

REPORT OF THE COMMITTEE OF MANAGEMENT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
GREENWICH LEISURE LIMITED



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

GREENWICH LEISURE LIMITED

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Page
Report of the Committee of Management, including Strategic Report	1-21
Reference and administrative details of the Society, its Members and advisors	1-2
Structure, governance and management	2-3
Objectives and activities, including 'Core purpose'	4-6
Strategic report	6
- Achievements and performance	6-7
- Financial review	7-9
Social impact and public benefit	9-19
Plans for future periods – 'Looking to the future and delivering our ambition'	20
Committee of Management's responsibilities	21
Report of the Independent Auditors	22-23
Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account and Statement of Other Comprehensive Income)	24-25
Consolidated Balance Sheet	26
Society Balance Sheet	27
Consolidated Cash Flow Statement	28
Notes to the Consolidated Cash Flow Statement	29
Notes to the Consolidated Financial Statements	30-68

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2019**

The Committee of Management present their report, with the consolidated financial statements of the Society and its subsidiaries for the year ended 31 December 2019. The Committee of Management have adopted the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

REFERENCE AND ADMINISTRATIVE DETAILS

Society Name

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

Registered Society number

IP27793R (England and Wales)

HMRC Charity number

XR43398

Registered office

Middlegate House
The Royal Arsenal
London
SE18 6SX

Committee of Management

J M Sesnan

A Ritchie

G Kirk

P Brooks

- Appointed 22/05/2019

A Bindon

- Appointed 18/06/2019

- Resigned 20/10/2019

S Wright

- Resigned 31/03/2019

M Perren

S Hannen

- Resigned 18/06/2019

E Gosden

E Thoroughgood

J Seale

K Gaiinda

C Dean

W Wardulenska

- Appointed 18/06/2019

A Kaireh

- Appointed 22/05/2019

W Brown

- Appointed 18/06/2019

C Roberts

- Appointed 18/06/2019

A Cornforth

- Appointed 22/05/2019

S Tranchell

- Appointed 18/06/2019

C Myring

- Appointed 18/06/2019

Chief Executive

J M Sesnan

Secretary

P Donnay

Bankers

Barclays Bank
2 Churchill Place
Canary Wharf
London
E14 5RB

Auditors

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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Committee of Management, also referred to in this report as the Board of Trustees, present their report with the financial statements of the Society for the year ended 31 December 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

GLL was established in 1993 with a portfolio of seven leisure centres in one Partnership. In 2019, the GLL Group directly managed over 400 facilities including leisure centres, play centres, children centres and libraries in partnership with over 60 local councils and other organisations.

All charitable trading activities are undertaken directly by GLL with non-charitable activities operated through its wholly owned subsidiary GLL (Trading) Limited. Any surplus made by GLL (Trading) Limited is gift aided back to GLL. This structure is in place to ensure transparency and meet the guidance published by the Charity Commission.

Some services in the Newcastle contract are delivered to GLL by its other wholly owned subsidiary, North Country Leisure. This includes the provision of staffing. These services are recharged in full and at cost to GLL.

The income turnover of the GLL Group in 2019 was £303m.

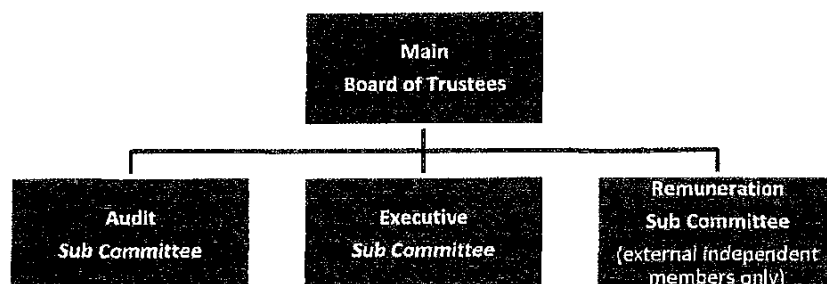
GLL is widely acknowledged to be the UK's leading and largest charitable social enterprise delivering leisure, health, cultural and community services.

We are different from most businesses in our chosen sectors. Different in how we govern, different in our social values and different in our commitment to make the world a better place to live in. We are proud of these differences. They run through all parts of our core business from planning, operation through to our investments.

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

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

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



GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The governance structure reporting to the Board includes the:

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

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

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

Day to day management and delivery of GLL's annual corporate plan is delegated to the Chief Officer Group. The Chief Executive Officer reports to the Board of Trustees and is a full ex officio member of the Board. At the time of executing this statement, the Chief Officer Group comprised of Mark Sesnan (CEO), Peter Bunday (Deputy CEO), Philip Donnay (Chief Finance & Resources Officer) and Andy Bindon (Chief Officer for Change and Values).

Recruitment and appointment of new Board Members

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

Induction and training of new Board Members

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

Staff Empowerment

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

We are more than just a leisure & cultural management company, we are a staff-owned social enterprise that exists to provide both community benefit and improved lives.

GLL was founded upon core principles of **social value and co-ownership** – where our staff colleagues, business partners and stakeholders work together to produce a better way of providing services and doing business.

Remuneration of Key Management Personnel

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

In summary:

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

The full Board of Trustees remains responsible for the appointment and termination of the CEO although any termination payment is to be determined by the Remuneration Sub Committee.

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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2019**

OBJECTIVES AND ACTIVITIES

The objects of the society as published in our rules are:

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

Since our formation in 1993, GLL has been proud of both our success and our difference in the leisure & cultural sector.

We are proud that we have always sought to define ourselves by being a leading social enterprise that is staff-owned, charitable and has community benefit at the heart of our mission. We want to be seen as different with our customers, partners and suppliers too and to celebrate our unique approach to partnership and customer experience.

These are challenging times for our sector with continued economic uncertainty, less public funding for leisure, sport & culture and increased competition leading to increased pressure on consumer spend and our existing service delivery models.

Our confidence in our expertise and differentiation in the marketplace will be key as we continue to build long term partnerships and reengineer our service delivery to become more productive, more efficient and more successful.

As a staff-owned company, employees have always been at the core of our democracy, governance and productivity. We strive to be recognised as the most dynamic staff owned business in the UK and this big ambition needs suitably big commitment from all staff to learn, deliver and improve our services, business success and social impact.

In 2019, GLL worked in direct Partnership with the following Councils and organisations delivering some of their public services including leisure centres, libraries, play centres and children centres:

- Allerdale Borough Council
- Bath and North East Somerset Council
- Belfast City Council
- Bridgend County Borough Council
- Cambridge City Council
- Cardiff City Council
- Carlisle City Council
- Chiltern District Council
- City of York
- Copeland Borough Council
- Cornwall Council
- Dudley Metropolitan Borough Council
- East Cambridge District Council
- Eden District Council
- Epsom and Ewell Borough Council
- Greater London Assembly
- Guildmore Ltd
- Henley Town Council
- Lincolnshire County Council
- London Legacy Development Corporation
- London Borough of Barnet
- London Borough of Bromley
- London Borough of Camden

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

OBJECTIVES AND ACTIVITIES (continued)

- London Borough of Croydon
- London Borough of Ealing
- London Borough of Lambeth
- London Borough of Hackney
- London Borough of Hammersmith & Fulham
- London Borough of Hillingdon
- London Borough of Islington
- London Borough of Merton
- London Borough of Tower Hamlets
- London Borough of Waltham Forest
- London Borough of Wandsworth
- London Playing Fields Foundation
- Manchester City Council
- Manchester Metropolitan University
- Newcastle City Council
- North Kesteven District Council
- North Somerset Council
- Preston City Council
- Prestwood Sport and Leisure Association
- Reading Borough Council
- Reigate and Bansted Borough Council
- Royal Borough of Greenwich
- Royal Borough of Kensington & Chelsea
- Rugby Borough Council
- South Bucks District Council
- South Lakeland District Council
- South Oxfordshire District Council
- Swindon Borough Council
- Taunton Deane Borough Council (*Partnership ended in July 2019*)
- Telford and Wrekin Borough Council
- University of Manchester
- Vale of White Horse District Council
- Welwyn and Hatfield Borough Council
- West Oxfordshire District Council

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

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

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

- Guildford Borough Council
- Woking Borough Council

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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

CORE PURPOSE

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

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

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

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

Wider Partnerships

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

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

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

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

STRATEGIC REPORT

ACHIEVEMENTS & PERFORMANCE

2019 was a challenging year across public sector cultural services with increased competition, austerity measure still impacting Councils and the uncertainty around Brexit. Despite these challenges, we had a number of key achievements throughout the year, including:

Social Focus

- Launch of our 'I Choose' campaign highlighting our social enterprise first credential
- Biggest year for the GLL Sport Foundation, supporting 3,120 athletes across 117 sports to a value of £1.8 million
- GLL Community Foundation managed 18 successful projects across 12 partnerships raising £646,419 for projects that encourage their local community to be active, learn and play together
- GLL co-authored the Alzheimer's Society Dementia Friendly Sport and Physical Activity Guide
- Full review of Physical Activity on Referral Scheme initiated across the UK- issuing comprehensive standard operating procedures for all partnerships
- Launched the first of its kind Social Value Impact Model for Royal Borough of Greenwich Children's Centres and Libraries

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

ACHIEVEMENTS & PERFORMANCE (continued)

2019 Awards

- Winners of the 'Buy Social' award at Social Enterprise UK
- Winners of the Market Builders- Social Enterprise Supply Chain award at Social Enterprise UK
- Winners of 3 UK Active awards in 2019: London region Centre of the Year, Wales and Northern Ireland Centre of the Year and Unsung Hero.
- Winners at the Social Enterprise Northern Ireland Awards
- The Belfast partnership took home the Silver Award for Team of the Year at the UK Business Awards
- Awarded Foundation level for Mayor's Healthy Workplace Award
- Healthier Together Hackney awarded CLUK Community Impact through Physical Activity award
- Runners up in the London Sport Awards- Community Intervention

New Partnerships

- 10 year partnership commenced with the Royal Borough of Kensington and Chelsea on 1st April
- 10 year partnership commenced with London Borough of Hammersmith and Fulham on 1st April
- Successful tender for a 5 year partnership with Royal Borough of Greenwich Children's Centres including the Health Visitor Service
- Successful tender for a new partnership with London Borough of Hillingdon
- Successful tender for a new partnership with London Borough of Camden
- Successful tender for a new partnership with Lee Valley Regional Park Authority, which includes centres on the Olympic Park
- Successful tender for a new 25 year partnership with Reading Borough Council
- Whalley Range Stadium joined the Manchester partnership in March
- 3 year extension with City of Cambridge from 2020- 2023
- 3 year extension with London Borough of Tower Hamlets from 2019- 2022
- 5 year extension with Allerdale Borough Council from 2019- 2024
- 1 year partnership with Belfast City Council for the new Leisure Employment Academy
- 1 year partnership extension awarded to Healthier Together Hackney

New Centres Opened

- Herne Hill Lifestyle Centre (Lambeth)
- Better Gym Walthamstow (Waltham Forest)
- Newquay Trampoline & Play Park (Cornwall)
- Cambridge Ice Arena (Cambridge)
- New Barnet Leisure Centre (Barnet)
- Barnet Copthall Leisure Centre (Barnet)
- Lishnasharragh Leisure Centre (Belfast)
- Brook Leisure Centre (Belfast)

FINANCIAL REVIEW

The results for the year 2019 (January 1st - December 31st) are set out within these consolidated financial statements.

Overall the total GLL Income Turnover grew by 1.013% in 2019 compared with 2018 to £303m (2018: £299m).

The net trading surplus from operating activities was £1million for the year representing a 0.3% margin. This is slightly ahead of the business plan for the year as we continued our reorganisation programme.

Even before the COVID-19 pandemic experienced in 2020, GLL forecast a continuing challenging environment. In the longer term, clear strategies exist to continue to re-organise the business to improve the surplus margin over the next 5 years. 2020 was expected to generate a surplus margin of around £2m but with the government imposed lockdown, GLL expects to make a substantial loss in the year. The current situation has brought forward a great number of reorganisations and changes in the way we operate. The landscape of our business is likely to look very different when we return to the new "normal".

With the support of the local authorities, we are confident of being able to ride out these turbulent times and come out strong for the long term.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW (continued)

Cash flow and liquidity is being maintained at adequate levels with the assistance from Local Authorities, our bankers and revised arrangements with key suppliers.

Even with these extraordinary circumstances, conservative long term forecast suggest that GLL will return to surplus levels of 3% margin within the next 5 to 6 years.

Over 2019, Cash inflows from trading remain significant and positive. Cash inflow from trading exceeded £14m.

The net funds shown on the balance sheet remain in a positive position despite the continued volatility of the pension disclosures.

The pension position is explained in more details later in the report.

Risk Management

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

However, even with such policy in place, the impact of the COVID-19 pandemic in 2020 could not be planned for. Although such event was not named on our risk register, extraordinary events were. Our reserves policy ensured our cash position remains at sufficient levels to sustain liquidity in the short term.

Going Concern

As explained the COVID-19 pandemic has had, and will continue to have a material impact on the trading position of the Society. As we move forward a number of uncertainties over the extent of the impact still exist and these are detailed below:

- **Customers behaviour**
Will the measures that we and the industry have put in place to mitigate risk give customers the confidence to resume using the facilities. The pandemic has had a far reaching economic impact on all business sectors and this in turn may have had an impact on the general public's disposable income. Customers may have sought alternative options with regard fitness during the lockdown and may have changed the way in which they engage with public leisure facilities.
- **Continued presence of COVID-19**
The world is learning to live with COVID-19 but there is a concern that an increase in cases over the winter months may lead to second nationwide lockdown. In addition government policy has introduced localised lockdowns in areas where cases are considered to be high. Government policy to control the spread will continue to have an impact on customers' ability to access and our ability to deliver our services.
- **Financial Support**
We have secured short term support from a number of partners and are in negotiations with others to secure further support. In addition we are at an advanced stage in negotiations with the Society's bankers to secure long term debt financing. The outcome of these negotiations will have an impact on the Society's ability to continue for the foreseeable future.

