the year. All expenses related to travel and subsistence.

11 Tax on net incoming resources

Charitable company

Given that the primary purpose of the charitable company is charitable and the charitable company is not trading for profit, the charitable company is exempt from taxation under Section 505 of ICTA 1988.

Group

The taxation charge is based on the profit for the period and represents tax on the trading activities of the two trading subsidiaries as follows:

	2016	Restated 2015
	£	£
UK Corporation tax at 20% (2015: 20%)	13,050	185,000
Tax relief on Gift Aid payment in the year	(185,000)	(273,064)
Deferred tax - (see note 19)	5,765	1,902
	<u>(166,185)</u>	<u>(86,162)</u>

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the United Kingdom of 20% (2015: 20%). The differences are explained as follows:

	2016	Restated 2015
	£	£
Profit on ordinary activities before taxation and payment under gift aid for Wigan Leisure and Culture Enterprises Limited and Inspiring Healthy Lifestyles Limited	<u>94,839</u>	<u>916,911</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 20%)	18,968	183,382
Effect of:		
Timing of relief on Gift Aid payments	(185,000)	(273,064)
Other timing differences	(153)	3,520
Total charge as above	<u>(166,185)</u>	<u>(86,162)</u>

Notes to the financial statements

12 Excess of income over expenditure

The charitable company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The excess of income over expenditure (including unrealised gains and losses) for the year was £7,007,175 (2015: net expenditure £4,631,161) which is dealt with in the financial statements of the charitable company.

13 Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 April 2015 and at 31 March 2016	17,320
Amortisation	
At 1 April 2015	12,846
Provided in the year	1,732
At 31 March 2016	14,578
Net book value	
At 31 March 2016	2,742
Net book value	
At 31 March 2015	4,474

14 Tangible fixed assets

Group

	Leasehold improvements £	Plant and equipment £	Computer equipment and software £	Total £
Cost				
At 1 April 2015	1,595,456	2,595,090	443,668	4,634,214
Additions	120,840	1,174,415	18,409	1,313,664
Disposals	-	(8,390)	(74,004)	(82,394)
At 31 March 2016	1,716,296	3,761,115	388,073	5,865,484
Depreciation				
At 1 April 2015	1,019,478	1,337,216	233,023	2,589,717
Charge for the year	131,140	499,179	70,120	700,439
Impairment charge	-	-	-	-
On disposals	-	(8,390)	(74,004)	(82,394)
At 31 March 2016	1,150,618	1,828,005	229,139	3,207,762
Net book amount				
At 31 March 2016	565,678	1,933,110	158,934	2,657,722
Net book amount				
At 31 March 2015	575,978	1,257,874	210,645	2,044,497

Notes to the financial statements

14 Tangible fixed assets (continued)

The charitable company

	Leasehold improvements £	Plant and equipment £	Computer equipment and software £	Total £
Cost				
At 1 April 2016	1,595,456	2,475,374	443,668	4,514,498
Additions	120,840	1,145,665	18,409	1,284,914
Disposals	-	-	(74,004)	(74,004)
At 31 March 2016	<u>1,716,296</u>	<u>3,621,039</u>	<u>388,073</u>	<u>5,725,408</u>
Depreciation				
At 1 April 2015	1,019,478	1,217,500	233,023	2,470,001
Charge for the year	131,140	496,783	70,120	698,043
On disposals	-	-	(74,004)	(74,004)
At 31 March 2016	<u>1,150,618</u>	<u>1,714,283</u>	<u>229,139</u>	<u>3,094,040</u>
Net book amount				
At 31 March 2016	<u>565,678</u>	<u>1,906,756</u>	<u>158,934</u>	<u>2,631,368</u>
Net book amount				
At 31 March 2015	<u>575,978</u>	<u>1,257,874</u>	<u>210,645</u>	<u>2,044,497</u>

Included above for the group and the charitable company are assets held via finance leases. The net book amount is £1,237,923 (2015: £671,035) and the depreciation charged for the year is £390,366 (2015: £305,741).

All tangible fixed assets are used for charitable purposes.

