

Financial statements Wigan Leisure and Culture Trust

For the year ended 31 March 2017



**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 S Dawber 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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Chairman's Introduction - Annual Review 2016/17

Towards the end of 2015, WLCT re-branded as Inspiring healthy lifestyles. This marked the start of our journey to become a truly integrated provider of physical activity and wellbeing solutions for our key partners and clients.

Throughout 2016/17 we have made great strides, targeting our products and services towards all sectors of the communities we serve and ensuring we deliver the impacts and benefits sought by our clients.

Behind the financial detail contained in this report, highlights for me over the year include the new 10-year contract signed with our partners at Wigan Council and the accompanying huge investment in leisure this has brought.

Phase one of a multi-million pound investment at Haigh Woodland Park was completed and has already transformed this jewel in Wigan's crown into a regional destination attracting over 500,000 people to visit in its first year.

Three million visits across our 10 leisure centres and record-breaking attendance at the Museum of Cannock Chase and the Prince of Wales Theatre demonstrate the attractiveness and quality of our product offer.

In other areas, our volunteering programme saw 499 registered volunteers give 29,000 hours of their own time to inspire and support others.

Our Wellbeing Teams delivered ground-breaking initiatives to promote activity in hard to reach groups such as young women, disabled participants and older adults.

We introduced Dementia Friendly swimming sessions in our leisure centres, whilst the Expression Connectivity project, in conjunction with Fallen Angels to support vulnerable adults, was shortlisted as an APSE Partnership Working Initiative finalist.

In Yorkshire, Our Move it and Lose it programme was so far ahead of target it was referenced by the Director of North Yorkshire Public Health as the most successful Tier 2 programme in the County within the funded pilot.

None of this is possible without dedicated employees, committed senior managers and the hard work of trustees, all sharing the same vision, and I'd like to thank all of them.



Gareth Cross
Chair of Trustees

14 December 2017

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 2017.

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

Organisation

The charitable company is a company limited by guarantee, which trades as "Inspiring Healthy Lifestyles", 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 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.

At an extraordinary Board Meeting on 10th February 2017 it was resolved to seek approval from the Charity Commission to transfer the remaining activities of the subsidiary companies to the parent company, Wigan Leisure and Culture Trust. It has also been agreed that should such approval be forthcoming Inspiring Healthy Lifestyles Limited would be voluntarily wound up. Wigan Leisure and Culture Enterprises Limited would be retained, subsequently renamed Inspiring Healthy Lifestyles Limited and declared dormant, the reason for the retention being protection of the intellectual property rights.

The charitable company operates under the memorandum and articles of association as modified in November 2007 and further updated in July 2010. A review of the memorandum and articles of association commenced during 2016/17 and was completed in 2017. As a result of the review, and having received the permission of the Charity Commission, a Special General meeting was held on 28 September 2017 and members agreed to remove the following Object from the Memorandum of Association:

“the provision or assistance in the provision of public cemeteries and/or crematoria and the maintenance of the same for the public benefit”.

Charitable status

The company gained charitable status on 3 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. An additional extraordinary meeting of the Board took place during 2016/17.

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:

Report of the Trustees

Audit Committee:

T Bradshaw; P Farrington (Chair); F Carmichael (retired 26 May 2016); J Noott.

The Committee met three times during 2016/17.

Human Resources and Health & Safety Committee:

D A Lea (Chair); T Bradshaw; D Bartle; M Weston; D Lythgoe.

The Committee met four times during 2016/17.

Finance and Performance Committee:

D Newman (Chair); E Smethurst; P Moss; M Watson (retired 6 June 2016); C Wilks.

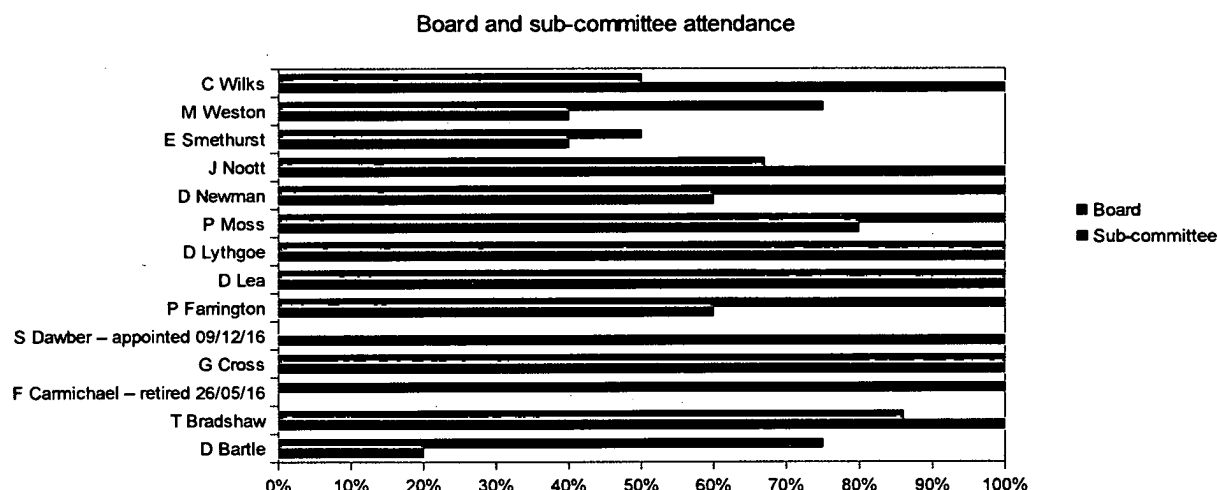
The Committee met four times during 2016/17.

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 once during 2016/17.

Trustee's attendance record



Cllr F Carmichael retired from the Board on 26 May 2016 and thus was not entitled to attend any Board meetings.

Cllr S Dawber was appointed to the Board in 9 December 2016 but was not appointed to any sub-committees during 2016/17.

All Trustees remain active in the organisation and sent apologies to meetings they could not attend.

Report of the Trustees

Senior Management Team

During 2016/17 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, and Company Secretary)
C Derbyshire (Head of Business Development)
L Johnson (Head of Wellbeing)

K P Gascoigne, formerly Executive Director - Governance Development until 30th April 2015 resigned as Company Secretary on 31st March 2016 but continues to provide governance support on a freelance basis.

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.

Gender Pay Gap

Under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 the organisation is required to publish information about the gender pay gap in the organisation.

A snapshot was taken on 5th April 2017 as follows:

- The mean gender pay gap is (8.8)%.
- The median gender pay gap is (3.8)%.
- The mean gender bonus gap is *N/A.
- The median gender bonus gap is *N/A.
- The proportion of male employees receiving a bonus is *N/A and the proportion of female employees receiving a bonus is N/A.

*Bonus payments are not made to employees

Report of the Trustees

The organisation is also required to publish pay quartiles by gender:

Band	Males	Females	Description
A	(31)%	(69)%	Includes all employees whose standard hourly rate places them at or below the lower quartile.
B	(36)%	(64)%	Includes all employees whose standard hourly rate places them above the lower quartile at or below the median.
C	(48)%	(52)%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile.
D	(49)%	(51)%	Includes all employees whose standard hourly rate places them above the upper quartile

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The organisation is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work. As such it:

- Carries out pay and benefits audits at regular intervals
- Provides regular equal pay training for all managers and other staff members involved in pay reviews
- Evaluates job roles and pay grades as necessary to ensure a fair structure

The organisation is therefore confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather the gender pay gap is the result of the roles in which men and women work in the organisation and the salaries those roles attract.

The organisation's gender pay gap compares favourably with the median gender pay gap for the economy as a whole, the sector it operates in and the geographical areas it operates in.

The Human Resources and Health & Safety Committee discussed this information in October 2017 and resolved to continue to:

- Create an evidence base to identify any barriers to gender equality and inform priorities for action
- Raise the awareness of the organisation's flexible working policy
- Raise awareness of the salary sacrifice Child Care voucher scheme the organisation operates

Report of the Trustees

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.

Training offered to Trustees is a combination of specific Trustee training and a broader invitation for Trustees to attend appropriate staff training.

Seven Trustees attended training around the roles and responsibilities of Trustees during 2016/17.

Seven Trustees attended training about the use of social media at work during 2016/17.

