

REGISTERED NUMBER: IP29372R (England and Wales)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
OLDHAM COMMUNITY LEISURE LIMITED**

Wallwork Nelson & Johnson
Chartered Accountants & Statutory Auditors
Chandler House
7 Ferry Road Office Park
Riversway
Preston
Lancashire
PR2 2YH

OLDHAM COMMUNITY LEISURE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2019**

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OLDHAM COMMUNITY LEISURE LIMITED

**SOCIETY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS:

J Butterworth
K Wheelton
N Harrison
T Rafique
L Clegg
S Lockwood
M Wright
J Smallwood
C Murray
Z Chauhan
D Whaley
S McDonnell
C Gloster

SECRETARY:

L Walton

REGISTERED OFFICE:

Chadderton Wellbeing Centre
Burnley Street
Chadderton
OL9 0JW

REGISTERED NUMBER:

IP29372R (England and Wales)

AUDITORS:

Wallwork Nelson & Johnson
Chartered Accountants & Statutory Auditors
Chandler House
7 Ferry Road Office Park
Riversway
Preston
Lancashire
LS2 3AG

OLDHAM COMMUNITY LEISURE LIMITED

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

CHAIRMAN'S REPORT:

We are driven by making Oldham a healthier and more active place to live and work in and we are delighted to be able to report that the number of people using our facilities and attending our activity programmes continues to increase. There will be numerous reasons for this, one of which being our increasing drive for improvements in providing a friendly, high quality service borne out by the results in our external audit scores that have been carried out over the year.

We know we can't be complacent; we know there are far too many people living in our Borough who are not active enough which is having a detrimental effect on their physical and mental health. At OCL we recognise and embrace our responsibilities in tackling this now and in the future. For example, our work with GP's referring into rehabilitative exercise programmes is growing, with 84% of Oldham GP's now working in partnership with our teams. We were pleased that OCL received an award from the British Heart Foundation in recognition of how well it was performing in this area of work.

At the same time, we understand we are operating in an increasingly tight financial environment and it is a testament to our great team that we finished the year ahead of the original budget. We have revised our medium to long term financial plans to ensure we are as robust as possible moving forward. Part of this has been the resolving of the pension position which better reflects the pooled arrangements we have in place with Oldham Council and as a result any liability or surplus no longer needs to be reflected on the Balance Sheet.

We were pleased this year to have OCL and in turn, Oldham, recognised in the Parliamentary Review which threw a national spotlight on the great work taking place in the town on the community benefits of physical activity.

Towards the end of the financial year, the Board has started to undertake a review of its own governance arrangements using the UK Code of Sports Governance as a framework for assessment. Whilst we are confident our governance arrangements have traditionally been strong it is only right that we continue to strive for excellence. I am delighted that we have attracted several high-quality, very experienced voluntary Board members this year with specialist skills that will support our development.

Finally, as well as thanking our own OCL team, I'd like to recognise and thank officers and members of Oldham Council for their continued support; we have a genuine collaborative relationship which focusses on what is best for the people of Oldham.

OLDHAM COMMUNITY LEISURE LIMITED

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

CHIEF EXECUTIVE'S REPORT:

This year we have consolidated and improved our financial position through continuing our commitment to both customer service and collaboration.

By engaging with leading industry software companies, we have sought to improve the gym member engagement to improve retention and loyalty and have commenced a 12-month trial at Royton LC to model and evaluate the overall return on investment with a view to rolling out the approach across more sites if viable. We are also embedding the use of Net Promoter score software to assess how likely our gym members are to recommend us to family and friends, seeking further detailed feedback, and in doing so, providing fantastic insight into how we can continually improve our offer, as well as allowing us to benchmark our customer satisfaction levels with other leisure trust operators. Our management teams are tasked with prioritising issues of customer frustration and engaging directly with individuals providing the feedback as part of a daily research tool. Whilst the feedback demonstrates we are consistently above industry average performance, more importantly it is shifting the culture of the organisation even further towards customer service, which in turn, is manifesting itself in improved membership levels and financial performance.

