

1610 Limited

Report of the Trustees, Strategic Report and

Audited Financial Statements

For the Year Ended 31 March 2021

Registered Charity Number 1130010

Registered Company Number 06727055 (England and Wales)

1610 Limited
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For the Year Ended 31 March 2021

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1610 Limited
Reference and Administrative Information
For the Year Ended 31 March 2021

TRUSTEES:	Mr M Winlow Mr J Sladden Mr R Burt
SECRETARY:	Mr P Fox
REGISTERED OFFICE:	Trinity Sports & Leisure Chilton Street Bridgwater Somerset TA6 3JA
REGISTERED COMPANY NUMBER:	06727055 (England and Wales)
REGISTERED CHARITY NUMBER:	1130010
AUDITORS:	A C Mole Chartered Accountants and Statutory Auditors Stafford House Blackbrook Park Avenue Taunton Somerset TA1 2PX
BANKERS:	NatWest 26 – 27 Fore Street Taunton Somerset TA1 1JQ
SOLICITORS:	The Legal Director 107 Cheapside London EC2V 6DN

1610 Limited
Trustees' Annual Report (Incorporating the Strategic Report)
For the Year Ended 31 March 2021

The Trustees, who are also Directors for the purposes of company law, present their annual report and their strategic report with the financial statements for the year ended 31 March 2021.

Introduction from our CEO; Tim Nightingale

Welcome to the 1610 Ltd 2020/21 Trustee's report.

On March 21 2020, the UK Government announced the first COVID-19 Lockdown period for the entire nation. The 1610 Ltd annual accounts for 20/21 cover an unprecedented operating period dominated by the global COVID-19 pandemic. The direct impact of Government action to control the spread of the COVID virus saw 1610 Ltd fully closed for eight months of the twelve month operating year. The stark reality of the COVID 19 pandemic has been a year long commercial battle to financially survive the massive disruption to the 1610 business.

The Trust has emerged in 2021/22 from the successive 'lockdowns' as a viable business. This has largely been achieved by accessing the extensive financial support offered by Government and through the securing of contractual payments negotiated with partner Councils.

Throughout the year, the Trust core management Team undertook a comprehensive review of every aspect of business operation. The strategic aim was to reduce operating costs and implement new working practices to alleviate the loss of trade resulting from COVID 19. The 1610 staff team has been outstanding in the face of immense challenge and pressure.

Whilst the 8 month closure period was incredibly debilitating on staff morale, and on the existing customer base, the Trust has seen a highly positive return of users to sites since COVID regulations were relaxed in the UK in July 2021.

Without the support of UK Government, our local Government partners and help from suppliers 1610 could not have financially survived the past year of isolation and closure. All at 1610 are extremely grateful for the superb support that we have received.

Structure, Governance and Management

Governing Document

1610 Limited is a charitable company limited by guarantee, incorporated on 17 October 2008, and registered as a charity on 5 June 2009. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Principal Activities

The Trust operates seven leisure centres on behalf of local Councils in the Southwest UK. Together with 1610 owned sites these facilities provide community access to sporting / leisure / fitness services ensuring local rural facilities are available to everyone and the promotion of a fit and healthy lifestyle. Complementing the leisure contracts are a range of 1610 owned facilities and services that operate sports development, health, and wellbeing programmes.

Organisational Structure

1610 currently has 3 Board members. The Board normally meets four times per annum. During the COVID 19 Pandemic the Trust Board convened on a regular basis, through Zoom meetings, to update Trustees on the company position and seek approval for action.

The Board is serviced by a Company Secretary who is also the 1610 Legal Advisor. Specialist advisers to 1610 e.g., Accountants / Legal attend Board meetings to advise Trustees as required.

The Board delegates responsibility for daily operations to the Chief Executive and the Senior Leadership Team (SLT). This team has responsibility for the delivery of contractual outcomes, service specifications and to agree on Key Performance Indicators. Further pathways of delegation are in place from the CEO / SLT through to the wider management Team to operate the Trust business units across multiple venues in the Southwest.