Two Trustees attended Dementia Awareness training and one Trustee attended Autism Awareness training during 2016/17.

A self-appraisal of the Board against the Code of Good Governance for Charities was undertaken during the autumn of 2016 and a Board Development Plan for 2017/18 was approved in March 2017. A self-appraisal of the operation of the Board sub-committees will be undertaken in the autumn of 2017.

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. One of the Council appointed Trustees, Cllr Frank Carmichael, resigned during 2016/17. Wigan Council subsequently appointed Cllr Stephen Dawber.

Further to the appointment of four new Trustees in March 2016, no further Trustee recruitment took place during 2017/18. Three Trustees retired by rotation and all offered themselves for reappointment. The Board resolved to reappoint them.

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, alongside regular meetings with Trade Union representatives. In addition regular written briefings from the Senior Management Team have been issued throughout the year.

Report of the Trustees

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

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

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

The adoption of the 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.

Report of the Trustees

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 2016/17 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.
 - During 2016/17 facilities were redeveloped and improved at Haigh Woodland Park, Summit Indoor Adventure in Selby and Hednesford Park Pavilion.
 - Approval was gained for improvements at Ashton Leisure Centre to be implemented in 2017/18.
 - To maintain high quality facilities and services ensuring delivery of key impact framework outcomes.
 - An outcome framework was developed and implemented alongside the new contract with Wigan Council.
 - The outcome framework was supported by a Datahub ensuring the generation of meaningful impact data across the leisure facility portfolio.
 - To review and develop the Inspiring Healthy Lifestyles approach to memberships.
 - Work on the 5 year Health and Fitness and Aquatic development plans progressed and the Learn to Swim programme demonstrated significant increases in performance.
 - Discussions about a Greater Manchester wide membership scheme were initiated.
 - To develop a holistic approach to the provision of easily accessible services.
 - The Trust's website underwent continuous improvement to emphasise the holistic nature of the organisation.
 - The Trust's Twitter feeds have been improved.
- 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 for the year was adopted and good progress made.
 - Work was initiated on a new Pay and Reward Strategy.
 - An approach to the subsidiary companies was agreed and will be implemented in 2017/18.
 - To expand the business through successful tendering for new contracts and the development of new products and services.
 - The Trust continued to play a leading role in the Greater Manchester Active Programme.
 - Bids have been developed and submitted to deliver services for public benefit elsewhere in both Staffordshire and North Yorkshire and the outcomes of those bids is awaited.

Report of the Trustees

- To ensure a high quality customer experience throughout the organisation.
 - The Quality Management System continues to be rolled out across the organisation identifying both areas of strength and areas for improvement.
 - ISO14001 was retained during the year. Excellent status was achieved against the QUEST benchmark by the Trust's Wigan wellbeing team.
- To develop the use of appropriate systems to effectively manage organisational performance.
 - Improvements in the Trust's IT network will support the performance management and monitoring arrangements.
- 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.
 - A new contract with Wigan Council was signed on 20 December 2016.
 - A number of sites, particularly in Wigan, have seen significant investment by Wigan Council.
 - The development of shared back office services with Wigan Council continues.
 - To support partners in the strategic development of service provision.
 - The Physical Activity contracts in Wigan have been extended in line with the main contract with Wigan Council, supporting an integrated wellbeing approach.
 - To develop an approach to market research to inform strategic decision-making and business development.
 - The Trust secured funding for and undertook consultation with over 1000 young people about their health and wellbeing needs.
- 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 continue to be developed across the organisation.
 - The development of a framework for effective support to the Third Sector.
 - The Trust is a panel member of the Wigan Deal for Communities Investment Fund and has been involved in reviewing bids and making recommendations.
 - To ensure a demonstrable contribution to local priorities.
 - The Trust has applied to join the Register of Apprenticeship Training Organisations – outcome of the application is awaited.
 - Over £500,000 of funding was secured to support a range of programmes and activities across all the organisation's contract areas.

Report of the Trustees

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. 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 positive £3,424,570 as at 31 March 2017 (2016: negative £655,029) representing unrestricted funds surplus of £1,097,702 (2016: negative £2,905,011), restricted funds surplus of £2,316,868 (2016: surplus £2,249,982) and designated funds surplus of £10,000 (2016: surplus £Nil). The pension deficit is £280,000 as at 31 March 2017 (2016: deficit £4,187,000).

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 £190,436 (2016 : net expenditure £513,175).

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

- Restricted funds £2,316,868 (£2,249,982 as at 31 March 2016). Further information is provided in note 21 to the accounts.
- Unrestricted funds surplus £1,097,702 (£2,905,011 in deficit at 31 March 2016). This represents funds held for the day-to-day running of the charitable company. The unrestricted fund includes the pension deficit of £280,000 (2016: deficit £4,187,000).
- Designated funds £10,000 (£Nil as at 31 March 2016) represent funds held for capital development as set out in note 21.

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 loss before taxation of £158,062 (2016: surplus of £90,600) and surplus of £1,162 (2016: surplus £4,239) respectively.

It is the Trust's intention to voluntarily and solvently wind-up Inspiring Healthy Lifestyles Limited at an appropriate date, to retain Wigan Leisure and Culture Enterprises Limited and subsequently rename it Inspiring Healthy Lifestyles Limited and declare it dormant at an appropriate date.

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 2016/17, services were rationalised and investment made to accommodate that reduction.

Report of the Trustees

Reserves

The charitable company's reserves policy is to maximise (without setting a specific target amount) its reserves over a ten year period.

This policy will be reviewed in 2017/18.

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 defined benefit pension deficit accounted for under FRS 102 at 31 March 2017 is £3,704,570 (2016: £3,531,971). These comprise restricted reserves of £2,316,868 (2016: £2,249,982); designated reserves of £10,000 (2016: £Nil) and general unrestricted reserves of £1,377,702 (2016: £1,281,989).

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/loss on revaluation has been recorded for 2016/17.

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 scheme's assets and liabilities at 31 March 2017, as advised by the appointed actuaries. Refer to note 25 for additional information.

All three of the defined benefit pension schemes have undergone a triennial valuation as at 31st March 2016. This resulted in the employer pension contribution rates for the Greater Manchester and Staffordshire schemes being maintained at the same level for the following three years. However the North Yorkshire scheme revaluation resulted in an increase in the employer's contributions over the same period. The funding target for this scheme is considered to be a low risk as the number of active members is very low. The group pooling arrangements for the Greater Manchester scheme and the strong funding in respect of the Staffordshire scheme has had a positive impact on the required employer contribution rates for the next three years and has fixed these until the next triennial valuation date.

Report of the Trustees

The 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 2016/17 the Trust managed a reduction in the Community Service Fee paid by our biggest client, Wigan Council, by almost 25%. On the other hand the new 10 year contract with Wigan Council signed in December 2016 is providing a firm foundation on which to sustain and grow the organisation.

However the government have indicated that further reductions in local authority expenditure are planned for 2017/18 and there is uncertainty beyond. This, combined with the uncertainty around the impact of 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.

Report of the Trustees

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 from 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 2016/17 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	Failure to achieve 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.

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.

Fund Raising

The Trustees can confirm that the charitable company does not raise funds from the public other than through payment for taking part in the charitable services the Trust provides and has not engaged any professional fundraiser or commercial participator to carry out fundraising activities. The charity has received no complaints about fundraising activity.

Report of the Trustees

Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charity Act 2006 in having due regard to the Commission's 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. In 2016/17 Sport England commenced their new Active Lives Survey, which replaces the Active People Survey and provides a new baseline of people achieving the recommended levels of physical activity for Wigan (61.8%), Cannock Chase (61.2%) and Selby (73.5%).

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

- 3.08 million visits to our leisure centres
- Supported 499 volunteers to contribute over 29,000 hours of their time supporting our services
- 7,637 attendances in sports development community activity
- Over 7,000 concessionary cardholders

In Wigan, the Trust's Wellbeing team has engaged with over 4,000 new participants on the physical activity intervention programmes (Back to Sport, Active Outdoors and Activity Referral). Figures from 2016/17 for the Community Weight Management programme show 41% of participants have achieved a weight loss of at least 5% of their total body weight at the end of the programme, a slight increase on the previous year's total. Over 75% of participants on the Active Later Life programme recorded a reduction in the risk of sustaining a fall following completion of the programme.