The Committee of Management has taken into account the uncertainty caused by COVID-19 and are satisfied that assuming the Group is able to secure the necessary support from its bankers and partners, that customers behaviour is in line with industry expectations, and there isn't a second spike in COVID-19 which results in another enforced lockdown then it will be able to meet all its obligations as and when they fall due. Accordingly whilst drawing the reader's attention to the underlying uncertainties that COVID-19 pandemic has caused they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Reserves Policy and Social funds:

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

Even though GLL has since been hit hard by the imposed lockdown due to the pandemic, these funds have proved to be sufficient so far to maintain adequate liquidity.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW (continued)

Reserves Policy and Social funds (continued)

A strategy, adopted by the Board, had existed to increase the Company's cash reserves and asset portfolio over the coming years to support investment plans and protect the organisation against future risks. GLL will continue to evaluate all opportunities as they arise with an aim to build our asset portfolio over time. Needless to say that the circumstances experienced since the year end have dented GLL's cash reserves significantly. Plans are afoot to raise external finance to maintain liquidity and resilience in the short term. Longer term plans will include the need to "rebuild" GLL's working capital for the future.

At 31 December 2019, the group had accumulated cash balances and working capital of £24m.

In normal circumstances, the Society is in a relatively favourable cash flow position because we receive some of our income in advance of expenditure. Such benefit will return when trading grows back to "normal".

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

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

These unforeseen circumstances include a number of specific events that have been identified in the Society's Risk Register but as mentioned previously, was not specific to the impact of a pandemic.

The Board considered the level of reserves to be appropriate for the Society to be able to deliver services to its beneficiaries. This has been demonstrated of late.

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

The Group held fund balances at 31 December 2019 of £1,135,236 (2018: £9,693,796) comprising £180,797 (2018: £188,700) of restricted funds and £38,843,989 (2018: £37,896,446) of unrestricted general funds, which are the Society's free reserves, and a pension reserve deficit of £37,937,000 (2018: £28,434,000). As explained elsewhere in the financial statements it should be noted however that this deficit will not crystallise within the foreseeable future and that the Society follows the advice of the pension schemes actuaries and makes contributions in accordance with the rates advised.

Social Bond Issue

As reported in the previous year's account, GLL with sustainable bank Triodos successfully raised £5 million of capital funds through a social bond issue in 2013. The bond expired in October 2018 but an offer to extend these investments was offered to all bond holders. £3,114,700 bond investments were extended and the balance redeemed. The three year bond extension pays 3% gross fixed interest per year.

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

Net Asset Covenant

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

As at the 31st December, the bond liability was covered 13 times by the unrestricted net asset value of the Society (excluding accounting pension's liabilities under FRS102, see pension note). This exceeds the covenant target.

Bond Interest Cover Covenant

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

The surplus declared for 2019 covers the annual bond interest by 10 times and thus exceeds the covenant target.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT

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

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

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

In 2019, GLL welcomed in excess of 58 million visits to our facilities across our wide range of activities.

GLL's Primary Activity

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

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

Social Objectives

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

- Increase participation: enable opportunities and activities that promote physical health, mental health, wellbeing, personal development and inspire communities to be more active
- Improve access to services: reduce inequalities, support diversity, remove barriers to participation, and provide choice for disadvantaged groups
- Increase Social Value: increases the social value generated year on year and the average social value generated per customer.
- Generating Surpluses to Reinvest. GLL reinvests its surpluses into:
 - Improve facilities and services
 - Enable the sustainable delivery of projects and services that the community need and want
 - Provide support and a pathway for young talented athletes
 - Upskill local people and provide pathways to training and employment
 - Provide high quality services and facilities that benefit the local community.

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

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

GREENWICH LEISURE LIMITED

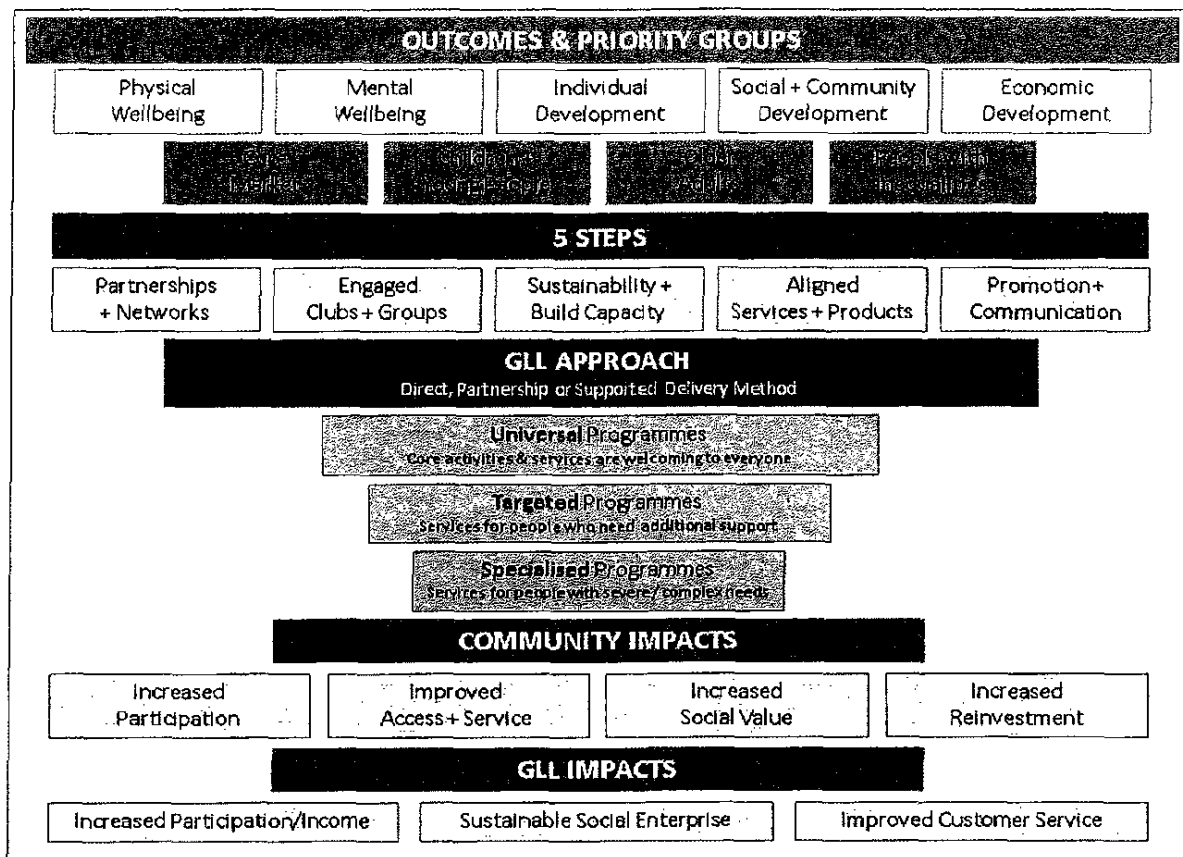
REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Social Objectives (continued)

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

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



Achieving Better Communities

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

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

GREENWICH LEISURE LIMITED

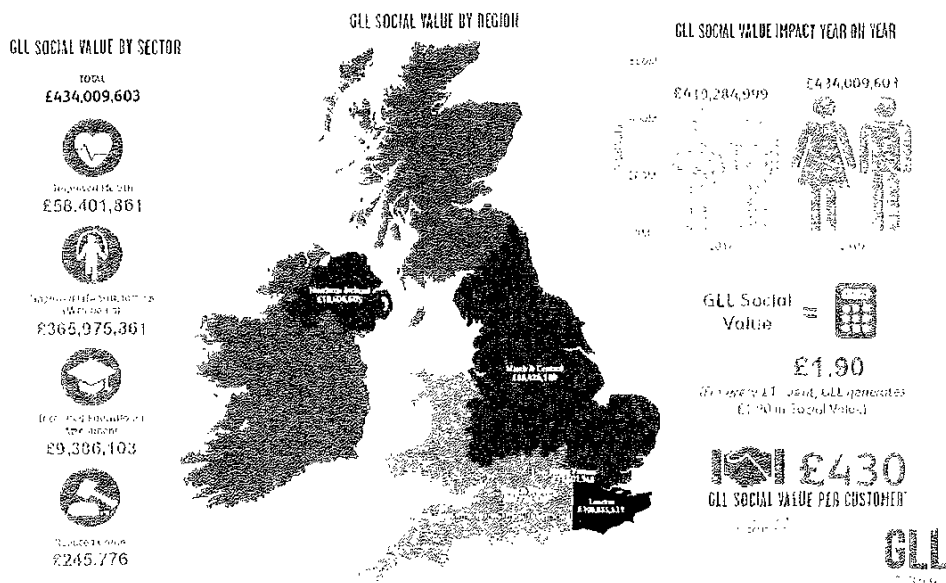
REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Achieving Better Communities (continued)

Demonstrable social change is evident in the provision of local jobs; through support to talented athletes; facilitating access to community crowd funding programmes for local community groups; whilst the drive for increased participation through affordable and accessible offers has produced £434m in Social Value from more than 58 million visits.

GLL SOCIAL VALUE IMPACT 2019 (REGULAR PARTICIPATION IN ACTIVITIES & SPORT)



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

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

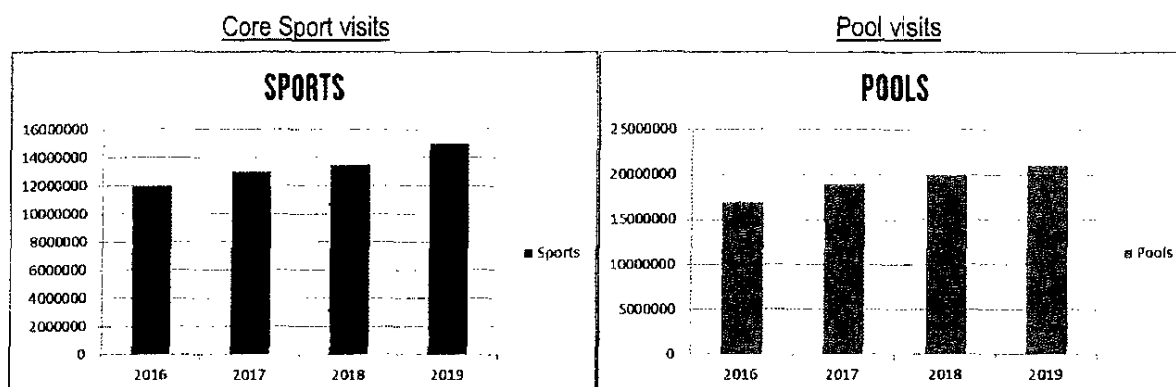
Every £1 spent by GLL returns £1.90 of social value against the four dimensions and results in a total of £430 of Social Value generated per participant. As a charitable social enterprise, GLL's Social Value (£434m) is just as important as its annual turnover (£303m) and it underpins our ethos and values as well as our Corporate Plan objectives.

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

- 30% of GLL customers benefit from concessionary entry (removing a major barrier to participation)
- Specific demographic activities can be prioritised e.g. 'This Girl Can' & 'Over 60s programmes'
- Targeting harder to reach groups such as those from BAME communities and those from more socially deprived areas is also a priority.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

SOCIAL IMPACT & PUBLIC BENEFIT (continued)



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

GLL customers were also engaged in realising the difference they can make to their communities by choosing GLL as a leisure provider whose community and charitable investment is a tangible product of their participation. In 2019 GLL worked with over 80 different partners to increase participation and community engagement.

- Over £200k was directly raised by GLL for Cancer Research UK
- 101 swimming pools raised a further £278k for Cancer Research as part of Swimathon
- £27k of direct GLL reinvestment pledged to 17 projects via the GLL Community Foundation.

GLL Sport Foundation

The GLL Sport Foundation supported 3,120 athletes creating £1.8 million of reinvestment across 72 partnerships across England, Northern Ireland and Wales making it the largest independent athlete support programme in the UK. 92% of supported athletes receive no other central funding and 68% of supported athletes are aged under 21 proving we are supporting those that need it most to achieve their sporting potential.

Our supported athletes have given back to GLL and their communities with athletes attending a variety of events to inspire local people. In 2019, GLL Sport Foundation celebrated 11 years over the course of which it has provided over £11 million of support, issuing 16,300+ awards to over 8,157 individual athletes across the UK.

GLL Community Foundation

GLL's Community Foundation was created to support and encourage local people to be active, learn and play together. It could be organising a sports tournament, improving a community library or creating a new play area in a local park. The aim is to help everyone in our local communities to be able to enjoy educational, sport and play activities. We want all members of the community to benefit from projects that improve health and wellbeing.

In 2019 the GLL Community Foundation supported 17 projects pledging £18,000 in cash and £9,000 in in-kind support.

These projects went on to successfully achieve their fundraising targets, raising a total of £630,600 with pledges from over 1,700 people. For Every £1 GLL invests, projects raise 12x the amount.

The GLL Community Foundation was also a finalist in the Community Leisure UK Awards 2019 in the 'Innovation' category.