OCL's collaboration with other Council Leisure operators across Greater Manchester is also starting to result in real improvement for residents; the "GM Active" partnership has this year launched reciprocal memberships, meaning that OCL members can access other sites across Great Manchester as a member benefit, and vice versa. Though initially challenging to implement, given the different front of house access systems, this has been overcome to add real value to those residents who live close to authority borders or who live and work in different towns. The perception of value for money of our memberships, compared with, say a standalone private gym, is far higher and this can only improve gym membership numbers going forward.

The GM Active collaboration is moving towards a more formal arrangement, with plans afoot to establish a standalone Community Interest Company, with even greater potential to work together on different projects including cross-border health commissions, collective purchasing power and even sharing of head office costs.

Also, in the coming year, OCL will be focussing on plans to re-invest and improve the facilities and plans are in place to undertake significant refurbishment at Saddleworth and Failsworth in 2019, and this should help us continue to grow revenues even further.

OLDHAM COMMUNITY LEISURE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report with the financial statements of the society for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

DIRECTORS

The directors during the year under review were:

The directors during the year under review were:

J Butterworth	
K Wheelton	
M Logan-Ward	- resigned 24/7/2018
N Harrison	
T Rafique	
L Clegg	
S Lockwood	
M Wright	
V Price	- resigned 24/5/2018
J Smallwood	
C Murray	
Z Chauhan	- appointed 24/5/2018
D Whaley	- appointed 24/5/2018
S McDonnell	- appointed 25/5/2018
C Gloster	

The directors holding office at 31 March 2019 did not hold any beneficial interest in the issued share capital of the company at 1 April 2018 (or date of appointment if later) or 31 March 2019.

OLDHAM COMMUNITY LEISURE LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

The law governing societies requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under this law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

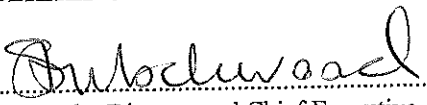
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the society's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the society's auditors are aware of that information.

AUDITORS

The auditors, Wallwork Nelson & Johnson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
S Lockwood – Director and Chief Executive

Date:12/9/19.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OLDHAM COMMUNITY LEISURE LIMITED

Opinion

We have audited the financial statements of Oldham Community Leisure Limited (the 'society') for the year ended 31 March 2019 on pages eight to twenty-five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 society's affairs as at 31 March 2019 and of its surplus 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OLDHAM COMMUNITY LEISURE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small company's regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are 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 the directors determine 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 directors are 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 directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

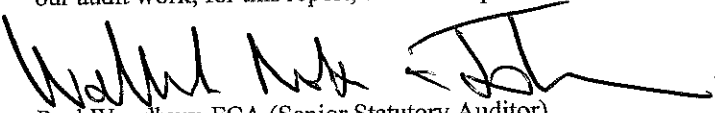
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

This report is made solely to the society's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.


Paul Woodburn FCA (Senior Statutory Auditor)
for and on behalf of Wallwork Nelson & Johnson
Chartered Accountants & Statutory Auditors
Chandler House
7 Ferry Road Office Park
Riversway
Preston
Lancashire
PR2 2YH

Date: 12 September 2018.

OLDHAM COMMUNITY LEISURE LIMITED**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

		31/3/19		31/3/18 as restated	
	Notes	£	£	£	£
TURNOVER	3		6,615,369		6,535,751
Cost of sales			<u>563,009</u>		<u>540,737</u>
GROSS PROFIT			6,052,360		5,995,014
Administrative expenses			<u>5,894,544</u>		<u>5,795,002</u>
OPERATING PROFIT	5		157,816		200,012
Interest receivable and similar income			<u>900</u>		<u>120</u>
			158,716		200,132
Interest payable and similar expenses		<u>53,650</u>		<u>53,686</u>	
			<u>53,650</u>		<u>53,686</u>
PROFIT BEFORE TAXATION			105,066		146,446
Tax on profit			<u>-</u>		<u>-</u>
PROFIT FOR THE FINANCIAL YEAR			<u>105,066</u>		<u>146,446</u>