The Let's Get Movin' team worked with families, primary schools and education/early years' settings to deliver their weight management and healthy lifestyle programmes, with over 3,950 children accessing the healthy lifestyle programme. Over 7,500 children maintained their oral health through the Let's Get Brushing scheme with 80% of schools and 68% of families engaged with assessed as having adopted healthier behaviours and lifestyles following completion of the programme.

During the 2016 Wellfest week the team launched the Daily Mile intervention, encouraging primary schools to incorporate regular physical activity as part of their daily school schedule, and in the launch week over 6,600 children took part in Daily Mile walks.

Report of the Trustees

Across the Wellfest week in September a broad range of activities were delivered across the Wigan Borough and in Cannock and Selby including the Street Velodrome at Pennington Flash, Proms in the Park events, the launch of Incredible Edible and the Wigan 10k. The week promoted the benefits of health and wellbeing to local residents in what was the first initiative of its kind in Greater Manchester.

The Outdoor Adventure team recorded over 45,000 attendances at activity sessions at Scotmans Flash, Haigh Woodland Park and other outreach sessions. 110 individuals successfully achieved accreditation with the Outdoor team over the course of the year.

In Selby the Move It and Lose It programme has engaged with 1,815 participants, of whom 1,174 (64%) have completed the 12 week course by the end of year 2 (NICE guidance suggests 60% of completion for a Tier 2 weight management program would be a successful project). 894 completers (76%) lost 3% of their starting weight in 12 weeks and 662 (56%) retained a 5% loss of their starting weight at 24 weeks. Over 1,226 stone (7,785kg) has been lost by participants taking part in the scheme over the two years.

This project has far exceeded the original target set by North Yorkshire Public Health and is referenced by the Director of North Yorkshire Public Health as the most successful Tier 2 programme in the County within the funded pilot. This success has been instrumental in the successful bid for a five year adult weight management contract from North Yorkshire Public Health, which has now commenced.

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 499 registered individuals who delivered more than 29,000 hours during 2016/17 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 supports the Wigan element of the Manchester VIP volunteering database with 150 individuals registered on the database by year end.

During 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, most notably through the launch of the Get Out Get Active programme funded through Spirit of 2012 and Dementia Friendly swimming sessions at leisure centre sites. Over 3,000 attendances were recorded during 2016/17 on inclusive Wellbeing programmes whilst 1,400 leisure centre members reported as being disabled.

In Cannock our Wellbeing team had a clear focus on engaging with girls and young women, a traditionally hard-to-reach audience with low levels of participation in sport and physical activity. Through interventions such as the Real Girls programme over 5,500 visits from this target group were recorded, whilst the programme itself received regional recognition at the county sports partnership awards.

Similarly the Dance In The Community project in Wigan, which also particularly targeted inactive girls and young women, received the Sport and Recreation Alliance's Community Sport and Recreation award whilst the Expression Connectivity project working with Fallen Angels to support vulnerable adults through arts interventions was shortlisted as an APSE (Association for Public Sector Excellence) Partnership Working Initiative finalist.

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. 75 people accessing learning opportunities including apprenticeships with an in-year qualification achievement rate of 69%.

Report of the Trustees

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. Norley Hall Adventure Playground meanwhile recorded over 13,000 attendances over the year.

Both the Museum of Cannock Chase and the Prince of Wales Theatre enjoyed record-breaking years for attendances. The Museum launched a successful new education package which resulted in over 6,500 school visits whilst Dementia Friendly sessions continued to provide a broad range of events and activities for this target audience. The Theatre worked with partners including M3 Studios and Seasons Theatre to support and host performances from the local community including adults with learning disabilities.

The Trust has been able to facilitate investment in facilities for local people. Haigh Woodland Park developments continued apace with the opening of the High Ropes and Adventure Golf facilities and the ongoing work on the Kitchen Courtyard. Over 11,000 activity visits were recorded at Haigh whilst across the other parks and greenspaces which the Trust supports (Mesnes Park, Pennington Flash and Three Sisters Country Park) over 208,000 visits were recorded by the people counter technology. Other new developments over the course of the year have seen progress on the new Standish Leisure Centre and ongoing redevelopment at Ashton Leisure Centre whilst the Summit Indoor Adventure site opened in Selby.

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 twelve 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 28).

Future Plans

Our future plans are derived from the Business Strategy adopted in March 2015 and updated in March 2017.

- 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

Report of the Trustees

- 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 2017, and to the date of approval of these financial statements, were:

D A Bartle
T Bradshaw
F Carmichael (retired 26 May 2016)
G W Cross
S Dawber (appointed 9 December 2016)
P Farrington
D A Lea
D Lythgoe
P Moss
D A Newman
J Noott
E Smethurst
M Watson (retired 6 June 2016)
M Weston
C Wilks

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.

Report of the Trustees

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.

The Trustees confirm that so far as each Trustee is aware:

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

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

Auditors

In order to ensure value for money the contract for audit services is currently being tendered.

A resolution to appoint an auditor for the ensuing year will be proposed in accordance with Section 485 of the Companies Act 2006 once the exercise is complete.

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

14 December 2017



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 2017 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 19 and 20, 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 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Report of the trustees (incorporating the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the trustees (incorporating the Strategic report) has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees (incorporating the Strategic report).

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

18 December 2017

Consolidated statement of financial activities

	Note	Unrestricted fund £	Designated funds £	Restricted funds £	Total 2017 £	Total 2016 £
INCOME						
Trading activities						
Operations of trading subsidiaries	2	1,094,975	-	-	1,094,975	1,157,932
Investment income	2	34,185	-	8,322	42,507	37,316
Charitable activities	2					
Management fee from Wigan Council		3,000,000	-	-	3,000,000	3,913,497
Wellbeing		2,618,946	-	119,527	2,738,473	514,175
Sport and Leisure		14,445,163	-	109,889	14,555,052	14,836,901
Corporate responsibility		-	-	-	-	300,108
Business development and financial services		254,671	10,000	13,343	278,014	109,039
Total income		21,447,940	10,000	251,081	21,709,021	20,868,968
EXPENDITURE						
Raising funds	5	1,253,607	-	-	1,253,607	1,064,825
Charitable activities						
Sport and Leisure	6	14,070,153	-	102,177	14,172,330	14,983,821
Business development and financial services	6	2,861,356	-	6,078	2,867,434	450,135
Wellbeing	6	3,307,544	-	106,099	3,413,643	1,325,968
Corporate responsibility		-	-	-	-	3,205,579
Pension scheme operating charge	25	60,000	-	-	60,000	178,000
Other pension finance costs	25	147,000	-	-	147,000	340,000
	6	20,446,053	-	214,354	20,660,407	20,483,503
Taxation	11	(14,557)	-	-	(14,557)	(166,185)
Total expenditure	9	21,685,103	-	214,354	21,899,457	21,382,143
Net (expenditure)/income for the year		(237,163)	10,000	36,727	(190,436)	(513,175)
Gains and losses on revaluation and disposal of investment assets	15	125,876	-	30,159	156,035	(79,757)
Actuarial gain/(loss) on defined benefit pension schemes	25	4,114,000	-	-	4,114,000	6,935,000
Net movement in funds		4,002,713	10,000	66,886	4,079,599	6,342,068
Total funds brought forward		(2,905,011)	-	2,249,982	(655,029)	(6,997,097)
Total funds carried forward	21	1,097,702	10,000	2,316,868	3,424,570	(655,029)

The financial activities above include £20,618,285 (2016: £20,635,435) of income and £20,660,407 (2016: £20,483,505) expenditure relating to the charitable company.

The results relate wholly to continuing activities.