15 Investments

Total fixed asset investments comprise:

	2016 £	Group 2015 £	Charitable company 2016 £	2015 £
Listed investments (a)	1,691,592	1,738,547	1,691,592	1,738,547
Other fixed asset investments (b)	-	-	1	1
	<u>1,691,592</u>	<u>1,738,547</u>	<u>1,691,593</u>	<u>1,738,548</u>

(a) Listed investments

The group and the charitable company

	2016 £	2015 £
Market value at 1 April	1,738,547	1,659,967
Investment income	32,802	29,455
Realised/unrealised profits on revaluation	(79,757)	60,013
Interest on loans	-	(10,888)
Market value at 31 March	<u>1,691,592</u>	<u>1,738,547</u>

Listed investments are stated at their mid-market value as at the balance sheet date.

Notes to the financial statements

15 Investments (continued)

The investments listed on a recognised stock exchange are as follows:

	2016 £	2015 £
Cash balances	300,324	126,563
Fixed interest	291,469	477,490
Index linked	133,942	254,845
Investment funds	166,140	59,304
Unit trusts	199,718	330,955
Equities	188,303	306,918
Commodities	-	39,263
Hedge funds	238,467	23,597
Structured products	28,286	29,224
Commercial property	144,943	90,388
	<u>1,691,592</u>	<u>1,738,547</u>

The investments are managed within a portfolio held with Tilney Investment Management. The historic cost of individual investments is £1,577,252.

Overseas investments are stated below:

	2016 £	2015 £
Fixed interest	-	223,420
Equities	39,311	47,795
Unit trusts	148,992	211,484
	<u>188,303</u>	<u>482,699</u>

Investments forming more than 5% of the value of the investment portfolio are as follows:

	Valuation	
	2016 £	2015 £
Franklin Templeton Global Unit Trust	-	174,402
Invesco IP Corporate Bond	135,736	140,588
UK Govt 2.5% Index linked stock	-	121,814
Legal and General All Stocks Index Linked Unit Trust	133,942	133,031
J O Hambro Capital UK Equities Unit Trust	124,885	140,022
M&G Investment Management Unit Trust	110,548	113,482
I Shares Core FTSE100 UCITS	118,465	-
Vanguard Funds Plc S&P500 UCITS	94,832	-
Legal & General US Index Unit Trust	-	93,721
Threadneedle Investment Specialist UK Abst	91,954	-
M&G Investment Man Property Portfolio	144,943	90,388

All investments are carried at their fair value. Investment in equities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investments funds, are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

Notes to the financial statements

15 Investments (continued)

The main risk to the Charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. The Charity is reliant on dividend yield to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. The Charity's investments are mainly traded in markets with good liquidity and high trading volumes. The Charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular five year period will normally be corrected.

(b) Other fixed asset investments

The charitable company

	2016 £	2015 £
Investment in subsidiary	<u>1</u>	<u>1</u>

The charitable company had the following subsidiary undertakings (both of which are incorporated in England) as at 31 March 2016:

Name of subsidiary	Company number	Class of share capital held	Proportion held by parent company	Proportion held by subsidiary company	Nature of business
Wigan Leisure and Culture Enterprises Limited	04639273	Ordinary shares of £1 each	100%	0%	Provider of leisure facilities
Inspiring Healthy Lifestyles Limited (formerly Proco Enterprises Limited)	04857094	Ordinary shares of £1 each	0%	100%	Ceased to trade 31 March 2015. (Formerly provision of maintenance, garden design and fencing services.)

Notes to the financial statements

16 Stocks

	2016 £	Group 2015 £	Charitable company 2016 £	2015 £
Raw materials and consumables	4,024	3,734	4,024	3,734
Finished goods and goods for resale	100,706	79,443	74,457	53,539
	<u>104,730</u>	<u>83,177</u>	<u>78,481</u>	<u>57,273</u>

17 Debtors

	2016 £	Group 2015 £	Charitable company 2016 £	2015 Restated £
Trade debtors	621,732	905,328	611,125	781,021
Amounts owed by group undertakings	-	-	27,122	-
Amounts owed by Wigan Council	162,769	291,649	151,012	245,588
Other debtors	1,503,150	1,621,939	1,349,874	1,597,179
Deferred tax asset (note 20)	-	4,258	-	-
Prepayments and accrued income	92,927	151,236	92,927	151,236
	<u>2,380,578</u>	<u>2,974,410</u>	<u>2,232,060</u>	<u>2,775,024</u>