The notes form part of these financial statements

OLDHAM COMMUNITY LEISURE LIMITED

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	31/3/19 £	31/3/18 as restated £
PROFIT FOR THE YEAR		105,066	146,446
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>105,066</u>	<u>146,446</u>
Prior year adjustment	6	<u>263,000</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>368,066</u>	

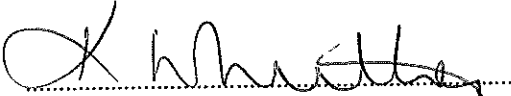
The notes form part of these financial statements


OLDHAM COMMUNITY LEISURE LIMITED (REGISTERED NUMBER: IP29372R)

CONSOLIDATED BALANCE SHEET
31 MARCH 2019

	Notes	31/3/19		31/3/18 as restated	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		24,011		40,308
Tangible assets	9		<u>704,701</u>		<u>914,832</u>
			728,712		955,140
CURRENT ASSETS					
Stocks	10	37,829		41,053	
Debtors	11	366,174		357,700	
Cash at bank and in hand		<u>591,294</u>		<u>554,434</u>	
		995,297		953,187	
CREDITORS					
Amounts falling due within one year	12	<u>1,240,577</u>		<u>1,260,665</u>	
NET CURRENT LIABILITIES			<u>(245,280)</u>		<u>(307,478)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			483,432		647,662
CREDITORS					
Amounts falling due after more than one year	13		<u>444,850</u>		<u>714,186</u>
NET ASSETS/(LIABILITIES)			<u>38,582</u>		<u>(66,524)</u>
CAPITAL AND RESERVES					
Called up share capital			2,040		2,000
Retained earnings			<u>36,542</u>		<u>(68,524)</u>
SHAREHOLDERS' FUNDS			<u>38,582</u>		<u>(66,524)</u>

The financial statements were approved by the board on 12 September 2019, and were signed on its behalf by:


K Wheelton – Director


S Lockwood – Director and Chief Executive

The notes form part of these financial statements

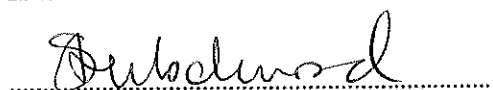
OLDHAM COMMUNITY LEISURE LIMITED (REGISTERED NUMBER: IP29372R)

SOCIETY BALANCE SHEET
31 MARCH 2019

	Notes	31/3/19		31/3/18 as restated	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		18,978		32,758
Tangible assets	9		<u>159,039</u>		<u>186,214</u>
			178,017		218,972
CURRENT ASSETS					
Stocks	10	37,188		39,573	
Debtors	11	1,125,329		826,747	
Cash at bank and in hand		<u>591,000</u>		<u>554,289</u>	
		1,753,517		1,420,609	
CREDITORS					
Amounts falling due within one year	12	<u>927,342</u>		<u>1,031,583</u>	
NET CURRENT ASSETS			<u>826,175</u>		<u>389,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,004,192</u>		<u>607,998</u>
CAPITAL AND RESERVES					
Called up share capital			2,040		2,000
Retained earnings			<u>1,002,152</u>		<u>605,998</u>
SHAREHOLDERS' FUNDS			<u>1,004,192</u>		<u>607,998</u>

The financial statements were approved by the board on 10 September 2019 and were signed on its behalf by:


K Wheelton – Director


S Lockwood – Director and Chief Executive

The notes form part of these financial statements

OLDHAM COMMUNITY LEISURE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	1,960	(214,970)	(213,010)
Changes in equity			
Issue of share capital	40	-	40
Total comprehensive income	<u>-</u>	<u>146,446</u>	<u>146,446</u>
Balance at 31 March 2018	<u>2,000</u>	<u>(68,524)</u>	<u>(66,524)</u>
Changes in equity			
Issue of share capital	40	-	40
Total comprehensive income	<u>-</u>	<u>105,066</u>	<u>105,066</u>
Balance at 31 March 2019	<u>2,040</u>	<u>36,542</u>	<u>38,582</u>