Operational standards are defined through nationally recognised quality leisure management systems/frameworks that comprehensively document activities and processes for staff at all levels.

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Recruitment and Appointment to the Trust Board

Directors of the company are also charity Trustees for the purposes of charity law. They are elected to serve for 3 years retiring on the third anniversary of their appointment, after which they may be re-elected for a further 3 years. Potential new Trustees are identified through networking and recommendation; it is important to us that Trustees understand our ethos from the outset and are passionate about what we do.

The Board had been seeking to expand to 5 Trustees in 19/20 however, the closure of the business and UK through COVID Lockdown periods has postponed the search for new appointments.

Trustee Induction and Training

New Trustees are invited to meet the Senior Leadership Team members and are given a short induction at Trinity Sport and Leisure centre HQ to advise them on the operations, activities, and key personnel within the Trust. These sessions are led by the Chief Executive and other key senior staff and include:

- A welcome pack: including materials related to the Trust operations and governance (including the financial accounts), legal status and guidance from the Charity Commission on the responsibilities, obligations, and liabilities of becoming a Trustee.
- New Trustees are given an opportunity to visit one of the main Trust leisure operations to familiarise themselves with the core work and to meet Trust staff.
- New Trustees are also encouraged to contact the Chair of the Trust, a fellow Trustee, or the Company Secretary to gain a further insight into the day- to- day business and ethos of the organisation.
- Trustees are regularly updated on training opportunities at Board sessions including key functions around safeguarding and health and safety.
- All Trustees are given an induction as part of the Trust health and safety policy. Core training on health/safety and safeguarding is delivered to the Board on an annual basis or as and when significant changes to policy or UK Law dictate the need for a refresh.

Payments to Trustees

During the period, no remuneration has been paid to the Trustees or any person connected with them. Travelling expenses totalling £0 (2020: £0) were paid to Trustees during the period.

Our Aims and Objectives

1610 Trust purposes are defined in the objects set out in the company's Memorandum of Association and can be summarised as follows:

- The advancement and support of education, cultural services, and other related provision through direct management of facilities or related activity programmes.
- The delivery and management of leisure, recreation, and sports facilities particularly with a focus on provision for 'hard to reach' groups and key target groups that have barriers to participation.
- The promotion and delivery of health and wellbeing programmes with an emphasis on sport and physical activity.
- The advancement of physical education and sport.
- Other charitable proposals that have public benefit which are consistent with the core objectives of the trust.

1610 seeks to deliver high quality services to Somerset and wider Southwest communities. The core aims of our work is to develop 1610 facilities and programmes to improve health, sporting / leisure abilities and participation; contribute to raising the quality of life for the general community and supporting schools in their development of young people. Throughout this work, Trustees recognise that there is a need to ensure that the Trust observes Charity Commission guidance on public benefit to ensure alignment with activities and the core Trust aims and objectives.

How activities deliver public benefit

1610 serves a largely rural population in Southwest England through a network of leisure facilities. Four of the sites are dual-use in nature and this model maximises the use of leisure assets on school sites. This model often provides isolated or small rural communities with access to local sports, health, and learning facilities / programmes where there would be insufficient volumes of people to make dedicated leisure centres viable.

Through this network of centres, 1610 delivers a diverse programme, often being asked to target hard to reach groups, those that are financially or socially excluded, isolated communities or to work in areas with significant deprivation issues. 1610 works with groups and individuals creating many examples of life changing experiences. They are often achieved through using leisure / sport / health and fitness as a catalyst for altering the direction of a person's life or by providing new opportunities for a whole community.

1610 tackles many cross cutting social issues through leisure and sports offerings e.g., working with partners on crime reduction and diversionary activities offering young people parkour, paintballing, climbing and fitness programmes. This delivery is often in partnership with the public sector agencies, Health Authorities, Housing Associations, local authorities, and community action groups.