Here are two examples of projects that the GLL Community Foundation supported in 2019:

Tower Hamlets Community Tea Dances

GLL pledged £2,500 in cash support towards this campaign to hold four tea dances for older residents at Poplar Baths. This will be used to provide music, food, dancing lessons and support for transport for the most vulnerable community including those experiencing Dementia. The in-kind support of £896 was for venue hire use of GLL's Community Sport staff to help run the events which totalled £800.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Tower Hamlets Community Tea Dances (continued)

The tea dances are aimed at older people, people living with dementia and people with various disabilities. The tea dances themselves are active and many of the dances encourage people to take part as a couple or group. This will help reduce loneliness within the community. During the events dance lessons will be run for participants to learn.

These tea dances will feed directly into GLL/ Better's 50+ Young@Heart programme. Having the tea dances at Poplar Baths will increase the awareness of the centre and the community programmes on offer. In addition, all material will have Better advertising and logo on.

Ravenscourt Park Community Glasshouses

GLL pledged £1,500 in cash support towards this campaign to provide a range of gardening and physical activities for school pupils, volunteers, refugees, and those with health and learning difficulties at Ravenscourt Park Community Glasshouses. The building of a new glasshouse will act as a community hub for meetings, concerts, and workshops. The importance of green space to improve health and wellbeing has long been recognised and in an inner city borough with very high deprivation indices the need for a small piece of calm and nature has never been more needed.

The build will provide opportunities for all the community to learn about healthy lifestyles and increase physical activity levels and a green space to use all year round.

Better centres in Hammersmith & Fulham will benefit from important community links to encourage further physical activity engagement for the participants enhancing targeted demographic usage in the centres.

Employment & Engagement

GLL provides employment for over 14,000 people. In 2015, we achieved the Investors in People Silver award which we retained again at our latest IIP assessment in 2019. Investors in People said: "GLL's commitment to improving the organisation shows that GLL is progressive and recognises that its ongoing success will be determined by the people that work within it".

Location

We aim to place employees in facilities near to where they live. Many of our facilities are in some of the most deprived areas in the UK. We believe that giving employment to those who live locally brings greater wealth and social cohesion to those locations. Our local community sport teams have built relationships with many schools and colleges throughout the country, making them aware of the career and training opportunities available at GLL and providing work placements.

Olympic Legacy

Olympic Legacy is a key initiative for GLL and we operate two venues on the Queen Elizabeth Olympic Park. We are continuously looking at further initiatives to bring even more people from the surrounding areas into employment on the Park and the wider East London region, which has traditionally been very deprived. During 2019, there were 433 people working for GLL on the Park, 64 of whom were new appointments. We issue regular job updates to local employment brokers across London including Jobcentre Plus, GLLaB (Royal Borough of Greenwich), the Royal Borough of Kensington and Chelsea's Employability Network and the London Legacy Development Corporation. Our community sport teams are also encouraged to build relationships with local schools, colleges and universities for routes into employment with GLL be that via work experience, entry-level jobs, the graduate scheme or apprenticeships.

Local and national partnerships

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

Socio-demographics

Our social ethos and charitable objectives ensure accessibility, equality and opportunity for all – and as such we are an Equal Opportunities Employer with a commitment to bringing employment to those who may otherwise be overlooked, feel marginalised or not see a career in leisure, or indeed any career, as within their grasp. We aim for best practice and accreditation where possible. An example of how we aim to bring employment to local communities is our partnership with Curo, a housing association and house-builder based in Bath, with whom we host adult work placements for 8-10 weeks. In Belfast, we run Leisure Employment Academies to provide employment opportunities for residents who are unemployed or working 16 hours per week or less: with a massive leisure transformation project happening, this is a key way of filling many new roles whilst having a positive impact on the community.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Socio-demographics (continued)

We also aim to offer long-term career development and progression by way of career pathways for current employees as well as our Trainee Management Graduate programme which fast-tracks talented graduates to management positions. For current staff we offer academies; intensive training schemes incorporating a blended learning approach for aspiring managers and supervisors and leaders to give them the skills, knowledge and accredited qualifications for career advancement and development – this is done alongside their job role but with time off for study. In 2019, we hosted 66 people on our Managers Academy and 62 on the Leaders Academy. 22 were promoted that same year following earlier academies. Continuous improvement and development happens at all levels of our business - in 2019 we launched our Strategic Leaders Academy which saw 84 of our most senior people undertake learning to improve their leadership skills and styles.

There are also many schemes that we participate in with local communities who struggle to find employment such as the NVQ programme in Camden where all NVQ students who achieve an Advanced Level 3 Diploma in Sports Development are guaranteed an interview.

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

BME

Policy Exchange, the UK's leading think tank, claimed the UK's BME population in 2014 (the most recent official statistic) to be at 14%. The ONS states unemployment amongst the BME community at 13.9% for those aged 16+. GLL has bucked this trend and hires more people from BME backgrounds than is the ratio for the UK population as a whole. We are continuing to reach out to BAME groups through specific initiatives within Partnerships with large BME populations. In 2019, in London, 33% of GLL's workforce came from a BME background, with almost 22.5% of our total UK workforce coming from BME backgrounds.

Gender

GLL has been seeking to redress the balance of a male-dominated leisure industry by making our environment, recruitment attraction, behaviours and customer attraction more female-friendly. Sport England's 'This Girl Can' campaign has helped make leisure and sporting environments more accessible and less intimidating places for women and girls. We place more women into facilities where 'women only' fitness sessions are held for religious or cultural reasons in order to make these sessions more accessible to our customer base. In some of these areas, we have funded female-only courses to train women to become lifeguards and/or swimming teachers. Flexible working patterns and flexible working hours have been an effective and attractive offer for mothers returning to work and we are continuing to see an increase in the number of females that we hire across the business. Women make up over 56% of our workforce with over 40% of this figure holding management positions, a 3% increase on 2018 – this has gone some way to producing our positive gender pay gap report which saw many of our traditionally female-held roles on some of our highest hourly pay rates. Our summer lifeguard recruitment campaign was partly targeted at women who are underrepresented in this field. Our overall lifeguard recruitment in the summer attracted 35% female recruits. We believe that by attracting more women into entry-level roles, the gender split at a senior level will become more equal in future years. Our academies also aim to give more females the confidence to achieve more in the workplace – 20 of our Leaders Academy in 2019 were female, 28 of our Managers Academy were female as were 22 on our Senior Leadership Academy.

Older People

We're proud to have a workforce that spans the generations and believe that keeping physically and mentally active can lead to a healthier lifestyle during advancing years as well as providing valuable experience and role model examples to our younger workforce. Nearly 900 staff were aged 60 or over (an increase of 255 on the previous year) and many were still in physically active roles such as Lifeguard/Recreation Assistant (33 people), Customer Service Advisor (80) and Swimming Teacher (141). This is a positive figure, in line with the UK's ageing population. In Cornwall, we've also created volunteering opportunities as part of the Walking for Health Scheme which is run by members of the community of almost 60 years old and over.

Disability/Learning Difficulties

GLL became a Disability Confident Employer in 2017 having been 'Two Tick' accredited for many years beforehand – we retained this accreditation throughout 2019. This accreditation recognises employers who have taken action to meet certain criteria regarding the employment, retention, training and career development of disabled employees. From the available data, in 2019, we employed 396 people with disabilities – 35 more than in 2018.

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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Disability/Learning Difficulties (continued)

We work with National Star College, a leading provider of employment services to the disabled, to not only advise us of reasonable adjustments needed for any disabled member of staff, but also to offer a work experience programme called Steps into Work for 16-25 year olds. In 2019 we took 6 participants with learning disabilities through work experience placements. They gain life skills, such as improved communication and the ability to use public transport to get to work. Soft skills that are vital in the workplace such as reliability, punctuality and a better understanding of social norms and acceptable behaviour at work are also developed. Following the programme, all students are guaranteed an interview with GLL.

There are also many local schemes that happened in 2019.

We run Instructability courses in partnership with Aspire across London and the South East. The scheme provides disabled people with free accessible fitness industry training and qualifications followed by a voluntary industry work placement. There were 12 participants who studied for a Level 2 Fitness Instructor qualifications as part of this scheme in the following locations: Croydon, Waltham Forest, Hertfordshire, Kensington, Crystal Palace and Hackney.

Our team in Bath and North East Somerset have progressed meetings with the disability charity Leonard Cheshire to discuss future work experience placements as part of their new Change 100 programme for talented students and graduates with long-term disabilities or health conditions including visual or hearing impairments, mental health conditions, dyslexia, dyspraxia and learning disabilities.

In Camden, we work in partnership with the council's Special Educational Needs and Disability (SEND) team, leading to two interns working in Pancras Square and Kentish Town leisure centres for a 10-week period.

Graduates

GLL have supported the employment of graduates for over 20 years with our graduate Trainee Management (TM) scheme. We've recruited over 245 people via the TM scheme since its inception. It's a fast-track into management and offers two years of experience in core roles within GLL as well as offering training, qualifications and a salary. In 2019, there were 40 TMs on the scheme. We also open the scheme to current employees who may not have a degree, but do have some leisure experience and the skills and ambition to get ahead. 28 of 2019's TMs were internal staff members. Many of our Trainee Managers are now working in senior management positions, with the rest working in lower-middle management positions for GLL therefore fulfilling our long-term working relationship aim.

NEETs

GLL is committed to offering employment opportunities into our entry-level positions to those who struggle to find employment due to a lack of work experience and/or qualifications. As well as general work experience and attendance at careers days across the country, many local initiatives happen.

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

GLL Apprentice Scheme

GLL delivers our established apprenticeship programme under the following specialisms: Recreation Assistant, Multi skilled, Tennis, Fitness Instructor and Customer Service. Towards the end of 2019 we brought in a new apprenticeship scheme called Leisure Team Member (LTM) which covers Swim Teaching, Recreation Assistant (Lifeguarding) and Fitness Instruction. The LTM apprenticeship gives apprentices more variety and more skills/qualifications with the aim to ensure employability on completion. Following a training period, apprentices combine over 18 months of study alongside work – for which they are paid a salary. In 2019, GLL recruited 109 new apprentices alongside the 184 already on the scheme. 64% of all apprentices who completed the scheme in 2019 went on to work with GLL on a casual or permanent basis. We have also launched a new LTM Level 3 apprenticeship to upskill current members of staff.

Current Employees

We take our commitment to current employees very seriously and their well-being, training and development remain an area of focus for the business. In 2019, 1,082 staff gained new qualifications, 1,087 staff renewed existing qualifications and nearly 3,664 staff completed various forms of in-house training and development (excluding Academies see below). There were also 6,452 online modules being completed by staff on our e-learning system, over 4,600 more than last year. Our internal training academies are a popular route for our people to upskill and 2019 also saw 25 members of existing staff undertake the Managers Academy, 42 undertake the Leaders Academy, 44 the Strategic Leaders Academy, and 50 the Strategic Leaders Academy.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Current Employees (continued)

Social and team bonding events are a key fixture of the GLL year and have a direct impact on employees building strong working relationships. In 2019, nearly 3,800 workers attended our UK-wide annual staff communications days and 1,500+ staff got involved with a wide range of extra-curricular social events held at national, regional and local levels.

GLL's "Green Agenda"

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

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

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

In 2019, GLL continued our work on key environmental objectives through the delivery of our Strategic Action Plan as well as the corporate plan. The key principles of reducing carbon emissions and energy use remain core agenda items. Other actions completed in 2019 included:

- Successfully certified 11 GLL premises over 3 partnerships to the updated Environmental Standard ISO14001:2015 including the addition of St Austell Leisure Centre in Cornwall.
- Delivery of numerous energy capital investments across the business.
- GLL now generates renewable energy from 51 sources, including 40 Solar PV installations, 6 Solar Thermal arrays, 4 Biomass boilers and an Air Source Heat Pump.
- Renewable electricity generation in 2019 totalled over 1.27m kWh. With 847,000kWh of renewable heat.
- 48 Combined Heat & Power units were active in 2019, using natural gas to generate low Carbon heat and over 17m kWh of electricity and over 28m kWh of heat locally for premises.
- Electricity generation from Low Carbon and Renewable sources has helped reduce GLL's Carbon Footprint and lowers the amount of electricity and gas consumed via the National Grid.
- Implementation of a new water retail contract covering all GLL premises has been completed in 2019 which has increased efficiencies in administration and also included automatic meter logging for the largest premises in each of GLL's regions. Further roll out of meter loggers will be reviewed in 2020.

Environmental Legislation Compliance in 2019

- CRC Energy Efficiency Scheme - Annual report completed in line with statutory requirements.
- Energy Savings Opportunity Scheme (ESOS) submission completed to the Environment Agency and GLL fully complied with the legislation.
- Streamline Energy & Carbon Reporting (SECR) Regulations came into force in April 2019 to replace CRC. GLL has completed a draft report and put in place robust methodology and procedures to comply as required.
- Display Energy Certificates have been produced and displayed at all applicable GLL premises.

Waste and Recycling

Grundon Waste Services and their regional partners along with 1st Waste collected general waste and recycling from 187 GLL Leisure Centres, Better Gyms and Libraries under centrally controlled contracts. The key objectives and achievements under the GLL Waste and Recycling Policy in 2019 are below:

- Achieved zero waste to landfill by the end of 2019 (within Grundon Contract)
- 30.1% Recycling rate by weight achieved in 2019 across GLL estate
- 49.8% of waste recycled in the Region in December 2019
- Long term goal to increase recycling to 50% by the end of 2020
- Total of 3,200 tonnes of waste collected under GLL managed contracts
- Over 920 tonnes of recycled material collected
- An estimated total in excess of 1000 tonnes of recycling achieved across GLL.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Waste and Recycling (continued)

In 2019 GLL began a review of its Waste and Recycling Policy to be implemented in 2020 covering key objectives and targets including:

- Strategy for the removal of single use plastics from GLL premises
- Increased separation of food waste and use of compostable catering supplies
- 65% Recycling target by 2035 in line with Government objectives.
- A commitment to "Zero Waste to Landfill" across all GLL premises.