The notes form part of these financial statements

OLDHAM COMMUNITY LEISURE LIMITED

**SOCIETY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	1,960	157,223	159,183
Changes in equity			
Issue of share capital	40	-	40
Total comprehensive income	-	448,775	448,775
Balance at 31 March 2018	<u>2,000</u>	<u>605,998</u>	<u>607,998</u>
Changes in equity			
Issue of share capital	40	-	40
Total comprehensive income	-	396,154	396,154
Balance at 31 March 2019	<u>2,040</u>	<u>1,002,152</u>	<u>1,004,192</u>

The notes form part of these financial statements

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. STATUTORY INFORMATION

Oldham Community Leisure Limited ("The Company") is a community benefit society registered in England and Wales. The society's registered number and registered office address can be found on the Society Information page.

Oldham Community Leisure Limited controls Wellbeing Leisure, a charity registered in England and Wales ("The Group").

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the society management to exercise judgement in applying the society's accounting policies.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the group as it formed a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. Control is gained through Oldham Community Leisure Limited being the sole member of Wellbeing Leisure Limited.

Turnover

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The group has transferred the significant risks and rewards of ownership to the buyer
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the society will receive the consideration due under the transaction
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

Rendering of services

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

- The amount of revenue can be measured reliably
- It is probable that the group will receive the consideration due under the contract
- The costs incurred or to be incurred in respect of the contract can be measured reliably

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The periods amortised over are as follows:

Computer software - 5 years

Tangible fixed assets

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

At each reporting date, the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income and expenditure account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvements to property	- 10% straight line
Plant and machinery	- 10-20% straight line
Computer equipment	- 20% straight line

The de-minimus capital expenditure level is £500.

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the income and expenditure account over the expected useful lives of the assets concerned. Other grants are credited to the income and expenditure account as the related expenditure is incurred.

Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment cost is recognised immediately in profit or loss.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Financial Instruments

The following assets and liabilities are classified as financial instruments; investment in subsidiaries, trade debtors, amounts owed by group undertakings, other debtors, trade creditors, hire purchase contracts, other creditors and invoice discounting loans.

Investments in subsidiaries are measured at cost less impairment

Hire purchase contracts and loans are initially measured at the present value of future payments, discounted at a market rate of interest, and subsequently at amortised cost using the effective interest method.

Trade debtors, trade creditors and amounts owed by group undertakings are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Financial assets are assessed at the end of the reporting period for objective evidence of impairment, and if applicable, is recognised as appropriate.

Pension costs and other post-retirement benefits

The Group operates three defined contribution pension schemes. Contributions to the schemes are charged to the income and expenditure account in the period to which they relate.

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES – continued

Debtors

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

Cash and cash equivalents

Cash is represented by cash in hand deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

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

Interest income

Interest income is recognised in the income and expenditure account using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the income and expenditure account in the period in which they are incurred.

Taxation

As from May 2012, the Society obtained charitable status for tax purposes and is therefore exempt from taxation in respect of its relevant operating activities.

Going concern

The members of the Board consider that the group will continue to operate within its available facilities for the foreseeable future. In April 2013, Oldham Metropolitan Borough Council agreed a ten-year Leisure Management Contract with the option to extend for a further 5 years. Therefore, the members consider it appropriate to prepare the financial statements on a going concern basis.

Wellbeing Leisure's accounts are consolidated in Oldham Community Leisure Limited's Group Accounts and, with cross company guarantees in place for liabilities within Wellbeing forming a material part of those accounts, the ability of Wellbeing to continue operating is relevant to these accounts.

The Trustees of Wellbeing Leisure consider that the charity will continue to operate within its available facilities for the foreseeable future with the support of parent company Oldham Community Leisure Limited. Therefore, the members consider it appropriate to prepare the financial statements on a going concern basis.

Negative funds were always going to be an issue needing to be dealt with in the early stages of the development at GloGym, as with any other business that needs to develop facilities prior to opening. This negative funding position is more adverse than initially anticipated due to the inability to show a finished product to potential members that would have facilitated a stronger initial sales position, together with additional competition in the sector in the 16/17 financial year.