Strategic Report **Achievement and Performance**

Managing delivery of our aims

In normal operating years Senior Managers and the Trustees review the Trust aims, objectives and delivery on an annual basis against the yearly business plan that includes contractual targets and the annual budgets. Each department of the Trust produces annual work stream plans to enable successful programme delivery and overall development of the Trust business.

Through the UK Growth Accelerator Programme, 1610 fully embedded the Vision Orbit (VO) strategic business tool to review and development organisations performance. The annual VO, Vital Few and Single Page Plan form the basis of business planning within the company. Staff members at every level of the organisation use this tool to align activities.

During the 2020/21 the Trust managed a series of public sector service contracts in Southwest England:

- A ten-year leisure contract with Torridge District Council to operate four leisure centres in North Devon.
- A ten-year contract with Futures for Somerset, to operate two dual use leisure facilities as part of the PFI Building Schools for the Future initiative in Bridgwater, Somerset.
- A ten-year contract with Dorset Council to operate the £8.5m Dorchester Leisure Centre in Dorchester.

In 2020 the Futures for Somerset leisure contract was extended for a further five years to end in September 2025. In addition, Dorset Council indicated that it will be seeking to extend their contract for the operation for Dorchester Leisure Centre beyond October 2021.

The status of each contract is set out in the key activities section below. Each contract has a comprehensive performance framework that is monitored quarterly / annually by the Senior Leadership Team and the various Council contract commissioning bodies.

The Trust devises and develops other programmes for the core Trust business that generate income e.g., Sports development events, outdoor education delivery and apprenticeship opportunities. 1610 also owns / operates 5 sites that sit outside these contracts.

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What sets 1610 apart from other fitness/leisure providers is the changing role of the Trust – it's much more than just management of leisure centres. Since 2012 the Trust has actively pursued a wider community role, by increasing the choice of activities - from healthy living initiatives, adult learning programmes to workforce development and training for the leisure industry. Health and wellbeing are however the platform and common denominator to the activities, and the reason 1610 has a huge impact on people's lives.

Key KPIs for the Trust are:

- Number of people attending our sites;
- Meeting fitness standards;
- Number of customer complaints, linked to customer satisfaction;
- Health & Wellbeing attendances;
- Number of effective community and club partnerships;
- Numbers of Children enrolled on Swim Programmes;
- Number of Trust fitness members.

The Focus of Work 2020/21

Financial Risk Management / Business Stability

The onset of COVID 19 in the UK from March 2020 onwards totally dominated the focus of business activity for the year. The Trust Business plan was shelved as the Company faced significant risk and financial pressures:

- Successive national 'lockdowns' closing down 1610 sites and limiting population movement
- The introduction of strict health and safety requirements governing the limited access to sites and social distance rules reducing site capacities
- Increased operating costs to enable enhanced cleaning and sanitisation of entire facilities
- Staff sickness increase through COVID infection
- Managing key changes to HR practices linked to the newly introduced Furlough Scheme launched in May 2020.

The single focus throughout the year for the Trustees, SLT and staff teams has been the securing of the 1610 business amid the unique chaos created by the COVID pandemic.

Key activities 2020/21

The Trust SLT took steps to reduce commercial risk and revise the cost base of the company:

- **Finance**
- Holiday payments on Bank loans / vehicle leases / Equipment lease Costs / Photocopying Contracts were secured for varying terms between 3 / 6 months – re-scheduled payments came into effect in September 2020.
- Re-negotiations to freeze contracts under Force Majeure were conducted with a wide range of suppliers – DD collection companies / service suppliers to sites / Vending / Cleaning.
- Agreement was reached with suppliers on forward payments. 1610 did not pay annual upfront charges for services in 2020/21. Payments to external companies were re-negotiated to either monthly DD or quarterly e.g., landlord rental moved to monthly. This was designed to provide 1610 with some protection if companies become insolvent and to protect 1610 cash flow.
- Existing business support contracts had negotiated discounted – e.g., IT / Telecoms
- Debt reduction – the Trust elected to pay off loans within the original timescales for the borrowing. This enabled 1610 to end the year with much reduced financial liability despite the business closure.
- Energy costs to sites were reduced during lockdown as sites were mothballed. Under Force Majeure the energy contracts were flexed to relax the normal 80% minimum threshold payments on supply. 1610 paid actual costs.