GLL GREEN – Continuous Investment

GLL continues to invest in Carbon saving technologies. For example:

- A BEMS (Building Energy Management System) Bureau has been implemented across 71 of GLL's largest energy consuming facilities. With a dedicated Bureau manager reviewing the operational parameters at each facility and identifying changes that can be made to improve operational efficiency.
- Further roll out is planned for 2020 with the aim of monitoring over 100 GLL premises.
- LED Lighting replacement Swindon Link and Dorcan Recreation Centre.
- Innovative shower installations have been completed at a number of premises in the West Region and at London Aquatics centre to reduce water usage and heating requirements while maintaining the customer experience. Water usage through the showers dropped by 37%.
- The link in Swindon has also benefitted from the installation of Variable speed drives, upgrading of the BMS and controls system as well as a significant investment into a more efficient plant set up.
- The Cornwall partnership has completed a number of "spend to save" items including boiler upgrades and new efficient air handling units.
- Roll out of GLL's Automatic Metering project has been underway with the target of having all GLL gas and electricity meters being read automatically and the data and reporting available to Managers and suppliers for more accurate billing and consumption analysis.
- 145 out of approx. 240 eligible gas meters and 284 out of a target of 324 meters currently have data on line covering 87% of GLL's electrical usage and 60% of the gas. The final meters will be exchanged in early 2020 to give 100% coverage.
- Other investments have been completed by the regional teams including Pool cover installations and replacements, Variable speed drives and boiler upgrades.

Other investments and projects highlighted for 2020 include:

- GLL has agreed power purchase agreements with a Community Solar Company giving the local community a renewable energy asset and a return on investments in other community projects in South East London.
- Installations for two Community funded Solar projects at Thamesmere LC and Coldharbour LC are due to be installed in early 2020
- A number of capital invest options have been included in the business plan for 2020, key projects being investigated include
 - 5 Combined Heat and Power units
 - Further Solar PV installations on GLL owned premises
 - Feasibility work into Air and Ground Source Heat pumps to replace traditional gas boilers and specifically at oil consuming facilities

Energy use in like for like centres year on year

In 2019 the utility consumption in like for like centres showed the following results against 2018:

- Gas consumption reduced by just over 3% overall, saving of 9.2 m kWh.
- Electricity consumption decreased by 5%, saving 5.3m kWh
- Both Gas and Electricity showed positive reductions on previous year and both are in excess of GLL's target of a 2% reduction each year.
- The reductions highlight the increased focus on energy efficiency across the organisation in 2019 in addition to the introduction of the BMS bureau and a number of energy saving investments.

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

SOCIAL IMPACT & PUBLIC BENEFIT (continued)

Streamlined Energy & Carbon Reporting (SECR) regulations

New legislation to replace the CRC scheme has been put in place under the Companies (Directors Report) and Limited Liability Partnerships (Energy & Carbon Reporting) Regulations 2018. GLL is committed to complying with the new Regulations as required. Due to GLL's reporting year starting before 1st April 2019, GLL is not required to submit a report for 2019.

However, as good practice an energy and carbon report have been compiled to give baseline data and put in place compliant systems and procedures.

The regulations require large businesses to measure and report on its total Carbon Footprint covering emissions from direct gas and fossil fuel combustion (Scope 1), electricity and delivered heat (Scope 2) as well as business and staff travel (Scope 3)

GLL's Total measured footprint was 85,495 (tCO₂e), below is a summary of GLL's total 2019 Carbon Footprint. As can be seen from the breakdown over 60% of GLL's emissions are generated from its gas and fossil fuels use, whereas travel currently makes up less than 1%.

Scope 1	(tCO ₂ e)	Scope 2	(tCO ₂ e)	Scope 3	(tCO ₂ e)
Gas	53,396.05	Electricity	29,171.83	Car - Diesel	255.70
Heating Oil	329.26	Supplied Heat	1,896.85	Car - Petrol	227.64
Alternative Fuels	87.75	Renewable Heat	0	Car - Hybrid	12.06
LPG	31.33	Renewable Electricity	0	Taxis	0.29
Bio oil	1.83	CHP Electricity	0	Trains	11.63
Biomass	32.59			Flights	40.44
Scope 1	53,879	Scope 2	31,069	Scope 3	548

As part of the regulations GLL is required to monitor and report emissions against an appropriate metric, the table below shows GLL's 2019 emissions as a ratio against its total operational floor area, turnover and customer visits. These will be reviewed in 2020 and then used as a measure moving forwards for SECR compliance.

Metric	£M turnover	Floor Area ('000m ²)	Customer visits (Million)
Value	303	918	60
Emissions (tCO ₂ e)	85,495	85,495	85,495
Ratio	282	93.12	1425

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

In July 2019, GLL registered a CRC Annual footprint of 70,657 tCO₂e in the final year of the scheme (2018/19).

The allowance cost for GLL's last year's compliance was £740,000 showing the significant financial impact of the scheme.

The CRC Scheme has now ended and final reporting and the surrender of allowances took place between July and October 2019.

Awards and Recognition

GLL continues to hold ISO14001:2015 with external audits and certification completed in June 2019. In addition to the existing premises, GLL successfully added St Austell Leisure Centre in the Cornwall Partnership in November 2019.



GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

LOOKING TO THE FUTURE and DELIVERING OUR AMBITION

At the time of writing this report, the world has been hit by the COVID-19 pandemic. Although in itself it has thrown significant short and medium term challenges for us all, our overall ambitions remain the same.

It is our belief that the pandemic will have lasting impact on how we operate and how our communities interact with us. We are embracing these changes including the introduction of more technologies and a review of the services for a sustainable future.

In the short term, we are challenging everything we do. We are accepting and using these extraordinary circumstances as a launch pad to reshape our services and operation for the better. Together with our partners (whom we thank), we are confident of a bright future once we have navigated through these challenging times.

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

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

Our vision is to be recognised as:

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

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

FUNDRAISING

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

GREENWICH LEISURE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES

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

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

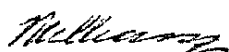
- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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

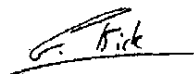
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Committee of Management report, incorporating a strategic report, approved by order of the committee members, on 01/10/2020 and signed on the Committee of Management's behalf by:



J M Sesnan – Committee Member



G Kirk – Committee Member

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

Opinion

We have audited the Group and the Society financial statements of Greenwich Leisure Limited for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Society Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 the financial reporting standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that the effects of the COVID-19 pandemic has had a detrimental impact on the trading results of the Group and Society. As stated in note 1 these events or conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists which may cast significant doubt on the Group's and Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The committee of management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and society and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Committee of Management.

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

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

Responsibilities of the committee of management

As explained more fully in the committee of management's responsibilities statement set out on page 22, the committee of management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee of management is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

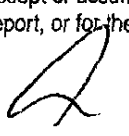
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
ME10 4AE

Date : 01/10/2020

GREENWICH LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Notes	31.12.19 Unrestricted Funds £	31.12.19 Restricted Funds £	31.12.19 FRS 102 s.28 Adjustment Unrestricted £	31.12.19 Total Funds £	31.12.18 Unrestricted Funds £	31.12.18 Restricted Funds £	31.12.18 FRS 102 s.28 Adjustment Unrestricted £	31.12.18 Total Funds £
INCOME								
Donations and legacies	3	-	-	-	779,292	-	-	779,292
Income from charitable activities								
Operation of leisure, recreation sites and health activities	4	298,013,656	181,221	298,194,877	293,834,284	166,734	-	294,001,018
Income from other trading activities								
Commercial trading operations	5	4,256,573	-	4,256,573	4,054,186	-	-	4,054,186
Investment income	6	158,454	-	158,454	57,876	-	-	57,876
Total income		302,428,683	181,221	302,609,904	298,725,638	166,734	-	298,892,372
EXPENDITURE ON								
Costs of raising funds								
Investment management costs	7	19,071	-	19,071	60,825	-	-	60,825
Commercial trading operations	5	3,935,771	-	3,935,771	4,013,801	-	-	4,013,801
Charitable activities								
Operation of leisure, recreation sites and health activities	8	297,421,957	189,124	301,241,081	292,242,095	371,313	3,194,000	295,807,408
Losses on settlements		-	-	-	-	-	-	-
Other expenditure	11	104,341	-	104,341	207,783	21,500	-	229,283
Total expenditure		301,481,140	189,124	305,300,264	296,524,504	392,813	3,194,000	300,111,317
Net income/(expenditure) for the year before other recognised gains and losses		947,543	(7,903)	(2,690,360)	2,201,134	(226,079)	(3,194,000)	(1,218,945)

The notes form part of these financial statements

GREENWICH LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Notes	31.12.19 Unrestricted Funds £	31.12.19 Restricted Funds £	31.12.19 FRS 102 s.28 Adjustment Unrestricted £	31.12.19 Total Funds £	31.12.18 Unrestricted Funds £	31.12.18 Restricted Funds £	31.12.18 FRS 102 s.28 Adjustment Unrestricted £	31.12.18 Total Funds £
Net income/(expenditure) for the year before other recognised gains and losses	947,543	(7,903)	(3,630,000)	(2,690,360)	2,201,134	(226,079)	(3,194,000)	(1,218,945)
Transfers between funds	31	-	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	27	-	(5,873,000)	(5,873,000)	-	-	9,221,000	9,221,000
Pass-through agreement movement	27	-	-	-	-	-	(1,612,000)	(1,612,000)
Net movement in funds	947,543	(7,903)	(9,503,000)	(8,563,360)	2,201,134	(226,079)	4,415,000	6,390,055
Shares issued	31	-	-	11,050	6,250	-	-	6,250
Shares cancelled	31	(5,950)	-	(5,950)	(7,400)	-	-	(7,400)
RECONCILIATION OF FUNDS								
Total funds brought forward	37,938,796	188,700	(28,434,000)	9,693,496	35,738,812	414,779	(32,849,000)	3,304,591
TOTAL FUNDS CARRIED FORWARD	<u>38,891,439</u>	<u>180,797</u>	<u>(37,937,000)</u>	<u>1,135,236</u>	<u>37,938,796</u>	<u>188,700</u>	<u>(28,434,000)</u>	<u>9,693,496</u>

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

The notes form part of these financial statements

GREENWICH LEISURE LIMITED


CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019

		31.12.19 Total Funds £	31.12.19 Total Funds £	31.12.18 Total Funds £	31.12.18 Total Funds £
	Notes				
FIXED ASSETS					
Intangible assets	16		105,597		215,715
Tangible assets	17		59,679,682		61,412,441
Investments	18		286,808		12
Investment property	19		<u>1,125,367</u>		<u>1,106,514</u>
			61,197,454		62,734,682
CURRENT ASSETS					
Stocks	20	797,673		630,791	
Debtors: amounts falling due within one year	21	37,621,028		36,765,977	
Debtors: amounts falling after more than one year	21	4,894,679		5,712,145	
Cash at bank and in hand		<u>23,850,747</u>		<u>17,372,425</u>	
		67,164,127		60,481,338	
CREDITORS					
Amounts falling due within one year	22	<u>(68,832,192)</u>		<u>(64,678,896)</u>	
NET CURRENT ASSETS			<u>(1,668,065)</u>		<u>(4,197,558)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			59,529,389		58,537,124
CREDITORS					
Amounts falling due after more than one year	23		<u>(20,457,153)</u>		<u>(20,409,628)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>39,072,236</u>		<u>38,127,496</u>
PENSION LIABILITY	27		37,937,000		28,434,000
FUNDS					
Unrestricted funds		387,801		8,895,301	
Designated funds		<u>519,188</u>		<u>567,145</u>	
Total unrestricted funds			906,989		9,462,446
Restricted funds			180,797		188,700
Share capital	29		<u>47,450</u>		<u>42,350</u>
TOTAL FUNDS	30		<u>1,135,236</u>		<u>9,693,496</u>
TOTAL FUNDS EXCLUDING PENSION LIABILITY			<u>39,072,236</u>		<u>38,127,496</u>

The financial statements were approved by the Committee of Management on 01/10/2020 and were signed on its behalf by:


J M Sesnan – Committee Member
Society Registered Number: IP27793R


G Kirk – Committee Member


P Donnay – Secretary

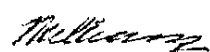
The notes form part of these financial statements

GREENWICH LEISURE LIMITED

**SOCIETY BALANCE SHEET
AT 31 DECEMBER 2019**

	Notes	31.12.19 Total Funds £	31.12.19 Total Funds £	31.12.18 Total Funds £	31.12.18 Total Funds £
FIXED ASSETS					
Intangible assets	16		105,597		215,715
Tangible assets	17		59,679,681		57,914,335
Investments	18		286,808		3,661,018
Investment property	19		<u>1,125,367</u>		<u>1,106,514</u>
			61,197,453		62,897,582
CURRENT ASSETS					
Stocks	20	797,673		630,791	
Debtors: amounts falling due within one year	21	37,621,028		36,765,977	
Debtors: amounts falling due after more than one year	21	4,894,679		5,712,145	
Cash at bank and in hand		<u>23,777,231</u>		<u>17,293,956</u>	
		67,090,611		60,402,869	
CREDITORS					
Amounts falling due within one year	22	<u>(68,758,677)</u>		<u>(64,658,461)</u>	
NET CURRENT ASSETS			<u>(1,668,066)</u>		<u>(4,255,592)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			59,529,387		58,641,990
CREDITORS					
Amounts falling due after more than one year	23		<u>(20,457,153)</u>		<u>(20,409,628)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>39,072,234</u>		<u>38,232,362</u>
PENSION LIABILITY	27		36,646,000		28,057,000
FUNDS					
Unrestricted funds		1,678,799		9,377,167	
Designated funds		<u>519,188</u>		<u>567,145</u>	
Total unrestricted funds			2,197,987		9,944,312
Restricted funds			180,797		188,700
Share capital	29		<u>47,450</u>		<u>42,350</u>
TOTAL FUNDS	30		<u>2,426,234</u>		<u>10,175,362</u>
TOTAL FUNDS EXCLUDING PENSION LIABILITY			<u>39,072,234</u>		<u>38,232,362</u>