Consolidated income and expenditure account

	2017 £	2016 £
Income		
Activities for generating funds	1,137,482	1,195,248
Charitable activities	<u>20,571,539</u>	<u>19,673,720</u>
	<u>21,709,021</u>	<u>20,868,968</u>
Expenditure		
Costs of generating funds	1,253,607	1,064,825
Charitable activities	<u>20,453,407</u>	<u>19,965,503</u>
	<u>21,707,014</u>	<u>21,030,328</u>
Net income/(expenditure) before pension costs	2,007	(161,360)
Pension costs	(207,000)	(518,000)
Realised gains on investment	<u>40,023</u>	<u>18,894</u>
Loss on ordinary activities before tax	(164,970)	(660,466)
Taxation credit	<u>14,557</u>	<u>166,185</u>
Net expenditure for the year	<u>(150,413)</u>	<u>(494,281)</u>

Consolidated balance sheet

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	1,010	2,742
Tangible fixed assets	14	2,365,354	2,657,722
Investments	15	2,840,864	1,691,592
		<u>5,207,228</u>	<u>4,352,056</u>
Current assets			
Stocks	16	72,189	104,730
Debtors	17	2,257,843	2,380,578
Cash at bank and in hand		856,077	1,405,806
		<u>3,186,109</u>	<u>3,891,114</u>
Creditors: amounts falling due within one year	18	<u>(3,541,220)</u>	<u>(3,894,382)</u>
Net current liabilities		<u>(355,111)</u>	<u>(3,268)</u>
Total assets less current liabilities		4,852,117	4,348,788
Creditors : amounts falling due after more than one year	19	<u>(1,147,547)</u>	<u>(815,310)</u>
Net assets excluding pension liability		3,704,570	3,533,478
Deferred taxation	20	-	(1,507)
Defined benefit pension scheme liabilities	25	(1,729,000)	(5,412,000)
Defined benefit pension scheme assets	25	1,449,000	1,225,000
Net assets/(liabilities)		<u>3,424,570</u>	<u>(655,029)</u>
Income funds			
Restricted funds	21	2,316,868	2,249,982
Unrestricted funds	21		
Designated funds		10,000	-
General unrestricted funds		1,377,702	1,281,989
Pension reserve funds		<u>(280,000)</u>	<u>(4,187,000)</u>
Total surplus/(deficit) funds		<u>3,424,570</u>	<u>(655,029)</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 14 December 2017 and signed on their behalf by:



G W Cross
Trustee

Charitable company balance sheet

	Note	2017 £	2016 £
Fixed assets			
Tangible fixed assets	14	1,966,364	2,631,368
Investments	15	2,840,865	1,691,593
		<u>4,807,229</u>	<u>4,322,961</u>
Current assets			
Stocks	16	42,519	78,481
Debtors	17	2,910,610	2,232,060
Cash at bank		543,097	1,275,471
		<u>3,496,226</u>	<u>3,586,012</u>
Creditors: amounts falling due within one year	18	<u>(3,389,662)</u>	<u>(3,648,331)</u>
Net current assets/(liabilities)		106,564	(62,319)
Total assets less current liabilities		4,913,793	4,260,642
Creditors: amounts falling due after more than one year	19	<u>(1,147,547)</u>	<u>(815,310)</u>
Net assets excluding pension liability		3,766,246	3,445,332
Defined benefit pension scheme liabilities	25	(1,729,000)	(5,412,000)
Defined benefit pension scheme assets	25	1,449,000	1,225,000
Net assets/(liabilities)		<u>3,486,246</u>	<u>(741,668)</u>
Income funds			
Restricted funds	21	2,316,868	2,249,982
Unrestricted funds	21		
General unrestricted funds		1,439,378	1,195,350
Pension reserve funds		(280,000)	(4,187,000)
Designated funds		10,000	-
Total surplus/(deficit) funds		<u>3,486,246</u>	<u>(741,668)</u>

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's net movement in funds for the year was £4,227,914 (2016: £7,007,175).

The financial statements were approved by the Board of Trustees and authorised for issue on 14 December 2017 and signed on their behalf by:



G W Cross
Trustee

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	2017 £	2016 £
Cash flows from operating activities		
Net expenditure for the financial year	(190,436)	(513,175)
Adjustments for:		
Depreciation of tangible assets	790,702	700,439
Amortisation of intangible fixed assets	1,732	1,732
Taxation credit	(14,557)	(166,185)
Investment income	(42,507)	(32,802)
Decrease in debtors	122,735	589,575
Decrease/(increase) in stocks	32,541	(21,553)
Decrease in creditors	(345,042)	(1,165,306)
Pension movements	207,000	518,000
Net cash generated from/(used in) operating activities	562,168	(89,275)
Cash flows from investing activities		
Purchase of tangible assets	(498,334)	(241,201)
Purchase of investments	(993,237)	(32,802)
Net cash used in investing activities	(1,491,571)	(274,003)
Cash flows from financing activities		
Investment income	42,507	32,802
Capital element of finance leases	(532,214)	(454,220)
New finance leases	869,381	-
Repayment of loans	-	-
Net cash generated from/(used in) financing activities	379,674	(421,418)
Net decrease in cash and cash equivalents	(549,729)	(784,696)
Cash and cash equivalents at the beginning of year	1,405,806	2,190,502
Cash and cash equivalents at end of year	856,077	1,405,806

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 limited by guarantee (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:

- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Charities SORP (FRS 102);
- Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- Companies Act 2006.

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.

The Trust constitutes a public benefit entity as defined by FRS 102.

The trustees have, during the year, reviewed the analysis of individual projects included within Charitable activities and have updated the descriptions thereof to better reflect current activities. There is no overall change to the total income or expenditure in the current or prior year.

Going concern

Forecasts have been prepared which disclose that the group has significant headroom to operate with existing funds for the foreseeable future. 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 being a period of not less than 12 months from the date of approval of these financial statements. 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 2017 using the purchase method of accounting.

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.

Donations and Legacies

Donations 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.

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.

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

The Group participates in three local government pension schemes, all of which are defined benefit, multi-employer arrangements.

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 through reduced contributions in the future, in accordance with paragraph 28.22 of FRS 102.

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.

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 2016 has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2

Income

Trading activities - Group

Incoming resources from activities for generating funds are:

	Unrestricted £	Designated £	Restricted £	2017 £	2016 £
Trading activities					
Operations of trading subsidiaries	1,094,975	-	-	1,094,975	1,157,932

Investment income - Group

	Unrestricted £	Designated £	Restricted £	2017 £	2016 £
Investment income comprises :					
Bank deposits	1,948	-	-	1,948	4,514
Investment portfolio income	32,237	-	8,322	40,559	32,802
	34,185	-	8,322	42,507	37,316

Charitable activities - Group

Business development and financial services - this relates mainly to the bookings for shows at the Prince of Wales Theatre in Cannock and the theatre bar sales, together with sales in the Museum of Cannock Chase.

Wellbeing - this represents mainly public health contracts with Wigan Council, together with a public health contract based in Selby.

Sport and Leisure - this includes management fees for the Selby sports contract and the sports element of the Cannock management fee. In addition, fees and admission charges for the use of sports facilities are included in this category of income.

Notes to the financial statements

3 Financial performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries, set out in note 4.

The summary financial performance of the charity alone is:

	2017 £	2016 £
Income	20,618,285	20,635,437
Expenditure on charitable activities	<u>(20,660,406)</u>	<u>(20,483,505)</u>
Net (expenditure)/income for the year	(42,121)	151,932
Gains and losses on revaluation of investment assets	156,035	(79,757)
Actuarial gains on defined benefit pension schemes	<u>4,114,000</u>	<u>6,935,000</u>
Net movement in funds	<u>4,227,914</u>	<u>7,007,175</u>

Notes to the financial statements

4 Operations of trading subsidiaries

A summary of the results of the trading subsidiaries is set out below:

	Inspired Healthy Lifestyles Limited		Wigan Leisure and Culture Enterprises Limited	
	2017	2016	2017	2016
	£	£	£	£
Turnover	-	-	1,094,975	1,157,932
Other operating income and charges	1,162	4,239	(1,253,037)	(1,067,332)
Operating surplus	1,162	4,239	(158,062)	90,600
Payment under gift aid	(4,239)	-	-	-
Taxation	850	(850)	13,707	(17,965)
Retained in subsidiary	(2,227)	3,389	(144,355)	72,635

The net assets and liabilities of the subsidiaries were:

	2017	2016	2017	2016
	£	£	£	£
Fixed assets	-	-	398,991	26,356
Current assets	1,164	7,530	431,411	324,693
Creditors: amounts falling due within one year	-	(4,139)	(877,250)	(252,035)
Net current assets/ liabilities	1,164	3,391	(445,839)	72,658
Creditors: amounts falling due in greater than one year	-	-	-	-
Deferred tax provision	-	-	-	(1,507)
Net assets	1,164	3,391	(46,848)	97,507
Aggregate share capital and reserves	1,164	3,391	(46,848)	97,507