Government COVID Support

- In April 2020, 1610 furloughed 390 staff for the 4-month lockdown period March – July 20. The Furlough scheme continued to be used by 1610, in varying degrees, throughout the entire year – in total 1610 received £1,149,084 in Furlough funds for 20/21.
- The Company accessed 'one-off' £180K Government grant support in May 2020 – providing urgent cashflow assistance. Additional Government grant funding was made available during each period of lockdown that followed – November 20 / January -March 21.
- VAT payment holidays and phased payments were agreed with HMRC.
- 100% rate relief was secured for all 1610 properties.
- As of March 31, 2021, sites remain closed. The Government COVID Roadmap set out a re-opening timetable for UK Business which completed in June 2021.
- In Sept 2020 the Board agreed to secure a £50k Bounce Back Loan from Nat West – underpinned by Government to aid cashflow.

Leisure Contract Renegotiations

- All three 1610 Council Leisure Service contracts contain Change in Law clauses that protect 1610 as the operator. Agreed payment arrangements were secured by 1610 based on loss of income / profit since the COVID 19 pandemic emerged.
- All three contract partners agreed to flex contractual matters to allow 1610 the ability to adjust opening times and operate in COVID safe environments with limited capacity.

1610 Operations

- 1610 relocated the Company HQ in July from Hestercombe House to Trinity Sports and Leisure Centre. This was a commercial decision as the new HQ is within an existing 1610 site. It is estimated that this will save 1610 £40-£45k per annum.
- The closure of the Hestercombe HQ also triggered the ending of the ODAT outdoor education Department, operating in the House grounds. This was a programme subsidised by the Trust for Education providers and children. Closure of the programme reduced costs by £20k per annum.
- The HQ team was reduced through 1 redundancy – costs circa £20k - and a retirement. This offered central staffing costs savings of £40k pa.
- The removal of ODAT activities, which carried high insurance risk had the effect of reducing annual insurance costs. The new annual Trust premium in August 2020 was £56,000 down from £94,500 in the previous year.
- 1610 closed one site operation at Preston School, Yeovil. The lease was terminated but mutual consent and site handed back to the Academy in Oct 2020.

HR

- 1610 constantly reviewed its workforce from the onset of the pandemic. At the beginning of the COVID 19 pandemic 1610 employed 398 staff, it substantially reduced the headcount of the company to approximately 200 people by March 2021. This reflects the significantly reduced capacity of facilities under COVID safe regulations.
- The Furlough scheme was extensively used by 1610 to offset staffing costs. The Trust is conducting re-structuring of site and central staff teams as cost saving measures as sites re-open.
- Throughout 'Lockdown' periods the company operated with a skeleton staff of 4 central staff and 3 site based employees.

Investment Policy

The vast majority of the funds the Trust generates on an annual basis is committed to annual operations. It is unlikely, in the short or medium term, that there will be significant funds generated for long term investment. The Board is keen to make provision for the development and growth of the reserve fund however, it is important

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that the Trust utilises its cash to develop business and support the agreed charitable outcomes. Cash in hand is currently held in a special interest-bearing account with NatWest. The bank offers a basic treasury service to maximise the investment of these funds whilst covering day to day operational business needs.