The financial statements were approved by the Committee of Management on 01/10/2020 and were signed on its behalf by:



J M Sesnan – Committee Member
Society Registered Number:



G Kirk – Committee Member
IP27793R



P Donnay – Secretary

The notes form part of these financial statements

GREENWICH LEISURE LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities	1	<u>14,778,012</u>	<u>13,636,501</u>
<i>Cash flows from investing activities</i>			
Interest		(484,278)	(534,393)
Rent		122,479	(33,726)
Sale of fixed assets		360,583	146,348
Purchase of investment property		(18,853)	(270,410)
Disposal of investments		-	(8,867)
Sale of investment property		-	1,149,618
Purchase of tangible fixed assets		(7,875,862)	(14,234,238)
Purchase of investments		(286,796)	-
Cash used on investing activities		<u>(8,182,727)</u>	<u>(13,785,668)</u>
<i>Cash flows from financing activities</i>			
Repayment of borrowing		(122,063)	(14,952,693)
New loans issued		-	9,750,000
Share issue		11,050	6,250
Shares cancelled		(5,950)	(7,400)
Cash used in financing activities		<u>(116,963)</u>	<u>(5,203,843)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>6,478,322</u>	<u>(5,353,010)</u>
Cash and cash equivalents at the beginning of the year		17,372,425	22,725,435
Total cash and cash equivalents at the end of the year		<u>23,850,747</u>	<u>17,372,425</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019****1. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.19	31.12.18
	£	£
Net (outgoing)/incoming resources before other recognised gains and losses	(2,690,361)	(1,218,945)
Amortisation of goodwill	110,118	110,118
Depreciation charges	9,265,244	9,035,603
(Surplus)/Deficit on disposal of fixed assets	(17,206)	52,704
Surplus on disposal of investment property	-	(973,764)
Interest received	(16,904)	(30,777)
Interest paid	501,182	565,170
Rents received	(141,550)	(27,099)
Rental expenses paid	19,071	60,825
Increase in stocks	(166,882)	(126,166)
(Increase)/Decrease in debtors	(37,585)	3,037,719
Increase/(Decrease) in creditors	4,322,885	(42,887)
Interest cost on defined benefit pension scheme	784,000	986,000
Expected return on defined benefit pension scheme	-	-
Administrative expenses	68,000	77,000
Difference between pension charge and cash contributions	<u>2,778,000</u>	<u>2,131,000</u>
Net cash inflow from operating activities	<u>14,778,012</u>	<u>13,636,501</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	31.12.19	31.12.18
	£	£
Cash in hand	22,252,050	15,787,151
Notice deposits (less than 3 months)	<u>1,598,697</u>	<u>1,585,274</u>
Total cash and cash equivalents	<u>23,850,747</u>	<u>17,372,425</u>

The notice deposits are sums held on interest bearing deposit with Lloyds Bank. The funds are held on a 32-day notice account and are therefore classified as cash and cash equivalents.

GREENWICH LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES

Society status

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

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

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 September 2019) and the Co-operative and Community Benefit Societies Act 2014.

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

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

Going concern

The outbreak of COVID-19, which has taken place following the year ended 31 December 2019, has resulted in a pandemic causing extensive disruption across the globe. The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations of the group and the society and measures taken by various governments to contain the virus have negatively affected the group and society's results in the current financial year. The currently known impacts of COVID-19 on the group are:

- A significant reduction in income throughout March 2020 as cases of COVID-19 began to rise in the United Kingdom
- The closure of all leisure facilities in the United Kingdom by the UK government on 23 March 2020 which resulted in no income from primary purpose trading activities from 21 March 2020 through to the reopening of facilities. Facilities in Northern Ireland were permitted to reopen on 11 July 2020, in England 25 July 2020 and in Wales on 10 August 2020.
- A reduction in income compared to previous years from reopening due to the measures that are required to ensure our facilities are COVID secure. The required measures limit the services offered and capacity of leisure sites.
- These developments have resulted in an operating loss for the period since to the balance sheet date.
- Our finance covenants for existing facilities require a fixed charge cover ratio of 2:1 which in quarter 1 of 2020 was breached. In light of the COVID-19 pandemic the bank agreed to waive the breach of the fixed charge covenant of 15 March 2020.

The full extent of the impact of COVID-19 on the group and society are still unknown.

- the impact of changes in customers behaviour and confidence levels as a result of the continued existence of the pandemic in our society is currently unknown and if customers do not return to sites as anticipated this will have a significant impact on revenue generation.
- The government continues to implement measures to limit the spread of the virus and, as a result, there is a risk of local lockdowns which may have an impact on our revenues.
- A further nationwide lockdown similar to the one imposed in March 2020 would have a significant impact on revenue and, without a further package of government support, would have a significant impact on the Group and Society's ability to realise its assets and settle its liabilities in the ordinary course of business.

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

1. ACCOUNTING POLICIES – continued

Going concern (continued)

In response to these matters, the entity has taken the following mitigating actions:

- We have taken and continue to take advantage of the coronavirus job retention scheme.
- We have taken advantage of the deferral of the March 2020 VAT liability which is now due to be paid in March 2021.
- We have negotiated an instalment arrangement with HM Revenue & Customs for the payment of PAYE liabilities.
- We have obtained from our lenders a waiver of the breach of our covenants and are negotiating changes to covenants for future periods as part of the refinancing negotiations.
- We have successfully negotiated with our local authority partners financial support packages across a large part of the business for the closure period.
- In addition we continue to work with our local authority partners to secure further financial support for the initial reopening period.
- We have established across all of our contracts a minimum viable offering of services from reopening.
- We have not reopened facilities that under current circumstances would not be viable.
- We have put new hygiene measures in place at our gyms, pools, fitness classes and cultural facilities in line with coronavirus regulations.
- All visits to our leisure facilities must be pre-booked.
- Facilities are cashless.
- We are negotiating with our bank to secure additional finance facilities of £10 million.

Group and Society wide forecasts have been produced and are based on the original forecasts for the foreseeable future prepared prior to the advent of COVID-19, adjusted for the impact of the lockdown period and measures that have been put in place in readiness for reopening. The key assumptions regarding revenue are based on the current expectations when various facilities can reopen and when the various activities can resume and the level of usage that can be achieved over the period covered by the forecast rising to a maximum of 80% of historic usage achieved over a period of months. Usage forecasts have been based on the independent UK Active report 'COVID-19 Impact Report, the Fitness and Leisure Sectors path to recovery', and data peculiar to our facilities. Management have carried out an extensive review of the underlying cost base of the business and have factored in changes and restructuring that are likely to be implemented as a result in the impact of COVID-19 on the business which have been reflected in the forecasts. The forecasts include a level of financing that is currently being negotiated as well as refinancing that is expected to be agreed over the period of the forecast. The original capital expenditure programme has been delayed until a point where the economic conditions may be more certain. These forecasts indicate that the Group and Society will remain within its financing facilities for the foreseeable future and will be able to meet its financial obligations as they fall due. However, in the current climate, it is extremely difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the Group and Society's ability to continue to operate.

Although it is not certain that these efforts will be successful, the committee of management has determined that the actions that it has taken are sufficient to mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

There are material uncertainties related to the events and conditions set out above that may cast significant doubt upon the group and society's ability to continue as a going concern and therefore whether the group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Group financial statements

The financial statements consolidate the results of the Society and its subsidiaries: GLL (Trading) Limited and North Country Leisure Limited, on a line by line basis. Although a separate Statement of Financial Activities and Income and Expenditure Account is not required for the Society itself, it has nonetheless been included as an appendix.

Fund accounting

Unrestricted funds are available for use at the discretion of the Committee of Management in furtherance of the general objectives of the Society and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Committee of Management for particular purposes. The aim and use of each designated fund, where relevant, is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund, where relevant, is set out in the notes to the financial statements.

GREENWICH LEISURE LIMITED

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

1. ACCOUNTING POLICIES – continued

Income

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

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

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

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

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

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

Grants/other funding

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

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Resources expended include attributable VAT which cannot be recovered.

Support costs allocation

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

Taxation

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

Goodwill

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

Tangible fixed assets

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

Land and buildings	-straight line over up to 50 years or over the lease term, whichever is shorter
Plant	-straight line over up to 10 years
Improvements to property	-straight line over up to 10 years. Where a contract expires in less than 10 years and there is not an ability to pass the unamortised costs back to the Council or another operator, costs are to be depreciated over the remaining periods in the contract.

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

1. ACCOUNTING POLICIES – continued

Tangible fixed assets – continued

Health & Fitness Equipment

- straight line over 5 years. Where a contract expires in less than 5 years and there is not an ability to sell on or remove the equipment at the end of the contract, costs are depreciated over the remaining periods in the contract.

Equipment, fixtures and fittings

-straight line over 4 years. Where a contract expires in less than 4 years and there is not an ability to sell on or remove the plant or machinery at the end of the contract, costs are depreciated over the remaining periods in the contract.

Motor vehicles

-straight line over 4 years

Pensions

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

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

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

Business combinations

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

Service Concession Arrangements

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

Property, plant and equipment

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

Receipts

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

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

Stocks

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

GREENWICH LEISURE LIMITED

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

1. ACCOUNTING POLICIES – continued

Investment property

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

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

Provisions

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

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

Impairment

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

Leases

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

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

Social Bond

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

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

Debtors receivable and creditors payable within one year

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

Debtors' receivable and creditors' payable over one year

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

Loans and borrowings

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Society's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

1. ACCOUNTING POLICIES – continued

Critical accounting judgements and key sources of estimation uncertainty – continued

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

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

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

Management Fee recognition

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

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****Foreign currency**

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

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

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

Differences are recognised through the SOFA.

2. FINANCIAL ACTIVITIES OF THE SOCIETY

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

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

	31.12.19	31.12.18
	£	£
Gross incoming resources	302,377,910	295,025,990
Investment management costs	(19,071)	(60,825)
Total expenditure on charitable activities	(304,734,355)	(295,687,361)
Governance costs	(100,371)	(96,405)
Other resources expended	(104,341)	(229,283)
Net incoming resources	(2,580,228)	(1,047,884)
Actuarial (loss)/gain on defined benefit pension scheme	(5,174,000)	8,367,000
Pass-through arrangement	-	(1,612,000)
	<u>(7,754,228)</u>	<u>5,707,116</u>

3. INCOME

	31.12.19	31.12.18
	£	£
Donations as a result of business combinations	-	779,292
	<u>-</u>	<u>779,292</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	31.12.19	31.12.18
	£	£
Operation of leisure, recreation sites and health activities	263,859,639	253,271,646
Management fees	32,064,478	38,229,417
Other funding	2,270,760	2,499,955
	<u>298,194,877</u>	<u>294,001,018</u>

5. INCOME FROM OTHER TRADING ACTIVITIES – COMMERCIAL TRADING OPERATIONS

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

	31.12.19	31.12.18
	£	£
Turnover	4,256,573	4,054,186
Cost of sales and administration costs	(3,935,771)	(4,013,801)
Net profit/(loss)	<u>320,802</u>	<u>40,385</u>

GREENWICH LEISURE LIMITED

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

6. INVESTMENT INCOME

	31.12.19	31.12.18
	£	£
Interest received	16,904	30,777
Rent	<u>141,550</u>	<u>27,099</u>
	<u>158,454</u>	<u>57,876</u>

7. INVESTMENT MANAGEMENT COSTS

	31.12.19	31.12.18
	£	£
Insurance	1,832	3,121
Rates and water	841	-
Light and heat	1,682	5,278
Equipment purchases	(845)	7,814
Legal fees	3,658	10,311
Site services	12,036	26,877
Other expenses	<u>(133)</u>	<u>7,424</u>
	<u>19,071</u>	<u>60,825</u>

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

8. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES EXPENSES

	Direct Costs	Support Costs (see note 9)	31.12.19 Total Charitable Activities	31.12.18 Total Charitable Activities As Restated
	£	£	£	£
Leisure, recreation and health activities	<u>283,300,785</u>	<u>17,940,296</u>	<u>301,241,081</u>	<u>295,807,408</u>

9. SUPPORT COSTS

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

	31.12.19	31.12.18
	Operation of leisure, recreation sites and health activities	Operation of leisure, recreation sites and health activities
	£	£
Wages	5,723,929	5,707,220
Premises expenses	10,661,249	9,274,280
Motor and travel	371,131	374,015
Overheads	1,024,435	1,726,762
Governance costs (note 10)	<u>159,552</u>	<u>96,405</u>
	<u>17,940,296</u>	<u>17,178,682</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****10. GOVERNANCE COSTS**

	31.12.19	31.12.18
	£	£
Auditors' remuneration	73,577	74,705
Auditors' remuneration for non-audit work	20,872	15,950
Auditors' remuneration for audit of subsidiary accounts	5,922	5,750
	<u>100,371</u>	<u>96,405</u>

11. OTHER RESOURCES EXPENDED

	31.12.19	31.12.18
	£	£
Social Bond issue costs	-	5,843
Social Bond interest payable	104,341	223,440
	<u>104,341</u>	<u>229,283</u>

12. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.12.19	31.12.18
	£	£
Auditors' remuneration	79,499	80,455
Auditors' remuneration for non-audit work	20,872	15,950
Depreciation - owned assets	9,196,865	8,895,883
Depreciation - assets held under finance lease or hire purchase	68,379	139,720
Hire of plant and machinery	1,646,901	1,665,930
(Surplus)/deficit on disposal of fixed asset	(17,206)	52,704
Surplus on disposal of investment property	-	(973,764)
Deficit on disposal of fixed asset investment	-	8,867
Goodwill amortisation	<u>110,118</u>	<u>110,118</u>

13. COMMITTEE MEMBERS' EMOLUMENTS

	31.12.19	31.12.18
	£	£
Committee members' emoluments	736,651	804,722

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

	9	8
Defined benefit schemes	<u>9</u>	<u>8</u>

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

GREENWICH LEISURE LIMITED

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

13. COMMITTEE MEMBERS' EMOLUMENTS - continued

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

	31.12.19	31.12.18
	£	£
J M Sesnan	208,494	207,396
S Ward	-	58,285
A Ritchie	50,001	48,849
G Kirk	87,453	87,141
L Smith	-	18,828
J Rham	-	46,535
S Wright	15,237	55,382
M Perren	62,944	61,562
S Hannen	31,472	60,014
E Thoroughgood	41,209	36,912
E Gosden	50,001	49,016
J Seale	40,650	23,475
K Gaiinda	46,659	23,330
C Dean	55,994	27,997
C Myring	21,706	-
W Wardulenska	24,831	-

Trustees' Expenses

During the year, reimbursed expenses amounting to £1,781 (2018: £2,212) were paid to Trustees.