5 Raising funds - Group

	2017	2016
	£	£
Unrestricted funds		
Staff costs and allowances	613,355	508,889
Establishment expenses	52,141	132,188
Transport expenses	4,787	(2,969)
Supplier, services and other expenses	504,621	419,991
Agency and contracted services	6,806	12,158
General expenses	4,160	(5,432)
Support services	67,737	-
	<u>1,253,607</u>	<u>1,064,825</u>

Notes to the financial statements

6 Charitable activities - Group

	Unrestricted direct costs £	Unrestricted support costs £	Total unrestricted costs £	Designated direct costs £	Restricted direct costs £	Total 2017 £	Total 2016 £
Corporate responsibility	-	-	-	-	-	-	3,205,579
Sport and leisure	12,529,344	1,540,809	14,070,153	-	102,177	14,172,330	14,983,821
Business development	1,113,679	224,906	1,338,585	-	6,078	1,344,663	450,135
Financial services and resources	1,448,722	74,049	1,522,771	-	-	1,522,771	-
Wellbeing	2,854,702	452,842	3,307,544	-	106,099	3,413,643	1,325,968
Pension scheme operating (credit)/charge	60,000	-	60,000	-	-	60,000	178,000
Other pension finance costs	147,000	-	147,000	-	-	147,000	340,000
Total expenditure for charitable activities	18,153,447	2,292,606	20,446,053	-	214,354	20,660,407	20,483,503

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 2017 £	Total 2016 £
Financing	7,590	2,176	8,771	9,302	32,183	21,942	10,943	(58)	(18,800)	74,049	237,253
Environmental management and sustainability	-	-	-	-	-	-	-	-	-	-	87,973
Sport and leisure	157,942	45,278	182,511	193,548	669,667	456,562	227,690	(1,205)	(391,183)	1,540,809	2,042,431
Business development	23,054	6,609	26,640	28,252	97,749	66,643	33,235	(176)	(57,100)	224,906	-
Wellbeing	46,419	13,307	53,640	56,884	196,814	134,183	66,918	(354)	(114,968)	452,842	108,793
Total support costs	235,005	67,370	271,562	287,985	996,413	679,329	338,786	(1,793)	(582,051)	2,292,606	2,476,450

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:

	2017 £	2016 £
Internal audit	15,300	15,300
External auditor's fee:		
- audit services	29,500	30,030
- non-audit services	9,850	15,950
Other Governance related costs	196,446	179,157
	251,096	240,437

8 Direct charitable expenditure - Group

	Unrestricted funds £	Designated £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Staff costs and allowances	11,328,139	-	-	11,328,139	11,323,222
Establishment expenses	2,647,990	-	-	2,647,990	2,430,366
Transport expenses	136,599	-	-	136,599	118,684
Supplier, services and other expenses	3,870,335	-	214,354	4,084,689	4,059,035
Agency and contracted services	703,056	-	-	703,056	511,009
General expenses	783,724	-	-	783,724	690,135
Support services	769,210	-	-	769,210	833,052
Pension scheme operating charge	60,000	-	-	60,000	178,000
Other pension finance costs	147,000	-	-	147,000	340,000
	20,446,053	-	214,354	20,660,407	20,483,503

Notes to the financial statements

9 Analysis of resources expended - Group

	Staff costs £	Other £	Total 2017 £	Total 2016 £
Raising funds	613,355	640,252	1,253,607	1,064,825
Charitable activities				
Corporate services	-	-	-	2,965,142
Sport and leisure	7,613,386	6,558,944	14,172,330	14,983,823
Financial Services and resources	169,443	1,102,232	1,271,675	450,135
Wellbeing	2,237,565	1,176,078	3,413,643	1,325,966
Business development	1,111,299	233,364	1,344,663	-
Pension scheme operating charge	60,000	-	60,000	178,000
Other pension finance costs	147,000	-	147,000	340,000
	<u>11,952,048</u>	<u>9,710,870</u>	<u>21,662,918</u>	<u>21,307,891</u>
Governance costs	196,446	54,650	251,096	240,437
Taxation	-	14,557	14,557	(166,185)
	<u>12,148,494</u>	<u>9,750,963</u>	<u>21,899,457</u>	<u>21,382,143</u>

The above costs include:

	2017 £	2016 £
Fees payable to the charitable group's auditor for the audit of the group annual financial statements	29,500	30,030
Non-audit services:		
Taxation services		
- compliance	5,000	4,750
- advisory	4,850	11,200
Depreciation		
Owned assets	399,712	310,073
Assets held under finance leases	390,990	390,366
Amortisation of goodwill	<u>1,732</u>	<u>1,732</u>

Audit fees for all subsidiary entities are borne by Wigan Leisure and Culture Trust. The audit fee disclosed above includes the fee for the Charitable company of £20,000 (2016: £20,000).

10 Trustees and employees

Staff costs during the year were as follows:

	Group 2017 £	Charitable company 2017 £	Group 2016 £	Charitable company 2016 £
Wages and salaries	10,087,861	9,474,506	10,415,388	9,961,769
Social security costs	501,240	501,240	522,448	501,240
Pension costs	1,559,393	1,559,393	1,591,432	1,559,393
	<u>12,148,494</u>	<u>11,535,139</u>	<u>12,529,268</u>	<u>12,022,402</u>

Redundancy costs included above amount to £18,670 (2016: £82,780) 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:

	2017 Number	2016 Number
Business development and financial services	78	89
Sport and leisure	358	330
Wellbeing	100	115
Senior management team	5	5
	<u>541</u>	<u>539</u>

The number of full time equivalents was:

	2017 Number	2016 Number
Business development and financial services	55	70
Sport and leisure	280	246
Wellbeing	84	86
Senior management team	5	5
	<u>424</u>	<u>407</u>

The group and the charitable company

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

	2017 £	2016 £
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

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

	2017 £	2016 £
Pension contributions to defined benefit schemes	<u>28,389</u>	<u>27,322</u>

Key management personnel remuneration totalled £393,194 (2016: £401,763).

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 (2016: £Nil).

£6,233 (2016: £5,800) of expenses were paid to 10 (2016: 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:

	2017 £	2016 £
UK Corporation tax at 20% (2016: 20%)	(12,200)	13,050
Tax relief on Gift Aid payment in the year	(850)	(185,000)
Deferred tax - (see note 20)	(1,507)	5,765
	<u>(14,557)</u>	<u>(166,185)</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% (2016: 20%). The differences are explained as follows:

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation and payment under gift aid for Wigan Leisure and Culture Enterprises Limited and Inspiring Healthy Lifestyles Limited	<u>(156,900)</u>	<u>94,839</u>
(Loss)/profit on ordinary activities before taxation multiplied by Standard rate of corporation tax in the United Kingdom of 20% (2016: 20%)	(31,380)	18,968
Effect of:		
Timing of relief on Gift Aid payments	(850)	(185,000)
Deferred tax asset not recognised	12,266	-
Other timing differences	5,407	(153)
Total charge as above	<u>(14,557)</u>	<u>(166,185)</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 £4,227,914 (2016: net income £7,007,175) which is dealt with in the financial statements of the charitable company.