Reserves Policy

The Trustees recognise the requirement to establish a reserves policy; in setting the reserves policy the Trustees have considered the need to manage resources for the benefit of the charity's aims and objectives and to maintain financial stability, taking into account the risks and potential impact in the current economic environment.

The Trust has had a policy of holding a minimum Reserve of £200,000. As income covers operational costs the need to maintain reserves is based on any unforeseen call on funds, and for future capital and operational expenditure. This has been determined based on the Trust Risk Register; identifying the financial impact of these risks being realised, and future plans of the Trust. This level of reserves is considered acceptable as it meets the minimum reserves policy and allows the Trust to set aside resources to meet the requirements of the National Living Wage and for future investment projects.

For the first time in 1610 operating history the Reserves policy was tested by the COVID created economic conditions. The Trust had total reserves beyond the minimum level and levels of cash reserves never fell below £300,000 in the year.

The Reserves Policy is to be reviewed in 2021/22 and updated as a part of the planned COVID review of the business.

Key Management Remuneration and Performance Criteria

Remuneration for all job roles is evaluated according to the role and level of responsibility; and this applies to members of SLT (Senior Leadership Team), and the CEO. CEO remuneration is separately reviewed, set by the Trustees and agreed annually by the Board. SLT and the CEO are given clear objectives both in their area and at a strategic level; this is incorporated into the Trust's Vision Orbit Business Plan. These objectives are reviewed on a regular basis both at SLT level and at regular "job chats", which are the equivalent to appraisals. The CEO reports to the Board on the objectives together with performance of those objectives.

No general pay increases were awarded beyond the legal requirements in 20/21. The impact of Living wage remains a major annual financial pressure for the Trust. Maintaining pay differentials is a very difficult balancing act given the need to compete within an increasingly price aggressive sector.

Employee Information

The heart of a company is the staff team. 1610 is dependent on the skill and enthusiasm of its employees in order to achieve its business and charitable objectives. The Trustees are therefore committed to effective employee communication and equal opportunities. The selection, training development and promotion policies ensure equal opportunities for all employees regardless of gender, marital status, race, age, or disability. Internal communications are designed to ensure that employees are well informed about the activities of the charity and staff attitudes are researched so that the Senior Leadership Team can respond positively to the ideas and needs of employees.

The use of Workplace, a Facebook product for internal business communications, has had a very positive impact on staff engagement. 78% of staff have active accounts and this tool has enabled all staff, casual and remote based people, to access 1610 information and communications.

The Trust re-established external support for HR matters in March 2020 through a new 1-year contract with Mentor HR services. This has been a critical decision given the complexities of HR issues created by COVID 19.

Staffing is the major costs in leisure sector companies and 1610 has set an agenda to aspire to have fewer, better paid staff in the future. The nature of employment in this sector is also changing. More staff are moving to self-employed roles such as PT trainers / Instructors. It is likely that contractually terms will also move to more demand led work using zero hours contracts.

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The staff Payroll was under constant scrutiny during 20/21. Not only were the employee numbers halved but the Trust also reviewed Terms and conditions and supporting administration linked to employment. This work was undertaken in-house and with Mentor HR support

Gender Pay Gap reporting was suspended for the year under dispensation from Government

Financial Review

The headline financial information for 2020/21:

- Due to the 8-month COVID Lockdown period the Trust recorded a huge drop in total income to £3,502,797 (2020: £2,835,558 for 6 month period)
- The Trust posted total sales of £2,021,331 for the 4 months of 'live' operating
- Other income also includes 'one off' Government grants and Change of Law payments
- The key to remaining viable was the influx of external funds from Government and Council partners. The Furlough scheme alone provided £1,149,084 to help underpin costs
- Expenditure was controlled via the various mechanisms set out in the strategic report
- Despite the economic conditions The Trust continued to repay its long-term liabilities – with amounts due after more than one year reducing to (£159,413) from (£327,386) within the year
- The Trust generated a loss for the 20/21 year of (£227,981) (2020: profit £108,452)
- The most serious impact on the Trust position was the movement in the forecast of liabilities for the Dorset LGPS, increasing the Trust pension liabilities by £366,000 to (£674,000). This was a significant negative swing from the previous year when the pension liability fell by a similar amount
- As a result of the above the Trust total reserves fell to £919,798, down from £1,483,779 in 2019/20. a net movement in funds of (£563,981)

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the company will have sufficient funds to pay debts as and when they fall due and continue in operation for a period of at least twelve months from the date of authorisation of the financial statements.