The total amount of employee benefits received by key management personnel is £794,426 (2018: £767,366). The Society considers its key management personnel comprises of the Executive Directors of the Society, consisting of M Sesnan, P Donnay, P Bunday, J Lynch, A Bindon and C Symons.

14. STAFF COSTS

	31.12.19	31.12.18
	£	£
Wages and salaries (including social security and pension costs)	145,050,709	139,863,922
Recharge of North Country Leisure Wages and salaries	2,425,429	2,982,669
Redundancy and severance payments	1,416,688	2,084,454
Social Security costs	9,570,172	10,347,398
Recharge of North Country Leisure Social Security costs	149,264	188,283
Pension costs	7,699,897	6,820,039
Recharge of North Country Leisure Pension costs	292,271	355,691
Defined benefit difference between service charge and contributions paid	2,778,000	2,159,000
	<u>169,362,430</u>	<u>164,801,456</u>

Redundancy and severance payments in general include payments to pension funds in respect of pension strain. However, included amongst those amounts is £342,495 (2018: £318,756) in respect of mutually agreed settlements. These were made in addition to contractual arrangements and were made for the benefit of both the individuals and GLL in the long term.

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

	31.12.19	31.12.18
Direct	10,385	10,230
Administration and support	368	353
Management	9	10
	<u>10,762</u>	<u>10,593</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2019**14. STAFF COSTS - continued**

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

	31.12.19	31.12.18
£60,000 - £70,000	20	17
£70,001 - £80,000	4	6
£80,001 - £90,000	9	4
£90,001 - £100,000	3	2
£100,001 - £110,000	1	1
£110,001 - £120,000	3	3
£120,001 - £130,000	-	-
£130,001 - £140,000	2	3
£140,001 - £150,000	1	1
£150,001 - £200,000	-	-
£200,001 - £210,000	1	1

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

31.12.19	31.12.18
44	38

15. TAXATION

The society is defined for tax purposes as a charitable organisation and accordingly no liability to UK corporation tax has arisen on the surplus for the current year (2018: £Nil).

16. INTANGIBLE FIXED ASSETS

Group and Society

Goodwill
£

COST

At 1 January 2019 and 31 December 2019

950,129

AMORTISATION

At 1 January 2019

734,414

Charge for year

110,118

At 31 December 2019

844,532

NET BOOK VALUE

At 31 December 2019

105,597

At 31 December 2018

215,715

GREENWICH LEISURE LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. TANGIBLE FIXED ASSETS
Group

	Freehold/ Leasehold property £	Leasehold improvements £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2019	28,373,595	46,801,761	51,040,308	1,017,600	127,233,264
Additions	-	3,476,566	3,981,472	417,824	7,875,862
Disposals	-	(3,663)	(526,681)	(395,550)	(925,894)
At 31 December 2019	<u>28,373,595</u>	<u>50,274,664</u>	<u>54,495,099</u>	<u>1,039,874</u>	<u>134,183,232</u>
DEPRECIATION					
At 1 January 2019	2,763,610	25,756,312	36,921,456	379,445	65,820,823
Charge for year	877,056	3,403,552	4,743,852	240,784	9,265,244
Eliminated on disposal	-	-	(321,620)	(260,897)	(582,517)
At 31 December 2019	<u>3,640,666</u>	<u>29,159,864</u>	<u>41,343,688</u>	<u>359,332</u>	<u>74,503,550</u>
NET BOOK VALUE					
At 31 December 2019	<u>24,732,929</u>	<u>21,114,800</u>	<u>13,151,411</u>	<u>680,542</u>	<u>59,679,682</u>
At 31 December 2018	<u>25,609,985</u>	<u>21,045,449</u>	<u>14,118,852</u>	<u>638,155</u>	<u>61,412,441</u>

Included above are assets with a net book value of £216,038 (2018: £284,416) held under finance leases or hire purchase contracts.

Freehold/leasehold property includes freehold properties with a net book value of £16,383,995 (2018: £16,569,983). Included in cost of Freehold/Leasehold property is land of £164,438 (2018: £164,438) which is not being depreciated.

There is a charge over the assets at Mayesbrook Park, Lodge Avenue, Dagenham in regards to funding from The English Sports Council. ~The funding received is payable on demand upon breach of any terms and conditions.

Society

	Freehold/ Leasehold property £	Improvements to property £	Equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2019	24,801,061	46,801,761	51,040,308	1,017,600	123,660,730
Additions	3,498,105	3,476,566	3,981,472	417,824	11,373,967
Disposals	-	(3,663)	(526,681)	(395,550)	(925,894)
At 31 December 2019	<u>28,299,166</u>	<u>50,274,664</u>	<u>54,495,099</u>	<u>1,039,874</u>	<u>134,108,803</u>
DEPRECIATION					
At 1 January 2019	2,689,182	25,756,312	36,921,456	379,445	65,746,395
Charge for year	877,056	3,403,552	4,743,852	240,784	9,265,244
Eliminated on disposal	-	-	(321,620)	(260,897)	(582,517)
At 31 December 2019	<u>3,566,238</u>	<u>29,159,864</u>	<u>41,343,688</u>	<u>359,332</u>	<u>74,429,122</u>
NET BOOK VALUE					
At 31 December 2019	<u>24,732,928</u>	<u>21,114,800</u>	<u>13,151,411</u>	<u>680,542</u>	<u>59,679,681</u>
At 31 December 2018	<u>22,111,879</u>	<u>21,045,449</u>	<u>14,118,852</u>	<u>638,155</u>	<u>57,914,335</u>

Freehold/leasehold property includes freehold properties with a net book value of £16,383,995 (2018: £13,210,647). Included in cost of Freehold/Leasehold property is land of £164,438 (2018: £164,438) which is not being depreciated.

GREENWICH LEISURE LIMITED

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

18. FIXED ASSET INVESTMENTS

Group	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2019	11	1	12
Additions	-	286,796	286,796
NET BOOK VALUE			
At 31 December 2019	<u>11</u>	<u>286,797</u>	<u>286,808</u>
Society			
	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2019	3,661,017	1	3,661,018
Additions	-	286,796	286,796
Disposals	(3,661,006)	-	(3,661,006)
At 31 December 2019	<u>11</u>	<u>286,797</u>	<u>286,808</u>
NET BOOK VALUE			
At 31 December 2019	<u>11</u>	<u>286,797</u>	<u>286,808</u>
At 31 December 2018	<u>3,661,017</u>	<u>1</u>	<u>3,661,018</u>

There were no investment assets outside the UK.

The in-year disposal relates to Gosling Leisure Limited which was dissolved on 31 December 2019.

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

Leisure Partners Limited (Company number 07259179)

Nature of business: Dormant

Class of shares:

Ordinary

% holding

100.00

31.12.19
£

31.12.18
£

Aggregate capital and reserves

10

10

Woolwich Phase 5 Management Company Limited (Company number 06292797)

Nature of business: Management Company

Class of shares:

Ordinary

% holding

14.29

31.12.19
£

31.12.18
£

Aggregate capital and reserves

1

1

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****18. FIXED ASSET INVESTMENTS - continued**

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

Nature of business: Non charitable trading

Class of shares: % holding
Ordinary 100.00

	31.12.19	31.12.18
	£	£
Income	4,256,573	3,788,122
Expenditure	(3,935,771)	(3,691,661)
Profit for the period	320,802	96,461
Gift aid distributions made	(320,802)	(96,461)
Aggregate capital and reserves	<u>1</u>	<u>1</u>

Gosling Leisure Limited (Company number 02880581) - Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company. The company was dissolved on 31 December 2019.

Nature of business: Management of leisure services

Class of shares: % holding
Limited by shares 100.00

	31.12.19	31.12.18
	£	
Income	-	266,063
Expenditure	-	(322,142)
(Loss)/profit for the period	-	(56,079)
Gift aid distribution paid	-	-
Aggregate funds	<u>-</u>	<u>(56,079)</u>

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

Nature of business: Management of leisure services

Class of shares: % holding
Limited by shares 100.00

	31.12.19	31.12.18
	£	
Aggregate funds	-	-
Surplus for the period (realisation of revaluation of assets)	<u>-</u>	<u>-</u>

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

Nature of business: Management of leisure services

Class of shares: % holding
Limited by guarantee 100.00

	31.12.19	31.12.18
	£	£
Income	2,866,964	3,526,643
Expenditure	(3,081,964)	(3,556,643)
Other recognised gains and losses	(444,000)	794,000
Surplus/(Deficit) for the year	(659,000)	764,000
Aggregate funds	<u>(1,291,000)</u>	<u>(632,000)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****19. INVESTMENT PROPERTY**

Group and Society	Total £
COST	
At 1 January 2019 and 31 December 2019	1,106,514
Additions	<u>18,853</u>
At 31 December 2019	<u>1,125,367</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,125,367</u>
At 31 December 2018	<u>1,106,514</u>

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

20. STOCKS

	Group		Society	
	31.12.19 £	31.12.18 £	31.12.19 £	31.12.18 £
Stocks	<u>797,673</u>	<u>630,791</u>	<u>797,673</u>	<u>630,791</u>

21. DEBTORS

	Group		Society	
	31.12.19 £	31.12.18 £	31.12.19 £	31.12.18 £
<i>Amounts falling due within one year:</i>				
Trade debtors	14,246,437	13,788,203	14,246,437	13,788,203
Other debtors	15,849,970	15,389,388	15,849,970	15,389,388
Loans to employees	105,466	124,059	105,466	124,059
Prepayments and accrued income	2,640,870	2,171,152	2,640,870	2,171,152
Amounts receivable on long term contracts	<u>4,778,285</u>	<u>5,293,175</u>	<u>4,778,285</u>	<u>5,293,175</u>
	<u>37,621,028</u>	<u>36,765,977</u>	<u>37,621,028</u>	<u>36,765,977</u>
<i>Amounts falling due after more than one year:</i>				
Loans to employees	28,536	30,714	28,536	30,714
Amounts receivable on long term contracts	4,480,729	5,681,431	4,480,729	5,681,431
Other debtors	<u>385,414</u>	<u>-</u>	<u>385,414</u>	<u>-</u>
	<u>4,894,679</u>	<u>5,712,145</u>	<u>4,894,679</u>	<u>5,712,145</u>
	<u>42,515,707</u>	<u>42,478,122</u>	<u>42,515,707</u>	<u>42,478,122</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****21. DEBTORS - continued**

The Society "other debtors" figure of £16,235,384 (2018: £15,389,388) falling due within one year includes the following key items:

- Fees due from local authority clients and other partners not invoiced at the yearend amounting to £3,295,045 (2018: £2,952,663);
- GLL Capital developments works in progress amounting to £4,644,384 (2018: £5,233,218);
- Client Capital development works delivered as agents by GLL that had not been recharged at the yearend amounting to £8,295,955 (2018: £7,203,507).

The Society "amounts receivable on long term contracts" falling due after more than one year of £4,480,729 (2018: £5,681,431) relates to Council contract management fees recognised in advance of receipt which are recoverable in more than one year. Under certain contracts, Councils have opted for a "flat line" or "stepped" fee to fit within the Council annual budgets. GLL has agreed to facilitate these cash flow arrangements at a cost where appropriate resulting in these debtors.

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

22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Society	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans (see note 24)	246,216	242,264	246,216	242,264
Other loans (see note 24)	367,136	540,676	367,136	540,676
Trade creditors	4,644,585	6,994,127	4,644,585	6,994,127
Other creditors	21,344,588	16,181,704	21,308,193	16,141,187
Social security and other taxes	3,838,470	3,334,051	3,801,350	3,296,098
Accrued expenses	21,333,234	23,379,268	21,333,234	23,379,268
Receipts in advance	17,057,963	14,006,806	17,057,963	14,006,806
Amounts owed to group undertakings	-	-	-	58,035
	<u>68,832,192</u>	<u>64,678,896</u>	<u>68,758,677</u>	<u>64,658,461</u>

Deferred income

	31.12.19	31.12.18
	£	£
Deferred income at 1 January	14,006,806	16,008,225
Resources deferred in the year	17,057,963	14,006,806
Amounts released from previous periods	<u>(14,006,806)</u>	<u>(16,008,225)</u>
	<u>17,057,963</u>	<u>14,006,806</u>

Other Creditors of £21,344,588 (2018: £16,181,704) in the Group and Society accounts includes £2,382,282 (2018: £2,619,462) of 3rd party income collected as agent and payable upon receipt of a purchase invoice and £12,079,329 (2018: £8,877,962) accrued surplus share payable to local authority clients under contractual arrangements.