Additionally, Oldham Community Leisure Limited and Wellbeing Leisure are to maintain the overdraft facility through the NatWest Bank of £300,000 to October 2019. It is the opinion of the Boards that the cash position is adequate at present and any decision to continue with an overdraft facility in the future will be considered should the need arise.

The commencement date for repayment of the loan to Oldham Council was January 2019.

It is anticipated that the cumulative effect of these measures will provide sufficient funds to maintain the Group's cashflow and to transition the company into a positive cashflow position over the medium to long term.

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

Judgements in applying accounting policies and key sources of uncertainty

In preparing these financial statements, the members of the board have had to make the following judgements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and their residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets

Intangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and their residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Bad debt provision

The group establishes a provision for receivables that are estimated not to be recoverable. When assessing the recoverability, the members of the board consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	31/3/19	31/3/18
	£	£
Management Fee	250,559	248,421
Membership income	3,570,057	3,521,035
Sale of goods	268,471	272,012
Provision of services	2,525,216	2,494,283
Other income	<u>1,066</u>	<u>-</u>
	<u>6,615,369</u>	<u>6,535,751</u>

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 279 (2018 – 285).

	31/3/19	31/3/18
	£	£
Directors' remuneration	<u>204,292</u>	<u>155,718</u>

There were no expenses paid to Trustees for the year ended 31 March 2019 or for the year ended 31 March 2018.

With the exception of the Chief Executive, whose role is ex officio on the Board, the Directors remuneration is not intended to be remuneration solely for being a Director, but reflects the remuneration to staff employed in substantive roles and are staff representatives on the Board.

5. OPERATING PROFIT

The operating loss is stated after charging:

	31/3/19	31/3/18
	£	£
Depreciation - owned assets	225,430	231,706
Computer software amortisation	16,297	16,297
Auditors' remuneration	<u>8,059</u>	<u>16,160</u>

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

6. PRIOR YEAR ADJUSTMENT

In the year to 31 March 2019 it was agreed that the disclosure of the defined benefit pension scheme was no longer appropriate, and the scheme should be treated as a defined contribution scheme.

Accordingly, the comparatives and subsequently the £1,384,000 pension reserve and the £263,000 adjustment to the profit and loss reserve brought forward figures have been restated to reflect this.

7. SUBSIDIARY COMPANY

The Society has a subsidiary charitable company, Wellbeing Leisure. As Wellbeing Leisure is a company limited by guarantee and thus without share capital, there is no investment shown in the Society's financial statements in terms of share capital.

The results of Wellbeing Leisure have been incorporated into these consolidated financial statements on the basis detailed in note 2.

The results of the subsidiary for the year ended 31 March 2019 are as follows:

	31/3/19 £	31/3/18 £
Income	452,128	425,026
Expenses	743,216	727,355
Deficit	<u>(291,088)</u>	<u>(302,329)</u>

OLDHAM COMMUNITY LEISURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019****8. INTANGIBLE FIXED ASSETS**

GROUP	Computer software £
COST	
At 1 April 2018	81,481
Additions	<u>-</u>
At 31 March 2019	<u>81,481</u>
AMORTISATION	
At 1 April 2018	41,173
Amortisation for year	<u>16,297</u>
At 31 March 2019	<u>57,470</u>
NET BOOK VALUE	
At 31 March 2019	<u>24,011</u>
At 31 March 2018	<u>40,308</u>
SOCIETY	Computer software £
COST	
At 1 April 2018 and 31 March 2019	<u>68,897</u>
AMORTISATION	
At 1 April 2018	36,139
Amortisation for year	<u>13,780</u>
At 31 March 2019	<u>49,919</u>
NET BOOK VALUE	
At 31 March 2019	<u>18,978</u>
At 31 March 2018	<u>32,758</u>