As detailed in the Trustees' Report, the COVID 19 pandemic has had a significant impact on the company's operations and measures taken by Government to contain the virus have negatively affected results in the current and subsequent reporting periods.

Having managed the significant operational and financial impacts to date, the trustees and SLT are confident that the Trust has adequate funds to continue in operation for a period of at least 12 months from approval of the financial statements.

The Trustees and SLT have regularly reviewed forecasts which indicate that the company has sufficient cash available to continue to operate and these financial statements have therefore been prepared on a going concern basis.

However, the duration of the COVID 19 crisis still remains unknown and there is continued uncertainty over the potential future impact of the pandemic. The pandemic could have further and continued negative impacts on the company's operations beyond those already forecast and the company may experience further negative results, and cash constraints as a result.

As a result, there is a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

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Plans for Future Periods

2021/22

In normal years the Trust prepares annual business plans and financial forecasts for the delivery of commissioned services and developmental work. 2020/21 has been a unique year and the start of 2021/22 still had all 1610 facilities closed due to national lockdown.

1610 SLT and Board have used the closure periods to set out a simple six-point business plan for 2021/22. The ability to deliver this plan is subject to a successful emergence from lockdown and initiating a plan to re-open all sites. The likely return of business was an unknown factor.

The 2021/22 Trust Plan sets out:

1. To obtain 80% of the business back by March 2022.
2. To relaunch and repackage the 1610 Health and Wellbeing offer, our emphasis will be on being healthy not fit
3. To rollout a digital transformation strategy evolving and improving all 1610 internal and external platforms
4. Position all staff to embody 1610 DNA – delivered through enhanced training and recruitment
5. To position 1610 as an environmentally conscious thoughtful business, reducing its carbon footprint
6. To develop and evolve all 1610 own facilities to ensure that they are profitable and sustainable individual business units

The key tasks for the Trust will be to re-launch all sites with COVID safe environments that build customer confidence and aid their return to activity. There are now competitors that have emerged during lockdowns – online providers, outdoor activity and home gym solutions have all gained traction in the fitness market due to people being confined to home or the immediate locality

Financial viability remains paramount for the Trust. This will involve the switching from considerable external funding support back to growing and sustaining the usual 1610 business income streams.

To aid this transition 1610 has successfully helped Council partners to secure funding from the Sport England National Leisure Recovery Fund. These funds will be available to pump prime the return of activity programmes, extend opening hours, and subsidise activity to all time for customers to develop confidence to return to sites post Lockdown

Principal Risks and Uncertainties

A full review of the Business Risk Register takes place during the year; this is reviewed on a regular basis and the Board is presented with a Business Risk Improvement Plan at each Board meeting, together with any additional risks that are identified. The risk assessment covers all areas of the business including operational, financial, compliance, external and governance risks, particularly in the light of any new projects undertaken and changes to the political climate and local economies.