18 Creditors: amounts falling due within one year

	2016 £	Group 2015 Restated £	Charitable company 2016 £	2015 £
Trade creditors	1,246,647	1,617,765	1,153,919	1,467,706
Amounts owed to Wigan Council	278,375	294,622	234,617	230,197
Amounts owed to group undertakings	-	-	-	92,861
Other creditors	32,873	145,334	15,874	192
Corporation tax	13,050	185,000	-	-
Other taxation and social security	223,648	364,189	223,648	364,189
Accruals and deferred income	1,725,116	2,242,971	1,645,600	2,234,792
Finance lease creditors	374,673	276,693	374,673	276,693
	<u>3,894,382</u>	<u>5,126,574</u>	<u>3,648,331</u>	<u>4,666,630</u>

Finance lease creditors are secured on the assets to which they relate.

Notes to the financial statements

19 Creditors: amounts falling due after more than one year

	2016 £	Group 2015 £	Charitable company 2015 £	2016 £
Deferred income	-	7,083	-	-
Finance lease creditors	815,310	295,047	815,310	295,047
	<u>815,310</u>	<u>302,130</u>	<u>815,310</u>	<u>295,047</u>

Finance lease creditors are secured on the assets to which they relate.

Amounts falling due after more than one year are payable as follows:

	2016 £	2015 £
Group		
Due after one and within two years		
Deferred income	-	7,083
Finance leases	232,952	209,391
Due after two and within five years		
Finance leases	567,975	85,656
Due after five years		
Finance leases	14,383	-
	<u>815,310</u>	<u>302,130</u>
Company		
Due after one and within two years		
Finance leases	232,952	209,391
Due after two and within five years		
Finance leases	567,975	85,656
Due after five years		
Finance leases	14,383	-
	<u>815,310</u>	<u>295,047</u>

Notes to the financial statements

20 Deferred taxation - Group

The amount of deferred taxation is as follows:

	2016 £	2015 £
Accelerated capital allowances	(1,507)	4,258
Deferred tax (liability)/asset	2016 £	2015 £
At 1 April	4,258	6,160
Charge to Statement of Financial Activities	(5,765)	(1,902)
At 31 March	(1,507)	4,258

21 Income funds and reserves

Group	Balance at 31 March 2015 £	Incoming £	Expenditure £	Gains and losses £	Balance at 31 March 2016 £
Restricted					
Sports and healthy living	114,678	47,815	99,152	-	63,341
Libraries, Heritage and the Arts	48,632	22,925	13,760	-	57,797
Environmental	31,355	17,047	3,218	-	45,184
Jazz	10,000	-	10,000	-	-
Leigh Sports Village	128,000	-	26,819	-	101,181
Greater Manchester Arts 2012 and 2013	24,090	-	-	-	24,090
Greater Manchester Arts 2014	560	-	-	-	560
Greater Manchester Arts 2015	221,329	-	185,500	-	35,829
Highams bequest	1,922,000	-	-	-	1,922,000
	2,500,644	87,787	(338,449)	-	2,249,982
Unrestricted					
Designated funds:					
Jazz Festival 30 th Anniversary	20,000	-	20,000	-	-
Agresso Development Work	60,000	-	60,000	-	-
	80,000	-	(80,000)	-	-
General unrestricted funds	1,026,259	20,781,181	(20,445,694)	(79,757)	1,281,989
Pension reserve	(10,604,000)	-	(518,000)	6,935,000	(4,187,000)
	(6,997,097)	20,868,968	(21,382,143)	6,855,243	(655,029)