OLDHAM COMMUNITY LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

9. TANGIBLE FIXED ASSETS

GROUP	Improvements to property £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 April 2018	830,367	632,735	3,295	1,466,397
Additions	-	15,299	-	15,299
Disposals	-	-	-	-
At 31 March 2019	<u>830,367</u>	<u>648,034</u>	<u>3,295</u>	<u>1,481,696</u>
DEPRECIATION				
At 1 April 2018	219,640	330,442	1,483	551,565
Charge for year	65,283	159,488	659	225,430
Eliminated on disposal	-	-	-	-
At 31 March 2019	<u>284,923</u>	<u>489,930</u>	<u>2,142</u>	<u>776,995</u>
NET BOOK VALUE				
At 31 March 2019	<u>545,444</u>	<u>158,104</u>	<u>1,153</u>	<u>704,701</u>
At 31 March 2018	<u>610,727</u>	<u>302,293</u>	<u>1,812</u>	<u>914,832</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 April 2018 and at 31 March 2019	248,668	511,884	760,552
DEPRECIATION			
At 1 April 2018	14,227	261,540	275,767
Charge for year	7,114	152,110	159,224
At 31 March 2019	<u>21,341</u>	<u>413,650</u>	<u>434,991</u>
NET BOOK VALUE			
At 31 March 2019	<u>227,327</u>	<u>98,234</u>	<u>325,561</u>
At 31 March 2018	<u>234,441</u>	<u>250,344</u>	<u>484,785</u>

OLDHAM COMMUNITY LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

9. TANGIBLE FIXED ASSETS - continued

SOCIETY

	Improvements to property £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 April 2018	296,910	73,440	3,295	373,645
Additions	-	15,299	-	15,299
At 31 March 2019	<u>296,910</u>	<u>88,739</u>	<u>3,295</u>	<u>388,944</u>
DEPRECIATION				
At 1 April 2018	148,455	37,493	1,483	187,431
Charge for year	29,690	12,125	659	42,474
At 31 March 2019	<u>178,145</u>	<u>49,618</u>	<u>2,142</u>	<u>229,905</u>
NET BOOK VALUE				
At 31 March 2019	<u>118,765</u>	<u>39,121</u>	<u>1,153</u>	<u>159,039</u>
At 31 March 2018	<u>148,455</u>	<u>35,947</u>	<u>1,812</u>	<u>186,214</u>

10. STOCKS	Group 31/3/19	Group 31/3/18	Society 31/3/19 £	Society 31/3/18 £
Consumables	30,765	34,203	30,124	34,203
Resaleable	<u>7,064</u>	<u>6,850</u>	<u>7,064</u>	<u>5,370</u>
	<u>37,829</u>	<u>41,053</u>	<u>37,188</u>	<u>39,573</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
Trade debtors	209,779	96,271	209,779	96,271
Amounts owed by group undertakings	-	-	812,423	545,495
Prepayments and other debtors	<u>156,395</u>	<u>261,429</u>	<u>103,127</u>	<u>184,981</u>
	<u>366,174</u>	<u>357,700</u>	<u>1,125,329</u>	<u>826,747</u>

OLDHAM COMMUNITY LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
Trade creditors	428,455	220,145	417,436	201,255
Social security and other taxes	70,905	56,105	70,905	56,105
Accruals and deferred income	495,133	832,305	439,001	774,223
Loans (see note 14)	93,974	-	-	-
Finance leases (see note 15)	<u>152,110</u>	<u>152,110</u>	-	-
	<u>1,240,577</u>	<u>1,260,665</u>	<u>927,342</u>	<u>1,031,583</u>

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

	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
Loans (see note 14)	292,809	410,000	-	-
Finance leases (see note 15)	<u>152,041</u>	<u>304,186</u>	-	-
	<u>444,850</u>	<u>714,186</u>	-	-

14. LOANS

An analysis of the maturity of loans is given below:

	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
Amounts falling due within one year on demand: Other loans	<u>93,974</u>	-	-	-
Amounts falling between one and two years: Other loans – 1-2 years	<u>95,766</u>	-	-	-
Amounts falling due between two and five years: Other loans – 2-5 years	<u>197,043</u>	<u>410,000</u>	-	-
Amounts falling due in more than five years: Repayable by instalments: Other loans more than 5 years by instalment	-	-	-	-

OLDHAM COMMUNITY LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

15. LEASING AGREEMENTS

Finance Leases	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
Net obligations repayable:				
Within one year	152,110	152,110	-	-
Between one and five years	<u>152,041</u>	<u>304,186</u>	-	-
	<u>304,151</u>	<u>456,296</u>	-	-