The Society deferred income figure of £17,057,963 (2018: £14,006,806) relates to income received in advanced to be credited to the revenue account in the future as and when appropriate. This figure consists of annual management fees for various contracts released over the term of the contract; invoiced income where the prepaid event has not yet occurred; and current projects where the income is released as and when it is required.

GREENWICH LEISURE LIMITED

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

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

	Group		Society	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans (see note 24)	14,841,224	15,078,514	14,841,224	15,078,514
Other loans (see note 24)	5,615,929	5,309,309	5,615,929	5,309,309
Hire purchase (see note 24)	-	21,805	-	21,805
	<u>20,457,153</u>	<u>20,409,628</u>	<u>20,457,153</u>	<u>20,409,628</u>

24. LOANS

An analysis of the maturity of loans is given below:

	Group		Society	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Amounts falling due within one year on demand:				
Bank loans	246,216	242,264	246,216	242,264
Other loans	310,043	434,551	310,043	434,551
Hire purchase	57,093	106,125	57,093	106,125
	<u>613,352</u>	<u>782,940</u>	<u>613,352</u>	<u>782,940</u>
Amounts falling due between one and two years:				
Bank loans	241,474	237,288	241,474	237,288
Other loans	261,081	300,011	261,081	300,011
Hire purchase	-	21,805	-	21,805
	<u>502,555</u>	<u>559,104</u>	<u>502,555</u>	<u>559,104</u>
Amounts falling due between two and five years:				
Bank loans	10,500,284	10,487,277	10,500,284	10,487,277
Other loans	3,594,485	3,515,529	3,594,485	3,515,529
	<u>14,094,769</u>	<u>14,002,806</u>	<u>14,094,769</u>	<u>14,002,806</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	4,099,466	4,353,949	4,099,466	4,353,949
Other loans	1,760,363	1,493,769	1,760,363	1,493,769
	<u>5,859,829</u>	<u>5,847,718</u>	<u>5,859,829</u>	<u>5,847,718</u>

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

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

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

25. OPERATING LEASE COMMITMENTS

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

Group and Society

	Land and buildings		Equipment	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Expiring:				
Within one year	4,550,805	4,465,805	143,354	160,357
Between one and five years	18,389,222	17,964,222	57,600	120,203
In more than five years	<u>43,983,629</u>	<u>46,699,606</u>	-	-
	<u>66,923,656</u>	<u>69,129,633</u>	<u>200,954</u>	<u>280,560</u>

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

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

26. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.19	31.12.18
	£	£
Bank loans	15,087,441	15,320,778
Wandsworth Council	122,076	199,312
Hire purchase	57,093	127,930
Other loans	2,649,147	2,856,347
Yelverton Properties	3,900	3,900
The English Sports Council		
	<u>17,342,956</u>	<u>18,504,367</u>

Bank loan

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

Bank credit facility

Revolving credit facility agreement secured on properties.

Wandsworth Council loan

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

Hire purchase

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

Other loans

A loan of £2,649,147 (2018: £2,856,347) from Newcastle City Council.

Yelverton Properties

A rent deposit of £3,900 equal to the sum of 3 months principal rent relating to Yelverton Properties and is secured with a fixed charge on the assets of the Society.

The English Sports Council

Legal mortgage relating to Mayesbrook Park, Lodge Avenue, Dagenham with payment or discharge of secured liabilities payable on demand upon breach of any terms and conditions.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2019**27. EMPLOYEE BENEFIT OBLIGATIONS**

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

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

Group

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Present value of funded obligations	(128,990,000)	(103,140,000)
Fair value of plan assets	<u>91,053,000</u>	<u>74,706,000</u>
Present value of unfunded obligations	<u>(37,937,000)</u>	<u>(28,434,000)</u>
Deficit	<u>(37,937,000)</u>	<u>(28,434,000)</u>
Net liability	<u>(37,937,000)</u>	<u>(28,434,000)</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Current service cost	3,306,000	4,556,000
Administrative expenses	68,000	77,000
Net interest cost	784,000	986,000
Losses/(gains) on curtailments and settlements	<u>1,790,000</u>	<u>161,000</u>
	<u>5,948,000</u>	<u>5,780,000</u>
Actual return on plan assets	<u>11,860,204</u>	<u>(4,539,000)</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Actuarial gains	(5,873,000)	9,221,000
Pass-through arrangement movement	<u>-</u>	<u>(1,612,000)</u>
	<u>(5,873,000)</u>	<u>7,609,000</u>
Cumulative amount of actuarial losses	<u>(18,960,991)</u>	<u>(13,087,991)</u>

GREENWICH LEISURE LIMITED

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

27. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Defined benefit obligation	(103,140,000)	(109,778,000)
Current service cost	(3,306,000)	(4,556,000)
Contributions by scheme participants	(884,000)	(1,010,000)
Interest cost	(2,954,000)	(3,257,000)
Remeasurements	(17,054,000)	15,742,000
Benefits paid	1,287,000	1,863,000
Past service costs	(1,790,000)	(161,000)
Administration expenses	(25,000)	(26,000)
Experience (losses)/gains	1,124,000	-
Pass-through arrangement movement	-	(1,957,000)
	<u>(128,990,000)</u>	<u>(103,140,000)</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Fair value of scheme assets	74,706,000	76,929,000
Contributions by employer	2,318,000	2,586,000
Contributions by scheme participants	884,000	1,010,000
Interest on assets	2,170,000	2,271,000
Return on assets less interest	9,940,000	(6,144,000)
Benefits paid	(1,287,000)	(1,863,000)
Other actuarial losses	2,365,000	(377,000)
Administration expenses	(43,000)	(51,000)
Pass-through arrangement movement	-	345,000
	<u>91,053,000</u>	<u>74,706,000</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
Equities	52.03%	57.81%
Bonds	14.53%	16.72%
Property	7.75%	8.42%
Cash/other	24.69%	15.67%
Gilts	1.00%	1.38%
	<u>100.00%</u>	<u>100.00%</u>

GREENWICH LEISURE LIMITED

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

27. EMPLOYEE BENEFIT OBLIGATIONS - continued

As the Group operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £28,477,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	65,133,000	66,759,000	68,427,000
Projected service cost	2,290,000	2,350,000	2,412,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	69,423,000	66,759,000	64,199,000
Projected service cost	2,439,000	2,350,000	2,264,000

Principal actuarial assumptions at the balance sheet date:

	31.12.19	31.12.18
Discount rate	2.0% - 2.1%	2.6% - 3.0%
Future salary increases	2.6% - 4.2%	2.2% - 4.4%
Future pension increases	2.1% - 2.2%	2.1% - 2.4%
Price increases	2.0% - 2.3%	2.1% - 2.4%

Society

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Present value of funded obligations	(115,135,000)	(92,346,000)
Fair value of plan assets	<u>78,489,000</u>	<u>64,289,000</u>
Present value of unfunded obligations	<u>(36,646,000)</u>	<u>(28,057,000)</u>
Deficit	<u>(36,646,000)</u>	<u>(28,057,000)</u>
Net liability	<u>(36,346,000)</u>	<u>(28,057,000)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2019**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Current service cost	2,927,000	4,038,000
Administrative expenses	68,000	77,000
Net interest cost	778,000	965,000
Losses/(gains) on curtailments and settlements	1,600,000	85,000
	<u>5,373,000</u>	<u>5,165,000</u>
Actual return on plan assets	<u>9,935,204</u>	<u>(4,673,000)</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Actuarial gains	(5,174,000)	8,367,000
Pass-through arrangement movement	-	(1,612,000)
	<u>(5,174,000)</u>	<u>6,755,000</u>
Cumulative amount of actuarial losses	<u>(13,618,991)</u>	<u>(8,444,991)</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Defined benefit obligation	(92,346,000)	(98,758,000)
Current service cost	(2,927,000)	(4,038,000)
Past service cost	(1,600,000)	(85,000)
Contributions by scheme participants	(815,000)	(921,000)
Interest cost	(2,643,000)	(2,983,000)
Remeasurements	(14,735,000)	14,769,000
Benefits paid	1,080,000	1,653,000
Administration expenses	(25,000)	(26,000)
Experience (gains)/losses	(1,124,000)	-
Pass-through arrangement movement	-	(1,957,000)
	<u>(115,135,000)</u>	<u>(92,346,000)</u>

GREENWICH LEISURE LIMITED

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

27. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Fair value of scheme assets	64,289,000	67,012,000
Assets acquired on settlements	-	(189,000)
Contributions by employer	1,958,000	2,099,000
Contributions by scheme participants	815,000	921,000
Interest on assets	1,865,000	2,018,000
Return on assets less interest	8,320,000	(6,025,000)
Benefits paid	(1,080,000)	(1,464,000)
Other actuarial losses	2,365,000	(377,000)
Administration expenses	(43,000)	(51,000)
Pass-through arrangement movement	-	345,000
	<u>78,489,000</u>	<u>64,289,000</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
Equities	50.52%	58.04%
Bonds	13.31%	15.51%
Property	7.53%	8.44%
Cash/other	27.42%	16.01%
Gifts	1.22%	2.00%
	<u>100.00%</u>	<u>100.00%</u>

As the Society operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £28,477,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
	+0.1%	0.0%	-0.1%
Adjustment to discount rate			
Present value of total obligation	65,133,000	66,759,000	68,427,000
Projected service cost	2,290,000	2,350,000	2,412,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	69,423,000	66,759,000	64,199,000
Projected service cost	2,439,000	2,350,000	2,264,000

Principal actuarial assumptions at the balance sheet date:

	31.12.19	31.12.18
Discount rate	2.0% - 2.1%	2.6% - 2.9%
Future salary increases	2.6% - 4.2%	2.2% - 4.4%
Future pension increases	2.1% - 2.2%	2.1% - 2.4%
Price increases	2.3%	2.4%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**

27. EMPLOYEE BENEFIT OBLIGATIONS - continued

Future employer contribution rates per borough are detailed below:

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

Additional background information

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

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

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

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

In 2018, the discount rate increased slightly and so the liabilities reduced. In addition, following a review of FRS102 requirements and management contracts in place, it was confirmed that some schemes that had been reported as DB schemes should in fact have been reported as DC schemes in the accounts as the contracts include full pass through of liabilities upon termination (Greenwich Libraries, Merton, Somerset and Tower Hamlets).

In 2019, the discount rate dropped again increasing the liabilities "on paper" for accounting purposes.

Separately, in 2019, the schemes underwent their triennial valuations in order to "reset" the employer contribution rates for the 3 years starting from April 2020. Under this valuation method, the combined position of the various funds accounted for as DB in the financial statements amounted to a **SURPLUS of £2.6m** with most schemes showing as being overfunded. An updated position of the funds in question was sought and now shows a combined SURPLUS of **£4.8m** as at the 31st December 2019.

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

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

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

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

27. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

Future employer contributions are calculated at each tri-annual actuarial valuation. The actuaries calculate the scheme surplus or deficit based on prevailing assumptions around returns, inflation, discount factors, life expectancy etc. and then calculate the employer contribution required to a) maintain and provide for current and future pensions and b) reduce any deficit over time. The employer contributions required are communicated to the employers and remain in place until the next tri-annual valuation. For all LPGS, the last triennial actuarial valuation was carried out in 2019 and new rates set for 3 years from April 2020.

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

A few key points to note:

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

In order to illustrate the differences between the valuation methods, GLL the actuaries to evaluate the position of the funds under both "FRS102" for the accounts and under the "ongoing basis" method and assumptions for DB schemes. In addition, the results may also be shown against the full triennial valuations completed in 2019 from which future contribution rates will be derived. The differences are shown below.

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Pension Fund (£'000)	FRS102 as at 31/12/19	Ongoing Basis as at 31/12/19	Difference
GLL			
LPFA	(4,895)	1,431	6,326
CITRUS Pension Plan	(761)	(337)	424
Royal Borough of Greenwich LGPS	(28,477)	(420)	28,057
Wiltshire LGPS 1 (Swindon)	550	1,582	1,032
Wiltshire LGPS 2 (Swindon)	(1,508)	602	2,110
Northamptonshire LGPS (Cambridge)	(335)	154	489
Copeland	(680)	678	1,358
South Lakes	(540)	120	660
Total	(36,646)	3,810	40,456
NCL			
Newcastle 1	(1,121)	180	1,301
Newcastle 2	(170)	860	1,030
Total	(1,291)	1,040	2,331
GLL Group Total	(37,937)	4,850	42,787

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

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

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

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

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

28. CONTINGENT LIABILITIES

The Society has insurance cover relating to Performance and Pension Bonds as at 31 December 2019 of £10,286,100 (2018: £10,286,100).

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

GREENWICH LEISURE LIMITED

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

29. CALLED UP SHARE CAPITAL

Group and Society

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 £	31.12.18 £
1898 (2018: 1694)	Ordinary	£25	<u>47,450</u>	<u>42,350</u>

442 shares (2018: 250) of £25 each were allotted and fully paid for cash at par during the year. During the year 238 shares (2018: 296 shares) were forfeited and cancelled due to the members having left the Society.