Notes to the financial statements

21 Income funds and reserves (continued)

The charitable company

	Balance at 31 March 2015 £	Incoming £	Expenditure £	Gains and losses £	Balance at 31 March 2016 £
Restricted					
Sports and healthy living	114,678	47,815	99,152	-	63,341
Libraries, Heritage and the Arts	48,632	22,925	13,760	-	57,797
Environmental	31,355	17,047	3,218	-	45,184
Jazz	10,000	-	10,000	-	-
Leigh Sports Village	128,000	-	26,819	-	101,181
Greater Manchester Arts 2012 and 2013	24,090	-	-	-	24,090
Greater Manchester Arts 2014	560	-	-	-	560
Greater Manchester Arts 2015	221,329	-	185,500	-	35,829
Highams bequest	1,922,000	-	-	-	1,922,000
	<u>2,500,644</u>	<u>87,787</u>	<u>(338,449)</u>	<u>-</u>	<u>2,249,982</u>
Unrestricted					
Designated funds:					
Jazz Festival 30 th Anniversary	20,000	-	(20,000)	-	-
New Abbey LC Equipment	-	-	-	-	-
HR/Payroll System	-	-	-	-	-
Agresso Development	60,000	-	(60,000)	-	-
	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>
Pension reserve	(10,604,000)	-	(518,000)	6,935,000	(4,187,000)
General unrestricted funds	274,513	20,547,650	(19,547,056)	(79,757)	1,195,350
	<u>(7,748,843)</u>	<u>20,635,437</u>	<u>(20,483,505)</u>	<u>6,855,243</u>	<u>(741,668)</u>

Restricted funds

Sports and healthy living - Predominantly Active Living projects funded by the PCT and other external funding bodies to provide wellbeing activities such as the appointment of sports coaches and the development of community healthcare projects.

Libraries, Heritage and Arts - Funding from external funding bodies for a number of projects including the delivery of ICT basics courses and the Cultural Partnership.

Environmental – funded by Natural England for the higher stewardship of Woodland and Wetlands.

The Jazz fund was established for the Wigan International Jazz Festival.

Leigh Sports Village fund was established for the Leigh Sports Village contract.

Notes to the financial statements

21 Income funds and reserves (continued)

Restricted funds (continued)

Greater Manchester Arts - The trust is acting as the accountable body for the Greater Manchester Strategic Arts Fund and is responsible for the monitoring and managing of the fund and allocating of the AGMA grant funding to the relevant bodies.

Highams Bequest - Bequest to be invested and income is to be used for the playing of military bands (Royal Air Force, Royal Marines, Army, etc) in Mesnes Park.

Designated funds

Agresso Development fund was established for the next phase of the computerised finance system, to implement the associated modules of the finance system. This has now been written back as there are currently no plans to implement the next phase.

Jazz Festival 30th Anniversary has been established to celebrate 30 years of the Wigan International Jazz Festival and was fully utilised in the year.

22 Analysis of net assets between funds

Group

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Intangible fixed assets	2,742	-	-	2,742
Tangible fixed assets	2,657,722	-	-	2,657,722
Investments	1,691,592	-	-	1,691,592
Current assets	1,641,132	-	2,249,982	3,891,114
Current liabilities	(3,894,382)	-	-	(3,894,382)
Creditors due in greater than one year	(815,310)	-	-	(815,310)
Deferred tax	(1,507)	-	-	(1,507)
Pension scheme liability	(4,187,000)	-	-	(4,187,000)
Total net assets	<u>(2,905,011)</u>	<u>-</u>	<u>2,249,982</u>	<u>(655,029)</u>

The charitable company

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	2,631,368	-	-	2,631,368
Investments	1,691,593	-	-	1,691,593
Current assets	1,336,030	-	2,249,982	3,586,012
Current liabilities	(3,648,331)	-	-	(3,648,331)
Creditors due in greater than one year	(815,310)	-	-	(815,310)
Pension scheme liability	(4,187,000)	-	-	(4,187,000)
Total net assets	<u>(2,991,650)</u>	<u>-</u>	<u>2,249,982</u>	<u>(741,668)</u>

Notes to the financial statements

23 Contingent liabilities

There were no contingent liabilities at 31 March 2016 or 31 March 2015.

24 Capital commitments

The group had capital commitments of £Nil as at 31 March 2016 (2015: £Nil).