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group 31/3/19 £	Group 31/3/18 £	Society 31/3/19 £	Society 31/3/18 £
	7,722	9,113	7,722	9,113
	<u>3,218</u>	<u>10,940</u>	<u>3,218</u>	<u>10,940</u>
	<u>10,940</u>	<u>20,053</u>	<u>10,940</u>	<u>20,053</u>

16. FINANCIAL INSTRUMENTS

	31/3/19 £ Group	31/3/18 £ Group	31/3/19 £ Society	31/3/18 £ Society
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>209,779</u>	<u>96,271</u>	<u>1,022,202</u>	<u>641,766</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(428,455)</u>	<u>(220,145)</u>	<u>(417,436)</u>	<u>(201,255)</u>

Financial assets measured at amortised cost comprise trade debtors and intercompany debtors.

Financial liabilities measured at amortised cost comprise trade creditors

17. CONTINGENT LIABILITIES

A loan of £386,783 (2018: £410,000) to Wellbeing Leisure from Oldham Metropolitan Borough Council is guaranteed by Oldham Community Leisure Limited.

Leasing commitments of £304,150 (2018: £456,296) entered into by Wellbeing Leisure have been guaranteed by Oldham Community Leisure Limited.

18. MEMBERS' LIABILITY

In the event of the Society being wound up the liability of the members is limited to any amount remaining unpaid on the member's single share.

OLDHAM COMMUNITY LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2019

19. SECURITY

As security for a bank overdraft facility Oldham Community Leisure Limited granted a debenture charge to the society's bankers, National Westminster Bank PLC. At the year end the overdraft facility remained unused.

20. PENSION COMMITMENTS

Oldham Community Leisure Limited (OCL) operates a pension scheme pooled with Oldham Council who are an admitted body to the Greater Manchester Pension Fund (GMPF). This scheme is a funded, defined benefit scheme. Contributions are charged in the Statement of Financial Activities as they accrue. The contributions not paid over to the scheme administrator at the year-end were £3,284 and are included in creditors and represent adjustments for maternity and armed forces adjustments, the main contribution for the month of March 2019 for employer and employee pension costs were paid in the month.

The OCL employees who opted to join the scheme prior to its closure are members of the GMPF scheme, which is, in its own right, a scheme of significant size.

Tameside MBC administer the GMPF scheme after taking advice from the scheme actuaries Hymen Robertson and does so predominantly on behalf of the Local Authorities of the Greater Manchester area, but this scheme now includes a substantial number of other independent entities that are not directly part of Local Government. The pension contributions made to the GMPF scheme by OCL and its employees represent only a small part of a significantly larger pension scheme. As such OCL has accounted for the contributions to the scheme as if it were a defined contribution scheme. This treatment is prescribed by FRS102, under the provisions of multi-employer schemes. The underlying assets and liabilities relating to OCL are not readily identifiable to OCL and therefore the deficit or surplus relating to the employer is not known at the date of approving the accounts.

The Actuaries constantly review the position and contribution levels are revised as appropriate but under OCL's contract with Oldham Council (under which GMPF scheme members are employed and which is closed to new members) the liability for additional employer contribution levels is capped at 17% with any excess being refunded annually by Oldham Council. This actuarial review process will mitigate the value of any potential liabilities and the refunding of any employer costs over the cap level will effectively make the Council liable to fund any deficit that might arise mitigating any implications of increased contribution costs to OCL to fund any such liability.

Additionally, the revised agreement states that "the liabilities and (if applicable) any share of surplus of the Employing Body in respect of the Eligible Employees are to be treated from the date of termination as if they were liabilities or surplus attributable to employees of the Guarantor."

In considering these factors it is felt by the Board that the appropriate treatment of the GMPF scheme is as a defined contribution scheme where the costs are charged to revenue as incurred.

The most recent triennial review of the scheme was using data to March 2016 published in March 2017 and as a result the employer's contribution rate to the scheme paid by OCL was revised to 20.6%. The next triennial review is scheduled for publication in 2020.