The current principal risks and uncertainties faced by the Trust are:

- The short- and medium-term impact of COVID 19 – and the potential for further lockdown closures
- Viability and cash flow of 1610
- Recruitment and retention of staff
- Non extension of existing service contracts over the next two years
- Reliance on low margin activities.
- Major Plant failure at sites – impact of lockdown on assets 'mothballed' for several months
- Growth of online leisure providers / Home fitness market
- Loss of key management (Trustee/CEO/SLT)
- Failure of Duty of Care (Health & Safety and safeguarding)
- Increasing Pension liabilities with the Dorset LGPS

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Systems and processes have been put in place to manage and mitigate the risks 1610 face

- For health and safety and safeguarding, external consultants are used to assess operational performance and highlight risk management issues and actions needed.
- All staff undergo formal training and regular update courses to ensure they understand their responsibilities with regard to safeguarding. Recruitment processes are robust ensuring everyone follows due process and all staff are Disclosure and Barring Service (DBS) cleared before they can commence employment with the Trust.
- The Trust uses QUEST, a national accredited quality assurance sports framework, to externally assess all aspects of operational performance - highlighting excellence and areas for improvements
- These external processes support periodic reviews at Board level prompting adjustment to operations as risks change or new challenges arise.
- External HR support and advice is provided by Mentor

Robust and rigorous financial processes are in place to ensure performance is regularly reviewed on a daily / weekly and monthly level and corrective action taken quickly. This has been essential during the COVID pandemic.

Whilst significant reliance is placed on the CEO and SLT's skills; each has a strong team supporting them and no individual works in isolation, ensuring adequate cover can be put in place immediately, temporary cover could also be provided by recruiting external professionals, together with support from the Trustees.

At a more strategic level, legal and financial risks are identified and mitigated through our work with professional advisers and auditors.

1610 continually strives to improve their margins by developing their own branded products and reviewing work practices to ensure the Trust operates as efficiently as possible. 1610 remains flexible in its approach to ensure it can adapt to changes in legislation and contractual requests.

Pool plant failure will always remain a risk that is difficult for 1610 to mitigate against, however we work closely with our contractual partners to ensure the plant is maintained appropriately where it is our direct contractual responsibility to do so.

Risk management is a standing item on the monthly Senior Leadership Team agenda and quarterly Board agenda.

Financial Risk Management Objectives and Policies

The trustees are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate, and manage the key risks.

a) Price risk - The charity is exposed to price risk as a result of its operations. Due to the economic climate and new leisure budget operator competition the charity has to sell and provide services at competitive prices in order to maintain membership levels.

b) Credit risk – Due to the charity's activities, credit is very rarely given. Any credit extended to customers is subject to appropriate review and monitoring.

c) Liquidity risk – COVID 19 pandemic has made this the core focus of daily life. Trustees have regularly been updates on cash flow and financial risk. Support been requested from the Trust financial advisors and commercial lenders to help manage the Trust business through the pandemic.

d) Cash flow risk - the CEO / Finance Team normally meet every quarter with the Trust Bank representatives to review the position of the Trust loans / leases and investments. Cashflow was monitored daily during 20/21 financial period.

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e) Economic risk - The charity's performance is directly impacted by the economic environment. In order to manage this risk, the charity strives to deliver competitively priced products and services. The charity is actively concentrating on improving efficiency and reducing costs.

f) Credit Rating – the Trust is aware that it is essential to maintain a strong, positive financial profile. The Trust credit rating is reviewed periodically to monitor the health of the Trust finances.

g) Post COVID Business Returning – the return from lockdown and following 6-12 months will be a pivotal moment in defining how 1610 recover from the pandemic.

Post balance Sheet Events - April 2021 onwards

- **Emergence from lockdown – April -July 2021**

As of March 31, 2021, sites remain closed. The Government COVID Roadmap set out a re-opening timetable for UK Business scheduled for completion in June 2021. This is now in place and all ten 1610 operated facilities are back in operation – some with reduced opening.

- **Business Return**

1610 has seen substantial parts of business return since re-opening in April 2021. The key area of Swim programme has experienced up to 80% return of members within three months. Fitness membership return has been approximately 65% of business return within the first 3 months of full re-opening.

- **Cashflow**

The Trust cashflow position and cash reserves have been stabilised and are now replenished. Reserves are back at pre-COVID levels with approximately £760,000 available as at 7 October 2021.