25 Pensions

The group and the charitable company participate in three defined benefit pension schemes. A summary is set out below:

	Total £	Greater Manchester £	North Yorkshire £	Staffordshire £
(Deficit)/surplus at 1 April 2015	(10,604,000)	(10,664,000)	995,000	(935,000)
Pension scheme operating charge	(178,000)	(143,000)	-	(35,000)
Pension finance (costs)/credits	(340,000)	(344,000)	35,000	(31,000)
Actuarial gains	6,935,000	5,865,000	195,000	875,000
(Deficit)/surplus at 31 March 2016	(4,187,000)	(5,286,000)	1,225,000	(126,000)

Defined Benefit Scheme

Greater Manchester Pension Fund

The group has established a funded defined benefit pension scheme for eligible employees. With effect from 1 April 2003, following the transfer of employees from Wigan Metropolitan Borough Council to the group, the employees of the group have remained as members of the Greater Manchester Pension Fund. The calculations below take account of bulk transfers of employees to Wigan Metropolitan Borough Council on 1 November 2014 and 31 March 2015.

The Greater Manchester Pension Fund, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 1997. For the purposes of FRS 102 it has been possible to identify the charitable company's share of the underlying assets and liabilities of the Greater Manchester Pension Fund.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial assessment of this scheme was on 31 March 2013 and was carried out by Hyman Robertson LLP, an independent actuary. The next full actuarial valuation will take place as at 31 March 2016.

Notes to the financial statements

25 Pensions (continued)

Further information in respect of the defined benefit scheme is detailed below. The principal actuarial assumptions used by the actuaries were as follows:

	2016 %	2015 %
Discount rate at 31 March	3.5	3.2
Salary increase rate	3.5	3.6

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2016 and 31 March 2015 are based on the CMI 2010 model with a current year of use. Based on these assumptions, average future life expectancies at age 65 are as follows:

	2016 and 2015	
	Males years	Females years
Current pensioners	21.4	24.0
Future pensioners	24.0	26.6

The amounts separately charged to the Statement of Financial Activities as pension scheme operating charge are as follows:

	2016 £	2015 £
Current service cost	1,092,000	1,563,000
Past service cost	173,000	183,000
Gains on curtailments and settlements	-	(1,507,000)
Contributions payable	(1,122,000)	(1,483,000)
Total	<u>143,000</u>	<u>(1,244,000)</u>

The amounts charged or (credited) to other pension finance costs within the statement of financial activities:

	2016 £	2015 £
Interest cost	2,319,000	3,347,000
Interest income on pension scheme assets	(1,975,000)	(3,064,000)
	<u>344,000</u>	<u>283,000</u>

Notes to the financial statements

25 Pensions (continued)

The amounts recognised in the balance sheet are as follows:

	2016 £	2015 £
Fair value of plan assets	61,226,000	61,870,000
Present value of retirement benefit obligations	(66,512,000)	(72,534,000)
Net liabilities	<u>(5,286,000)</u>	<u>(10,664,000)</u>

The major categories of plan assets, as a percentage of the total plan assets, are as follows:

	2016 %	2015 %
Equities	73	73
Bonds	17	17
Property	6	6
Cash	<u>4</u>	<u>4</u>

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

	2016 £	2015 £
Opening defined benefit obligation at 1 April	72,534,000	80,517,000
Current service cost	1,092,000	1,563,000
Past service cost	173,000	183,000
Interest expense	2,319,000	3,347,000
Contributions by plan participants	264,000	477,000
Actuarial (gain)/loss	(8,201,000)	9,718,000
Gains on curtailments	-	(21,651,000)
Benefits paid	<u>(1,669,000)</u>	<u>(1,620,000)</u>
Closing defined benefit obligation at 31 March	<u>66,512,000</u>	<u>72,534,000</u>

Notes to the financial statements

25 Pensions (continued)

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

	2016 £	2015 £
Fair value of plan assets at 1 April	61,870,000	73,593,000
Interest income	1,975,000	3,064,000
Contributions by plan participants	264,000	477,000
Contributions by the employer	1,122,000	1,483,000
Actuarial (losses)/gains	(2,336,000)	5,017,000
Transfer on curtailments	-	(20,144,000)
Benefits paid	(1,669,000)	(1,620,000)
Closing fair value of plan assets at 31 March	<u>61,226,000</u>	<u>61,870,000</u>

Defined Benefit Scheme North Yorkshire Pension Fund

With effect from 1 September 2009, following the transfer of employees from Selby District Council to the charitable company, the transferred employees of the charitable company have remained as members of the North Yorkshire Pension Fund.