13 Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 April 2016 and at 31 March 2017	17,320
Amortisation	
At 1 April 2016	14,578
Provided in the year	1,732
At 31 March 2017	16,310
Net book value	
At 31 March 2017	1,010
Net book value	
At 31 March 2016	2,742

14 Tangible fixed assets

Group

	Leasehold improvements £	Leasehold equipment £	Plant and equipment £	Computer equipment and software £	Total £
Cost					
At 1 April 2016	1,716,296	-	3,761,115	388,073	5,865,484
Additions	132,305	163,750	165,090	37,189	498,334
Disposals	(947,757)	-	(116,017)	-	(1,063,774)
At 31 March 2017	900,844	163,750	3,810,188	425,262	5,300,044
Depreciation					
At 1 April 2016	1,150,618	-	1,828,005	229,139	3,207,762
Charge for the year	120,268	36,765	575,070	58,599	790,702
On disposals	(947,757)	-	(116,017)	-	(1,063,774)
At 31 March 2017	323,129	36,765	2,287,058	287,738	2,934,690
Net book amount					
At 31 March 2017	577,715	126,985	1,523,130	137,524	2,365,354
Net book amount					
At 31 March 2016	565,678	-	1,933,110	158,934	2,657,722

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	1,716,296	3,621,039	388,073	5,725,408
Additions	-	128,708	37,189	165,897
Disposals	(947,757)	(110,419)	-	(1,058,176)
At 31 March 2017	<u>768,539</u>	<u>3,639,328</u>	<u>425,262</u>	<u>4,833,129</u>
Depreciation				
At 1 April 2016	1,150,618	1,714,283	229,139	3,094,040
Charge for the year	104,832	561,741	58,599	725,172
On disposals	(947,757)	(4,690)	-	(952,447)
At 31 March 2017	<u>307,693</u>	<u>2,271,334</u>	<u>287,738</u>	<u>2,866,765</u>
Net book amount				
At 31 March 2017	<u>460,846</u>	<u>1,367,994</u>	<u>137,524</u>	<u>1,966,364</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>

Included above for the group and the charitable company are assets held via finance leases. The net book amount is £1,518,428 (2016: £1,237,923) and the depreciation charged for the year is £390,990 (2016: £390,366).

All tangible fixed assets are used for charitable purposes.

15 Investments

Total fixed asset investments comprise:

	2017 £	Group 2016 £	Charitable company 2017 £	2016 £
Listed investments (a)	1,849,705	1,691,592	1,849,705	1,691,592
Other fixed asset investments (b)	-	-	1	1
Listed investments (restricted) (c)	991,159	-	991,159	-
	<u>2,840,864</u>	<u>1,691,592</u>	<u>2,840,865</u>	<u>1,691,593</u>

(a) Listed investments

The group and the charitable company

	2017 £	2016 £
Market value at 1 April	1,691,592	1,738,547
Investment income	32,237	32,802
Realised/unrealised profits on revaluation	125,876	(79,757)
Market value at 31 March	<u>1,849,705</u>	<u>1,691,592</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:

	2017 £	2016 £
Cash balances	214,596	300,324
Fixed interest	307,358	291,469
Index linked	160,829	133,942
Investment funds	51,720	166,140
Unit trusts	247,509	199,718
Equities	221,582	188,303
Commodities	65,763	-
Hedge funds	318,556	238,467
Structured products	132,600	28,286
Commercial property	129,192	144,943
	<u>1,849,705</u>	<u>1,691,592</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:

	2017 £	2016 £
Equities	60,567	39,311
Unit trusts	124,995	148,992
	<u>185,652</u>	<u>188,303</u>

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

	Valuation	
	2017 £	2016 £
Invesco IP Corporate Bond	139,548	135,736
Legal and General All Stocks Index Linked Unit Trust	160,829	133,942
J O Hambro Capital UK Equities Unit Trust	148,036	124,885
M&G Investment Management Unit Trust	115,419	110,548
I Shares Core FTSE100 UCITS	-	118,465
Vanguard Funds Plc S&P500 UCITS	124,995	94,832
M&G Securities Ltd Property Portfolio	129,192	-

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

	2017 £	2016 £
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 2017:

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%	Ceased to trade 31 March 2017. (Formerly 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

(c) Listed investments (restricted)

The group and the charitable company

	2017 £
Market value at 1 April	-
Cash injected	961,000
Investment income	8,322
Cash withdrawn	(8,322)
Realised/unrealised profits on revaluation	30,159
Market value at 31 March	<u>991,159</u>

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

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

	2017 £
Cash balances	210,091
Fixed interest	216,837
Investment trusts	49,837
Unit trusts	74,015
Equities	81,437
Commodities	38,194
Hedge funds	277,835
Commercial property	42,913
	<u>991,159</u>

The investments are managed within a portfolio held with Tilney Investment Management.
The historic cost of individual investments is £953,818.

Overseas investments are stated below:

	2017 £
Fixed interest	41,591
Equities	62,224
	<u>103,815</u>

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

	Valuation 2017 £
M&G Securities Ltd UK Fixed Interest Unit Trust	65,053
J O Hambro Cap UK Equity Income Unit Trust	74,015
Invesco FD Hedge Fund - Single Fund	80,514
Threadneedle Inv UK Absolute Alpha Z Hedge Fund - Single Fund	62,494
Gemcap Investment AHFM Defined Returns - Hedge Fund	<u>63,710</u>

Notes to the financial statements

16 Stocks

	2017 £	Group 2016 £	Charitable company 2017 £	2016 £
Raw materials and consumables	33,826	4,024	4,156	4,024
Finished goods and goods for resale	38,363	100,706	38,363	74,457
	<u>72,189</u>	<u>104,730</u>	<u>42,519</u>	<u>78,481</u>

No impairment loss was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock (2016: £Nil).

17 Debtors

	2017 £	Group 2016 £	Charitable company 2017 £	2016 £
Trade debtors	485,024	621,732	455,576	611,125
Amounts owed by group undertakings	-	-	742,668	27,122
Amounts owed by Wigan Council	256,762	162,769	236,107	151,012
Other debtors	1,456,002	1,503,150	1,416,204	1,349,874
Prepayments and accrued income	60,055	92,927	60,055	92,927
	<u>2,257,843</u>	<u>2,380,578</u>	<u>2,910,610</u>	<u>2,232,060</u>

No impairment loss was recognised against trade debtors (2016: £Nil).

18 Creditors: amounts falling due within one year

	2017 £	Group 2016 £	Charitable company 2017 £	2016 £
Trade creditors	480,202	1,246,647	464,896	1,153,919
Amounts owed to Wigan Council	110,346	278,375	59,634	234,617
Amounts owed to group undertakings	-	-	22	-
Other creditors	36,138	32,873	19,128	15,874
Corporation tax	-	13,050	-	-
Other taxation and social security	512,900	223,648	512,900	223,648
Accruals and deferred income	2,022,031	1,725,116	1,953,479	1,645,600
Finance lease creditors	379,603	374,673	379,603	374,673
	<u>3,541,220</u>	<u>3,894,382</u>	<u>3,389,662</u>	<u>3,648,331</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

	2017 £	Group 2016 £	Charitable company 2017 £	2016 £
Finance lease creditors	1,147,547	815,310	1,147,547	815,310
	<u>1,147,547</u>	<u>815,310</u>	<u>1,147,547</u>	<u>815,310</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:

	2017 £	2016 £
Group and company		
Due after one and within two years		
Finance leases	338,877	232,952
Due after two and within five years		
Finance leases	808,671	567,975
Due after five years		
Finance leases	-	14,383
	<u>1,147,547</u>	<u>815,310</u>

20 Deferred taxation - Group

The amount of deferred taxation is as follows:

	2017 £	2016 £
Accelerated capital allowances	-	(1,507)
Deferred tax (liability)/asset		
	2017 £	2016 £
At 1 April	(1,507)	4,258
Credit/(charge) to Statement of Financial Activities	1,507	(5,765)
At 31 March	<u>-</u>	<u>(1,507)</u>