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

30. MOVEMENT IN FUNDS

Group

	At 1.1.19 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
Unrestricted funds				
General funds	37,329,301	947,543	47,957	38,324,801
Pension liability	(28,434,000)	(9,503,000)	-	(37,937,000)
Share capital	42,350	5,100	-	47,450
Designated Fund – Copeland	191,727	-	(1)	191,726
Designated Fund – South Lakes	115,418	-	(12,770)	102,648
Designated fund – Finesse	<u>260,000</u>	<u>-</u>	<u>(35,186)</u>	<u>224,814</u>
	9,504,796	(8,550,357)	-	954,439
Restricted funds				
For the Girls, by the girls	41,218	(200)	-	41,018
I am Tower Hamlets	22,701	(20,504)	-	2,197
Lincolnshire Arts Council	19,398	1,710	-	21,108
Swindon Zurich	105,627	7,169	-	112,796
Dementia Friendly Swimming	<u>(244)</u>	<u>3,922</u>	<u>-</u>	<u>3,678</u>
	188,700	(7,903)	-	180,797
TOTAL FUNDS	<u>9,693,496</u>	<u>(8,558,260)</u>	<u>-</u>	<u>1,135,236</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2019**30. MOVEMENT IN FUNDS - continued****Group**

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
Unrestricted funds				
General funds	302,428,683	(301,481,140)	-	947,543
Pension liability	-	(3,630,000)	(5,873,000)	(9,503,000)
Share capital	11,050	(5,950)	-	5,100
	<u>302,439,733</u>	<u>(305,117,090)</u>	<u>(5,873,000)</u>	<u>(8,550,357)</u>
Restricted funds				
For the Girls, by the girls	-	(200)	-	(200)
I am Tower Hamlets	17,082	(37,586)	-	(20,504)
Lincolnshire Arts Council	1,710	-	-	1,710
Swindon Zurich	26,250	(22,328)	-	3,922
Dementia Friendly Swimming	136,179	(129,010)	-	7,169
	<u>181,221</u>	<u>(189,124)</u>	<u>-</u>	<u>(7,903)</u>
TOTAL FUNDS	<u>302,620,954</u>	<u>(305,306,214)</u>	<u>(5,873,000)</u>	<u>(8,558,260)</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****30. MOVEMENT IN FUNDS - continued****Group - previous year**

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

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****30. MOVEMENT IN FUNDS - continued****Group - previous year**

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

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

GREENWICH LEISURE LIMITED

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

30. MOVEMENT IN FUNDS - continued

Society

	At 1.1.19 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
Unrestricted funds				
General funds	37,434,167	842,675	47,957	38,324,799
Pension liability	(28,057,000)	(8,589,000)	-	(36,646,000)
Share capital	42,350	5,100	-	47,450
Designated Fund – Copeland	191,727	-	(1)	191,726
Designated Fund – South Lakes	115,418	-	(12,770)	102,648
Designated Fund - Finesse	260,000	-	(35,186)	224,814
	9,986,662	(7,741,225)	-	2,245,437
Restricted funds				
For the Girls, by the girls	41,218	(200)	-	41,018
I am Tower Hamlets	22,701	(20,504)	-	2,197
Lincolnshire Arts Council	19,398	1,710	-	21,108
Swindon Zurich	105,627	3,922	-	112,796
Dementia Friendly Swimming	(244)	7,169	-	3,678
	188,700	(7,903)	-	180,797
TOTAL FUNDS	<u>10,175,362</u>	<u>(7,749,128)</u>	<u>-</u>	<u>2,426,234</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2019**31. MOVEMENT IN FUNDS - continued****Society**

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
Unrestricted funds				
General funds	302,196,689	(301,354,014)	-	842,675
Pension liability	-	(3,415,000)	(5,174,000)	(8,589,000)
Share capital	11,050	(5,950)	-	5,100
	<u>302,207,739</u>	<u>(304,774,964)</u>	<u>(5,174,000)</u>	<u>(7,741,225)</u>
Restricted funds				
For the Girls, by the girls	-	(200)	-	(200)
I am Tower Hamlets	17,082	(37,586)	-	(20,504)
Lincolnshire Arts Council	1,710	-	-	1,710
Swindon Zurich	26,250	(22,328)	-	3,922
Dementia Friendly Swimming	136,179	(129,010)	-	7,169
	<u>181,221</u>	<u>(189,124)</u>	<u>-</u>	<u>(7,903)</u>
TOTAL FUNDS	<u>302,068,158</u>	<u>(304,964,088)</u>	<u>(5,174,000)</u>	<u>(7,749,128)</u>

GREENWICH LEISURE LIMITED

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

30. MOVEMENT IN FUNDS - continued

Society - previous year

	At 1.1.18 As Restated £	Net movement in funds £	Transfers between funds £	At 31.12.18 £
Unrestricted funds				
General funds	35,361,635	2,244,195	(171,663)	37,434,167
Pension liability	(31,746,000)	3,689,000	-	(28,057,000)
Share capital	43,500	(1,150)	-	42,350
Designated Fund – Copeland	202,969	-	(11,242)	191,727
Designated Fund – South Lakes	192,513	-	(77,095)	115,418
Designated Fund - Finesse	-	-	260,000	260,000
	<u>4,054,617</u>	<u>5,932,045</u>	<u>-</u>	<u>9,986,662</u>
Restricted funds				
Social bond	21,500	(21,500)	-	-
For the Girls, by the girls	41,218	-	-	41,218
I am Tower Hamlets	58,403	(35,702)	-	22,701
Lincolnshire Arts Council	135,771	(116,373)	-	19,398
Swindon Zurich	132,582	(26,955)	-	105,627
Dementia Friendly Swimming	25,305	(25,549)	-	(244)
	<u>414,779</u>	<u>(228,079)</u>	<u>-</u>	<u>188,700</u>
TOTAL FUNDS	<u>4,469,396</u>	<u>5,705,966</u>	<u>-</u>	<u>10,175,362</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018****30. MOVEMENT IN FUNDS - continued****Society - previous year**

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

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

RESTRICTED FUND – SOCIAL BOND

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

RESTRICTED FUND – FOR THE GIRLS, BY THE GIRLS

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

RESTRICTED FUND – ARTS COUNCIL

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

RESTRICTED FUND – I AM TOWER HAMLETS

Increased sport and physical activity participation of the following groups:

Inactive People

Women & Girls

Young People

Older People (50+ years)

People with disabilities

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****30. MOVEMENT IN FUNDS - continued****RESTRICTED FUND – SWINDON ZURICH**

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

RESTRICTED FUND – DEMENTIA FRIENDLY SWIMMING

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

DESIGNATED FUND – COPELAND

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

DESIGNATED FUND – SOUTHLAKES

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

DESIGNATED FUND – FINESSE**COMMUNITY FUND**

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

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

ANALYSIS OF NET ASSETS BETWEEN FUNDS**Group**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	61,197,454	-	61,197,454
Current assets	66,983,330	180,797	67,164,127
Current liabilities	(69,105,000)	-	(69,105,000)
Long term liabilities	(20,184,345)	-	(20,184,345)
Pension scheme liability	(37,937,000)	-	(37,937,000)
Total net assets	<u>954,439</u>	<u>180,797</u>	<u>1,135,236</u>

Society

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	61,197,453	-	61,197,453
Current assets	66,909,814	180,797	67,090,611
Current liabilities	(69,031,485)	-	(69,031,485)
Long term liabilities	(20,184,345)	-	(20,184,345)
Pension scheme liability	(36,646,000)	-	(36,646,000)
Total net assets	<u>2,245,437</u>	<u>180,797</u>	<u>2,426,234</u>

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 DECEMBER 2018**30. MOVEMENT IN FUNDS - continued****ANALYSIS OF NET ASSETS BETWEEN FUNDS - previous year****Group**

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

Society

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

GREENWICH LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019****31. RECONCILIATION OF MOVEMENTS IN FUNDS****Group**

	31.12.19	31.12.18
	£	£
(Deficit)/surplus for the financial year	(2,690,360)	(1,218,945)
Other recognised gains and losses relating to the year (net)	(5,873,000)	7,609,000
Shares issued during the year	11,050	6,250
Shares cancelled during the year	(5,950)	(7,400)
Net addition to funds	(8,558,260)	6,388,905
Opening funds	9,693,496	3,304,591
Closing funds	1,135,236	9,693,496

Society

	31.12.19	31.12.18
	£	£
Surplus/(Deficit) for the financial year	(2,580,228)	(1,047,884)
Other recognised gains and losses relating to the year (net)	(5,174,000)	6,755,000
Shares issued during the year	11,050	6,250
Shares cancelled during the year	(5,950)	(7,400)
Net addition to funds	(7,749,128)	5,705,966
Opening funds	10,175,362	4,469,396
Closing funds	2,426,234	10,175,362

32. CAPITAL COMMITMENTS

	Group		Society	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Contracted for but not provided for in the financial statements	-	-	-	-

At 31 December 2019 there was capital expenditure authorised by the committee of management but not contracted for of £608,000 (2018: £2,376,545).

33. ULTIMATE CONTROLLING PARTY

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

GREENWICH LEISURE LIMITED

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

34. RELATED PARTY DISCLOSURES

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

Mark Sesnan	£750
Matt Perren	£60
Alan Ritchie	£60
Gareth Kirk	£60

During the year Greenwich Leisure Limited made payments to Bill Brown, one of the committee members, of £nil (2018: £1,500) in relation to services provided to the Society.

During the year Greenwich Leisure Limited made payments on behalf of Gosling Leisure Limited of £nil (2018: £nil). Gosling Leisure Limited charged Greenwich Leisure Limited £nil (2018: £45,000) relating to rent and Greenwich Leisure Limited charged Gosling Leisure Limited £nil (2018: £50,000) also relating to Rent. Gosling Leisure Limited ceased trading on 31 December 2018 and was subsequently formally dissolved on 31 December 2019.

During the year Greenwich Leisure Limited agreed to loan Openplay Limited, a company in which Greenwich Leisure Limited purchased shares in the year, a total amount of £700,000. As at 31 December 2019, Openplay Limited had drawn down £385,414 of this. This amount is included within debtors at the year end.

35. BUSINESS COMBINATIONS

On 31 December 2019 the Society acquired the assets of Gosling Leisure Limited.

	Gosling Leisure Limited
Date of acquisition	31 December 2019
Type of acquisition	Assets
Means of control	Transfer of assets
Cost of acquisition	£3,556,137
Value of acquisition	£3,556,137

The transfer of assets all happened at fair value. £3,498,105 is included within fixed assets as additions during the year for the Society. £58,032 was a loan between the Society and Gosling Leisure Limited which was netted off on consolidation.

36. SUBSEQUENT EVENTS

The outbreak of COVID-19, which has taken place following the year ended 31 December 2019, has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020 and the temporary closure of all leisure establishments including gyms and leisure centres. The Group's activities, as with many businesses, have been impacted. The respective Governments of Northern Ireland, Wales and England have now permitted leisure centres, gyms and indoor pools to reopen (Northern Ireland on 11 July 2020, Wales on 10 August 2020 and England on 25 July 2020). The impact of the new social distancing measures has limited a facility's capacity and the continued existence of COVID-19 in our society, has had an impact on the behaviour of the Group's customers so the Group is operating at a far lower level than normal. The Group has secured and or is at an advanced stage in negotiations with its partners and bankers to secure short term support and long term finance without which its ability to continue for the foreseeable future would also be uncertain. This is a non-adjusting post balance sheet event.

APPENDIX GREENWICH LEISURE LIMITED

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	31.12.19 Unrestricted Funds	31.12.19 Restricted Funds	31.12.19 FRS 102 Adjustment Unrestricted	31.12.19 Total Funds	31.12.18 Total Funds excl FRS 102	31.12.18 Total Funds
		£	£	£	£	£	£
INCOME							
Donations and legacies		320,802	-	-	320,802	96,461	96,461
Assets on acquisition	35	3,556,137			3,556,137	779,292	779,292
Income from charitable activities							
Operation of leisure, recreation sites and health activities		298,161,296	181,221	-	298,342,517	294,042,361	294,042,361
Income from other trading activities							
Investment income		158,454	-	-	158,454	107,876	107,876
Total income		302,196,689	181,221	-	302,377,910	295,025,990	295,025,990
EXPENDITURE ON							
Raising Funds							
Investment management costs		19,071	-	-	19,071	60,825	60,825
Charitable activities							
Operation of leisure, recreation sites and health activities		301,230,602	189,124	3,415,000	304,834,726	292,717,766	295,783,766
Other expenditure		104,341	-	-	104,341	229,263	229,283
Total expenditure		301,354,014	189,124	3,415,000	304,958,138	293,007,874	296,073,874
Net income/(expenditure) for the year before other recognised gains and losses		842,675	(7,903)	(3,415,000)	(2,580,228)	2,018,116	(1,047,884)

APPENDIX GREENWICH LEISURE LIMITED

SOCIETY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	31.12.19 Unrestricted Funds	31.12.19 Restricted Funds	31.12.19 FRS 102 Adjustment Unrestricted	31.12.19 Total Funds	31.12.18 Total Funds excl FRS 102	31.12.18 Total Funds
	£	£	£	£	£	£
Net income/(expenditure) for the year before other recognised gains and losses	842,675	(7,903)	(3,415,000)	(2,580,228)	2,018,116	(1,047,884)
Transfers between funds	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	-	-	(5,174,000)	(5,174,000)	-	8,367,000
Pass-through arrangement	-	-	-	-	-	(1,612,000)
Net movement in funds	842,675	(7,903)	(8,589,000)	(7,754,228)	2,018,116	5,707,116
Shares issued	11,050	-	-	11,050	6,250	6,250
Shares cancelled	(5,950)	-	-	(5,950)	(7,400)	(7,400)
RECONCILIATION OF FUNDS						
Total funds brought forward	38,043,662	188,700	(28,057,000)	10,175,362	36,215,396	4,469,396
TOTAL FUNDS CARRIED FORWARD	<u>38,891,437</u>	<u>180,797</u>	<u>(36,646,000)</u>	<u>2,426,234</u>	<u>38,232,362</u>	<u>10,175,362</u>

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