The North Yorkshire Pension Fund, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 1997. For the purposes of FRS 102 it has been possible to identify the charitable company's share of the underlying assets and liabilities of the North Yorkshire Pension Fund.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial assessment of this scheme was on 31 March 2013 and was carried out by Mercer Limited, an independent actuary. The next full actuarial valuation will take place as at 31 March 2016.

Further information in respect of the defined benefit scheme is detailed below: The principal actuarial assumptions used by the actuaries were as follows:

	2016 %	2015 %
Discount rate at 31 March	3.5	3.4
Salary increase rate	3.4	3.9

Notes to the financial statements

25 Pensions (continued)

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2016 and 31 March 2015 are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Based on these assumptions, average future life expectancies at age 65 are as follows:

	2016		2015	
	Males Years	Females Years	Males Years	Females Years
Current pensioners	23.3	25.8	23.1	25.6
Future pensioners	25.6	28.1	25.4	28.0

The amounts separately charged (or credited) to the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost	23,000	24,000
Employer contributions paid	(23,000)	(33,000)
Total	-	(9,000)

The amounts charged or (credited) to other pension finance costs within the statement of financial activities:

	2016 £	2015 £
Interest cost	69,000	73,000
Interest income on pension scheme assets	(104,000)	(112,000)
	(35,000)	(39,000)

The amounts recognised in the balance sheet are as follows:

	2016 £	2015 £
Fair value of plan assets	3,054,000	3,043,000
Present value of retirement benefit obligations	(1,829,000)	(2,048,000)
Net assets	1,225,000	995,000

The major categories of plan asset, as a percentage of the total plan assets, are as follows:

	2016 %	2015 %
Equities	63	61
Bonds	20	24
Property	7	6
Alternatives	10	9

Notes to the financial statements

25 Pensions (continued)

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

	2016	2015
	£	£
Opening defined benefit obligation at 1 April	2,048,000	1,585,000
Current service cost	23,000	24,000
Interest expense	69,000	73,000
Contributions by plan participants	6,000	8,000
Actuarial (gains)/losses	(296,000)	416,000
Benefits paid	(21,000)	(58,000)
Closing defined benefit obligation at 31 March	<u>1,829,000</u>	<u>2,048,000</u>

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

	2016	2015
	£	£
Fair value of plan assets at 1 April	3,043,000	2,433,000
Interest income	104,000	112,000
Contributions by plan participants	6,000	8,000
Contributions by the employer	23,000	33,000
Actuarial gains/(losses)	(101,000)	515,000
Benefits paid	(21,000)	(58,000)
Closing fair value of plan assets at 31 March	<u>3,054,000</u>	<u>3,043,000</u>

Notes to the financial statements

25 Pensions (continued)

Defined Benefit Scheme Staffordshire Pension Fund

With effect from 1 April 2013, following the transfer of employees from Cannock District Council to the charitable company, the transferred employees of the charitable company have remained as members of the Staffordshire Pension Fund.

The Staffordshire Pension Fund, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 1997. For the purposes of FRS 102 it has been possible to identify the charitable company's share of the underlying assets and liabilities of the Staffordshire Pension Fund.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial assessment of this scheme was on 31 March 2013 and was carried out by Hyman Robertson LLP, an independent actuary. The next full actuarial valuation will take place as at 31 March 2016.

Further information in respect of the defined benefit scheme is detailed below: The principal actuarial assumptions used by the actuaries were as follows:

	2016 %	2015 %
Discount rate at 31 March	3.6	3.3
Salary increase rate	4.2	4.4

The post-retirement mortality assumptions used to value the benefit obligation are based on the CMI 2010 model with a current year of use. Based on these assumptions, average future life expectancies at age 65 are as follows:

	2016 and 2015	
	Males Years	Females Years
Current pensioners	22.1	24.3
Future pensioners	24.3	26.6

The amounts separately charged (or credited) to the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost	252,000	221,000
Contributions paid	(217,000)	(238,000)
Total	<u>35,000</u>	<u>(17,000)</u>

Notes to the financial statements

25 Pensions (continued)

Defined Benefit Scheme (continued) Staffordshire Pension Fund

The amounts charged or (credited) to other pension finance costs within the statement of financial activities:

	2016 £	2015 £
Interest cost	206,000	202,000
Interest income on pension scheme assets	(175,000)	(189,000)
	<u>31,000</u>	<u>13,000</u>

The amounts recognised in the balance sheet are as follows:

	2016 £	2015 £
Fair value of plan assets	5,476,000	5,190,000
Present value of retirement benefit obligations	(5,602,000)	(6,125,000)
Net assets	<u>(126,000)</u>	<u>(935,000)</u>

The major categories of plan asset, as a percentage of the total plan assets, are as follows:

	2016 %	2015 %
Equities	75	76
Property	9	8
Cash	5	5
Bonds	<u>11</u>	<u>11</u>

Notes to the financial statements

25 Pensions (continued)

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

	2016	2015
	£	£
Opening defined benefit obligation at 1 April	6,125,000	4,567,000
Current service cost	252,000	221,000
Interest expense	206,000	202,000
Contributions by plan participants	56,000	60,000
Actuarial (gains)/losses	(995,000)	1,086,000
Benefits paid	(42,000)	(11,000)
Closing defined benefit obligation at 31 March	<u>5,602,000</u>	<u>6,125,000</u>

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

	2016	2015
	£	£
Fair value of plan assets at 1 April	5,190,000	4,246,000
Interest income	175,000	189,000
Contributions by plan participants	56,000	60,000
Contributions by the employer	217,000	238,000
Actuarial (losses)/gains	(120,000)	468,000
Benefits paid	(42,000)	(11,000)
Closing fair value of plan assets at 31 March	<u>5,476,000</u>	<u>5,190,000</u>

26 Indemnity insurance

The charitable company has purchased insurance for the trustees and officers of the charitable company against liability arising for wrongful acts in relation to the charitable company. The cost of this insurance amounted to £2,000 (2015: £2,000).

27 Related party transactions

The charitable company has taken advantage of the exemption in Financial Reporting Standard 102 and has not disclosed transactions with its wholly owned subsidiaries.

Notes to the financial statements

28 Transition to FRS 102

Group

The group has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Reconciliation of equity	01-Apr-14			01-Apr-15		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
Intangible assets	6,206		6,206	4,474		4,474
Tangible fixed assets	3,142,136		3,142,136	2,044,497		2,044,497
Investments	1,659,967		1,659,967	1,738,547		1,738,547
Current assets	4,618,775		4,618,775	5,248,089		5,248,089
Creditors: Amounts falling due within one year	(5,241,526)	(93,000)	(5,334,526)	(5,035,574)	(91,000)	(5,126,574)
Net current assets/(liabilities)	(622,751)	(93,000)	(715,751)	212,515	(91,000)	121,515
Creditors: Amounts falling due after one year	(581,357)		(581,357)	(302,130)		(302,130)
Defined benefit pension scheme	(6,397,000)		(6,397,000)	(10,604,000)		(10,604,000)
Net liabilities	(2,792,799)	(93,000)	(2,885,799)	(6,906,097)	(91,000)	(6,997,097)
Capital and reserves	(2,792,799)	(93,000)	(2,885,799)	(6,906,097)	(91,000)	(6,997,097)

Year ended 31 March 2015			
Reconciliation of SOFA for the year	As previously stated	Effect of transition	FRS 102 (as restated)
Incoming resources	29,269,985		29,269,985
Resources expended	(27,009,296)	(1,212,000)	(28,221,296)
Gains on revaluation of investments	60,013		60,013
Actuarial loss on defined benefit scheme	(6,434,000)	1,214,000	(5,220,000)
Net movements in funds	(4,113,298)	2,000	(4,111,298)

Notes to the financial statements

28 Transition to FRS 102 (continued)

Accruals were not previously provided for holiday pay that was earned but for which the entitlement was expected to be taken in the subsequent financial year. Under FRS 102 the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the statement of financial position date. The impact of this is £91,000 in respect of equity and £2,000 in respect of net movement in funds.

Under FRS 102, the finance charges and return on assets are calculated differently to the previous methodology of FRS 17. The impact of this is a movement of £1,214,000 between actuarial loss and resources expended.