Notes to the financial statements

21 Income funds and reserves

Group	Balance at 31 March 2016 £	Income £	Expenditure £	Gains and losses £	Balance at 31 March 2017 £
Restricted					
Leigh Sports Village	101,181	-	-	-	101,181
Highams bequest	1,922,000	8,322	(6,078)	30,159	1,954,403
Summit Indoor Adventure sinking fund	-	13,343	-	-	13,343
	<u>2,023,181</u>	<u>21,665</u>	<u>(6,078)</u>	<u>30,159</u>	<u>2,068,927</u>
Wellbeing					
Active living	18,325	69,539	(28,709)	-	59,155
Community Engagement	-	7,290	-	-	7,290
SDU Satellite Clubs Programme	30,391	8,499	(17,205)	-	21,685
SDU – Cannock	-	16,184	-	-	16,184
Cannock Doorstep Active	6,424	-	(6,424)	-	-
Selby Sports	-	15,455	-	-	15,455
My Family Fitness	8,201	2,560	(10,761)	-	-
Greater Manchester Arts 2012 and 2013	24,090	-	(10,000)	-	14,090
Greater Manchester Arts 2014	560	-	-	-	560
Greater Manchester Arts 2015	35,830	-	(33,000)	-	2,830
	<u>123,821</u>	<u>119,527</u>	<u>(106,099)</u>	<u>-</u>	<u>137,249</u>
Sports & Leisure					
Wildlife & Countryside Development	45,183	23,632	-	-	68,815
Heritage – MOCC Cannock	-	25,750	(14,784)	-	10,966
Arts – Wigan Link for Life	6,500	12,491	(14,991)	-	4,000
Arts – Cannock	34,872	-	(24,623)	-	10,249
Arts – Cannock Grow Up Great	11,925	18,340	(23,510)	-	6,755
Arts – Cannock Targeted Youth	4,500	225	(4,725)	-	-
Arts – Cannock Chase Fit	-	18,951	(16,211)	-	2,740
Arts – Cannock Dementia Walks	-	1,500	-	-	1,500
Arts – Cannock Groundwork	-	9,000	(3,333)	-	5,667
	<u>102,980</u>	<u>109,889</u>	<u>(102,177)</u>	<u>-</u>	<u>110,692</u>
	<u>2,249,982</u>	<u>251,081</u>	<u>(214,354)</u>	<u>30,159</u>	<u>2,316,868</u>
Designated					
Haigh Kitchen Courtyard sinking fund	-	10,000	-	-	10,000
General Unrestricted Funds	1,281,989	21,447,940	(21,478,103)	125,876	1,377,702
Pension Reserve	<u>(4,187,000)</u>	<u>-</u>	<u>(207,000)</u>	<u>4,114,000</u>	<u>(280,000)</u>
	<u>(655,029)</u>	<u>21,709,021</u>	<u>(21,899,457)</u>	<u>4,270,035</u>	<u>3,424,570</u>

Notes to the financial statements

21 Income funds and reserves (continued)

The charitable company

	Balance at 31 March 2016 £	Income £	Expenditure £	Gains and losses £	Balance at 31 March 2017 £
Restricted					
Leigh Sports Village	101,181	-	-	-	101,181
Highams bequest	1,922,000	8,322	(6,078)	30,159	1,954,403
Summit Indoor Adventure sinking fund	-	13,343	-	-	13,343
	<u>2,023,181</u>	<u>21,665</u>	<u>(6,078)</u>	<u>30,159</u>	<u>2,068,927</u>
Wellbeing					
Active living	18,325	69,539	(28,709)	-	59,155
Community Engagement	-	7,290	-	-	7,290
SDU Satellite Clubs Programme	30,391	8,499	(17,205)	-	21,685
SDU – Cannock	-	16,184	-	-	16,184
Cannock Doorstep Active	6,424	-	(6,424)	-	-
Selby Sports	-	15,455	-	-	15,455
My Family Fitness	8,201	2,560	(10,761)	-	-
Greater Manchester Arts 2012 and 2013	24,090	-	(10,000)	-	14,090
Greater Manchester Arts 2014	560	-	-	-	560
Greater Manchester Arts 2015	35,830	-	(33,000)	-	2,830
	<u>123,821</u>	<u>119,527</u>	<u>106,099</u>	<u>-</u>	<u>137,249</u>
Sports & Leisure					
Wildlife & Countryside Development	45,183	23,632	-	-	68,815
Heritage – MOCC Cannock	-	25,750	(14,784)	-	10,966
Arts – Wigan Link for Life	6,500	12,491	(14,991)	-	4,000
Arts – Cannock	34,872	-	(24,623)	-	10,249
Arts – Cannock Grow Up Great	11,925	18,340	(23,510)	-	6,755
Arts – Cannock Targeted Youth	4,500	225	(4,725)	-	-
Arts – Cannock Chase Fit	-	18,951	(16,211)	-	2,740
Arts – Cannock Dementia Walks	-	1,500	-	-	1,500
Arts – Cannock Groundwork	-	9,000	(3,333)	-	5,667
	<u>102,980</u>	<u>109,889</u>	<u>(102,177)</u>	<u>-</u>	<u>110,692</u>
	<u>2,249,982</u>	<u>251,081</u>	<u>(214,354)</u>	<u>30,159</u>	<u>2,316,868</u>
Designated					
Haigh Kitchen Courtyard sinking fund	-	10,000	-	-	10,000
General Unrestricted Funds	1,195,350	20,357,204	(20,239,052)	125,876	1,439,378
Pension Reserve	<u>(4,187,000)</u>	<u>-</u>	<u>(207,000)</u>	<u>4,114,000</u>	<u>(280,000)</u>
	<u>(741,668)</u>	<u>20,618,285</u>	<u>(20,660,406)</u>	<u>4,270,035</u>	<u>3,486,246</u>

Notes to the financial statements

21 Income funds and reserves (continued)

Restricted funds

Wellbeing - 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. The trust is also 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.

Sports & Leisure - Funding from external funding bodies for a number of projects including the delivery of ICT basics courses and the Cultural Partnership.

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

Summit Indoor Adventure sinking fund was established for the Summit Sports Centre.

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

The Haigh Kitchen Courtyard sinking fund was established to meet capital development costs.

Notes to the financial statements

22 Analysis of net assets between funds

Group

	Unrestricted funds £	Restricted funds £	Designated Funds £	Total funds £
Intangible fixed assets	1,010	-	-	1,010
Tangible fixed assets	2,365,354	-	-	2,365,354
Investments	1,849,705	991,159	-	2,840,864
Current assets	1,850,400	1,325,709	10,000	3,186,109
Current liabilities	(3,541,220)	-	-	(3,541,220)
Creditors due in greater than one year	(1,147,547)	-	-	(1,147,547)
Pension scheme liability	(280,000)	-	-	(280,000)
Total net assets	<u>1,097,702</u>	<u>2,316,868</u>	<u>10,000</u>	<u>3,424,570</u>

The charitable company

	Unrestricted funds £	Restricted funds £	Designated Funds £	Total funds £
Tangible fixed assets	1,966,364	-	-	1,966,364
Investments	1,849,706	991,159	-	2,840,865
Current assets	2,160,517	1,325,709	10,000	3,496,226
Current liabilities	(3,389,662)	-	-	(3,389,662)
Creditors due in greater than one year	(1,147,547)	-	-	(1,147,547)
Pension scheme liability	(280,000)	-	-	(280,000)
Total net assets	<u>1,159,378</u>	<u>2,316,868</u>	<u>10,000</u>	<u>3,486,246</u>

Notes to the financial statements

23 Contingent liabilities

There were no contingent liabilities to disclose at 31 March 2017 or 31 March 2016.

24 Capital commitments

The group had capital commitments of £Nil as at 31 March 2017 (2016: £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 2016	(4,187,000)	(5,286,000)	1,225,000	(126,000)
Pension scheme operating charge	(60,000)	(72,000)	(2,000)	14,000
Pension finance (costs)/credits	(147,000)	(186,000)	43,000	(4,000)
Actuarial gains/(losses)	4,114,000	3,815,000	(293,000)	592,000
(Deficit)/surplus at 31 March 2017	(280,000)	(1,729,000)	973,000	476,000

These schemes are disclosed as following in the balance sheets:

	2017 £	2016 £
Surplus	1,449,000	1,225,000
Deficit	(1,729,000)	(5,412,000)
Net deficit	(280,000)	(4,187,000)

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 2016 and was carried out by Hyman Robertson LLP, an independent actuary. The next full actuarial valuation will take place as at 31 March 2019.

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:

	2017 %	2016 %
Discount rate at 31 March	2.6	3.5
Salary increase rate	3.2	3.5

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2017 and 31 March 2016 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:

	2017		2016	
	Males years	Females years	Males years	Females years
Current pensioners	21.5	24.1	21.4	24.0
Future pensioners	23.7	26.2	24.0	26.6

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

	2017 £	2016 £
Current service cost	770,000	1,092,000
Past service cost	5,000	173,000
Contributions payable	(703,000)	(1,122,000)
Total	<u>72,000</u>	<u>143,000</u>

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

	2017 £	2016 £
Interest cost	2,313,000	2,319,000
Interest income on pension scheme assets	(2,127,000)	(1,975,000)
	<u>186,000</u>	<u>344,000</u>

Notes to the financial statements

25 Pensions (continued)

The amounts recognised in the balance sheet are as follows:

	2017 £	2016 £
Fair value of plan assets	77,578,000	61,226,000
Present value of retirement benefit obligations	(79,307,000)	(66,512,000)
Net liabilities	<u>(1,729,000)</u>	<u>(5,286,000)</u>

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

	2017 %	2016 %
Equities	75	73
Bonds	16	17
Property	5	6
Cash	<u>4</u>	<u>4</u>

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

	2017 £	2016 £
Opening defined benefit obligation at 1 April	66,512,000	72,534,000
Current service cost	770,000	1,092,000
Past service cost	5,000	173,000
Interest expense	2,313,000	2,319,000
Contributions by plan participants	221,000	264,000
Actuarial loss/(gain)	11,270,000	(8,201,000)
Benefits paid	<u>(1,784,000)</u>	<u>(1,669,000)</u>
Closing defined benefit obligation at 31 March	<u>79,307,000</u>	<u>66,512,000</u>

Notes to the financial statements

25 Pensions (continued)

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

	2017	2016
	£	£
Fair value of plan assets at 1 April	61,226,000	61,870,000
Interest income	2,127,000	1,975,000
Contributions by plan participants	221,000	264,000
Contributions by the employer	703,000	1,122,000
Actuarial gains/(losses)	15,085,000	(2,336,000)
Benefits paid	<u>(1,784,000)</u>	<u>(1,669,000)</u>
Closing fair value of plan assets at 31 March	<u><u>77,578,000</u></u>	<u><u>61,226,000</u></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 2016 and was carried out by Aon Hewitt Limited, an independent actuary. The next full actuarial valuation will take place as at 31 March 2019.

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

	2017	2016
	%	%
Discount rate at 31 March	2.6	3.5
Salary increase rate	3.25	3.4

Notes to the financial statements

25 Pensions (continued)

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2017 and 31 March 2016 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:

	2017		2016	
	Males Years	Females Years	Males Years	Females Years
Current pensioners	22.8	26.3	23.3	25.8
Future pensioners	25.0	28.6	25.6	28.1

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

	2017 £	2016 £
Current service cost	23,000	23,000
Employer contributions paid	(21,000)	(23,000)
Total	<u>2,000</u>	<u>-</u>

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

	2017 £	2016 £
Interest cost	64,000	69,000
Interest income on pension scheme assets	(107,000)	(104,000)
	<u>(43,000)</u>	<u>(35,000)</u>

The amounts recognised in the balance sheet are as follows:

	2017 £	2016 £
Fair value of plan assets	3,422,000	3,054,000
Present value of retirement benefit obligations	(2,449,000)	(1,829,000)
Net assets	<u>973,000</u>	<u>1,225,000</u>

Notes to the financial statements

25 Pensions (continued)

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

	2017 %	2016 %
Equities	65	63
Bonds	17	20
Property	9	7
Alternatives	9	10

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

	2017 £	2016 £
Opening defined benefit obligation at 1 April	1,829,000	2,048,000
Current service cost	23,000	23,000
Interest expense	64,000	69,000
Contributions by plan participants	5,000	6,000
Actuarial losses/(gains)	549,000	(296,000)
Benefits paid	(21,000)	(21,000)
Closing defined benefit obligation at 31 March	2,449,000	1,829,000

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

	2017 £	2016 £
Fair value of plan assets at 1 April	3,054,000	3,043,000
Interest income	107,000	104,000
Contributions by plan participants	5,000	6,000
Contributions by the employer	21,000	23,000
Actuarial gains/(losses)	256,000	(101,000)
Benefits paid	(21,000)	(21,000)
Closing fair value of plan assets at 31 March	3,422,000	3,054,000

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 2016 and was carried out by Hyman Robertson LLP, an independent actuary. The next full actuarial valuation will take place as at 31 March 2019.

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

	2017 %	2016 %
Discount rate at 31 March	2.7	3.6
Salary increase rate	2.8	4.2

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:

	2017		2016	
	Males Years	Females Years	Males Years	Females Years
Current pensioners	22.1	24.4	22.1	24.3
Future pensioners	24.1	26.4	24.3	26.6

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

	2017 £	2016 £
Current service cost	184,000	252,000
Contributions paid	(198,000)	(217,000)
Total	<u>(14,000)</u>	<u>35,000</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:

	2017 £	2016 £
Interest cost	205,000	206,000
Interest income on pension scheme assets	(201,000)	(175,000)
	<u>4,000</u>	<u>31,000</u>

The amounts recognised in the balance sheet are as follows:

	2017 £	2016 £
Fair value of plan assets	6,596,000	5,476,000
Present value of retirement benefit obligations	(6,120,000)	(5,602,000)
Net assets	<u>476,000</u>	<u>(126,000)</u>

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

	2017 %	2016 %
Equities	74	75
Property	8	9
Cash	5	5
Bonds	<u>13</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:

	2017	2016
	£	£
Opening defined benefit obligation at 1 April	5,602,000	6,125,000
Current service cost	184,000	252,000
Interest expense	205,000	206,000
Contributions by plan participants	51,000	56,000
Actuarial losses/(gains)	112,000	(995,000)
Benefits paid	(34,000)	(42,000)
Closing defined benefit obligation at 31 March	<u>6,120,000</u>	<u>5,602,000</u>

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

	2017	2016
	£	£
Fair value of plan assets at 1 April	5,476,000	5,190,000
Interest income	201,000	175,000
Contributions by plan participants	51,000	56,000
Contributions by the employer	198,000	217,000
Actuarial gains/(losses)	704,000	(120,000)
Benefits paid	(34,000)	(42,000)
Closing fair value of plan assets at 31 March	<u>6,596,000</u>	<u>5,476,000</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 (2016: £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.

During the year, the charitable company purchased services amounting to £14,620 from Pulse Training Limited, a company of which D A Bartle, a Trustee of the charitable company, is a director. The balance due to Pulse Training Limited at the year end amounted to £1,200.

Notes to the financial statements

28 Financial instruments

	The Group		The Charitable Company	
	2017	2016	2017	2016
	£	£	£	£
Financial Assets				
Financial assets measured at amortised cost	<u>3,186,109</u>	<u>3,891,114</u>	<u>3,496,226</u>	<u>3,586,012</u>
Financial Liabilities				
Financial liability measured at amortised cost	<u>4,688,767</u>	<u>4,709,692</u>	<u>4,537,209</u>	<u>4,463,641</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 2016

	Unrestricted fund £	Designated funds £	Restricted funds £	Total 2016 £
INCOME				
Trading activities				
Operations of trading subsidiaries	1,157,932	-	-	1,157,932
Investment income	37,316	-	-	37,316
Charitable activities				
Community service fees from Wigan Council	3,913,497	-	-	3,913,497
Corporate responsibility	300,108	-	-	300,108
Environmental management and sustainability	14,772,039	-	64,862	14,836,901
Culture	491,250	-	22,925	514,175
Business development and financial services	109,039	-	-	109,039
Total income	20,781,181	-	87,787	20,868,968
EXPENDITURE				
Raising funds	1,064,825	-	-	1,064,825
Charitable activities				
Corporate responsibility	3,088,760	80,000	36,819	3,205,579
Culture	1,126,708	-	199,260	1,325,968
Business development and financial services	450,135	-	-	450,135
Environmental management and sustainability	14,881,451	-	102,370	14,983,821
Pension scheme operating charge	178,000	-	-	178,000
Other pension finance costs	340,000	-	-	340,000
	20,065,054	80,000	338,449	20,483,503
Taxation	(166,185)	-	-	(166,185)
Total expenditure	20,963,694	80,000	338,449	21,382,143
Net (expenditure)/income for the year	(182,513)	(80,000)	(250,662)	(513,175)
Gains and losses on revaluation and disposal of investment assets	(79,757)	-	-	(79,757)
Actuarial gain/(loss) on defined benefit pension schemes	6,935,000	-	-	6,935,000
Net movement in funds	6,672,730	(80,000)	(250,662)	6,342,068
Total funds brought forward	(9,577,741)	80,000	2,500,644	(6,997,097)
Total funds carried forward	(2,905,011)	-	2,249,982	(655,029)