Company

The company has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Reconciliation of equity	As previously stated	Effect of transition	01-Apr-14 FRS 102 (as restated)	As previously stated	01-Apr-15 Effect of transition	FRS 102 (as restated)
Tangible fixed assets	3,139,938		3,139,938	2,044,497		2,044,497
Investments	1,659,968		1,659,968	1,738,548		1,738,548
Current assets	3,374,585		3,374,585	4,033,789		4,033,789
Creditors: Amounts falling due within one year	(5,111,323)	(93,000)	(5,204,323)	(4,575,630)	(91,000)	(4,666,630)
Net current assets/(liabilities)	(1,736,738)	(93,000)	(1,829,738)	(541,841)	(91,000)	(632,841)
Creditors: Amounts falling due after one year	(574,690)		(574,690)	(295,047)		(295,047)
Defined benefit pension scheme	(6,397,000)		(6,397,000)	(10,604,000)		(10,604,000)
Net liabilities	(3,908,522)	(93,000)	(4,001,522)	(7,657,843)	(91,000)	(7,748,843)
Capital and reserves	(3,908,522)	(93,000)	(4,001,522)	(7,657,843)	(91,000)	(7,748,843)

Notes to the financial statements

29 Financial instruments

	The Group		The Charitable Company	
	2016	2015	2016	2015
	£	£	£	£
Financial Assets				
Financial assets measured at amortised cost	<u>3,891,114</u>	<u>5,248,089</u>	<u>3,586,012</u>	<u>4,033,789</u>
Financial Liabilities				
Financial liability measured at amortised cost	<u>4,709,692</u>	<u>5,248,704</u>	<u>4,463,641</u>	<u>4,961,677</u>

Financial assets measured at amortised cost represent debtors, stocks and cash at bank. Financial liabilities measured at amortised cost represent trade creditors, amounts due to fellow group and related undertakings, other creditors, accruals and deferred income.

Notes to the financial statements

30 SOFA for the year ended 31 March 2015 - Restated

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2015 £
INCOME				
Trading activities				
Activities for generating funds	5,147,079	-	-	5,147,079
Investment income	40,703	-	-	40,703
Charitable activities				
Community service fees from Wigan Council	8,381,686	-	-	8,381,686
Corporate responsibility	824,021	-	-	824,021
Culture	326,258	20,000	475,908	822,166
Business development and financial services	365,412	-	-	365,412
Environmental management and sustainability	13,559,943	-	128,975	13,688,918
Total income	28,645,102	20,000	604,883	29,269,985
EXPENDITURE				
Raising funds	4,231,900	-	-	4,231,900
Charitable activities				
Corporate responsibility	4,531,385	66,591	-	4,597,976
Culture	2,483,421	-	484,625	2,968,046
Business development and financial services	3,291,152	-	-	3,291,152
Healthy living	14,097,839	-	133,545	14,231,384
Pension scheme operating charge	(1,270,000)	-	-	(1,270,000)
Other pension finance costs	257,000	-	-	257,000
	23,390,797	66,591	618,170	24,075,558
Taxation	(86,162)	-	-	(86,162)
Total expenditure	27,536,535	66,591	618,170	28,221,296
Net income/(expenditure) for the year	1,108,567	(46,591)	(13,287)	1,048,689
Gains and losses on revaluation and disposal of investment assets	60,013	-	-	60,013
Transfers	160,000	(160,000)	-	-
Actuarial gain/(loss) on defined benefit pension schemes	(5,220,000)	-	-	(5,220,000)
Net movement in funds	(3,891,420)	(206,591)	(13,287)	(4,111,298)

31 Prior year adjustment

The trustees have reviewed the accounting treatment of gift aid payments and have determined that these payments should only be recognised once there is a commitment as to the amount payable. This is generally at the point the payment is made. An adjustment has been made to the comparative figures to reflect this. In respect of the group this impact on reserves at 31 March 2015 is £185,000 and at 31 March 2014 is £273,064. The impact on profit for the year ended 31 March 2015 is £88,064. In respect of the company this impact on reserves at 31 March 2015 is £924,399 and at 31 March 2014 is £1,365,319. The impact on profit for the year ended 31 March 2015 is £440,920.