- **National Leisure Recovery Fund**

1610 has secured NLRF funding for Caryford, South Molton and Trinity leisure sites. Additional funding for Devon sites and Dorchester has been secured by partner Councils. These Sport England awards are helping to underpin the slow re-opening of sites, programmes, and individual business areas such as Cafes.

- **Workforce & Recruitment**

1610 is now operating with a workforce of 192 staff – down from 379 staff in May 2020. As with many UK businesses in the first 6 months of 2021/22 1610 has faced very challenging condition in the labour market. This has had a detrimental impact on the re-opening and re-growth of the business. 1610 fully exited the Furlough scheme at the end of June 2021.

COVID related illness still presents business risks across all sites

- **Financial Performance**

The Trust has been able to move back in to profit during the first six months of re-opening and re-launching business activity. It has also been possible to settle delayed Lockdown related payments to suppliers, HMRC and funders leaving 1610 in a stronger financial position to face any further challenges from COVID 19.

Savings in revenue that have been outlined in this strategic report are helping to underpin the return to profitability.

- **Dorset Council Leisure Contract**

The Trust has been asked to consider if it will accept a 5-month contract extension for the management of Dorchester Leisure Centre. This extends the contract from October 2022 to March 2023.

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- **Torridge District Council Leisure Contract**
The Council has confirmed that it is intending to move the leisure operations in Torridge back to an 'inhouse' model at the end of the ten-year contract period – April 2022.
- **ICT Upgrade**
1610 has completed a major ICT infrastructure upgrade (£40k,) funded by cash reserves, to move systems to 'cloud based' platforms. This will future proof the organisation operations and help facilitate homeworking and flexible working. The upgrade has delivered 'back office' revenue savings and will assist in maintaining business operations in the event of further 'lockdowns'.

Trustees' Responsibility Statement

The Trustees, who are also Directors of 1610 Limited for the purposes of company law, are responsible for preparing the Trustees' Report (incorporating the Strategic Report) and the financial statements in accordance with 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

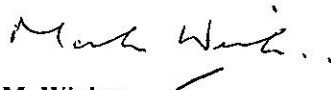
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the Trustees are aware:

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

Authorisation of Financial Statements, Trustees' Report and Strategic Report

The financial statements, which incorporate the Trustees' Report, the Trustees' Responsibilities, and the Strategic Report, were approved by the Board of Trustees on and signed on their behalf by:



M. Winlow
Trustee

14 October 2021

1610 Limited
Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2021

Opinion

We have audited the financial statements of 1610 Limited (the 'Charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows 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 Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company 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 in relation to going concern

We draw attention to note 1 in the financial statements which indicates that the charitable company faces continued uncertainty regarding the impact of the coronavirus pandemic on the company's operations and therefore results and cash reserves.

As stated in note 1, these events or conditions, along with other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in this matter.

Other information

The trustees are 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, 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

1610 Limited
Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2021

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 prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report (incorporating the strategic and directors' report).

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

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

1610 Limited
Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks of material misstatement due to irregularities

We considered the following when identifying and assessing risks of material misstatement due to irregularities, including fraud and non-compliance with laws and regulations:

- the legal and regulatory framework in which the charitable company operates
- the sector in which the charitable company operates
- the control environment and controls established to mitigate such risks
- the results of our enquiries of management about their identification and assessment of risks of irregularities
- discussions with the audit engagement team about where fraud might occur
- the incentives for fraud.

Laws and regulations which are considered to be significant to the charitable company include those relating to the requirements of financial reporting framework FRS102, the Companies Act 2006, the Charities Act 2011, UK tax legislation, employment law and health and safety. In addition, we consider other laws and regulation which may not directly impact the financial statements but may impact on the operation of the charitable company.

As a result of these procedures we concluded, in accordance with International Auditing Standards, that a risk in relation to the potential for management override of controls existed.

Audit responses to risks identified

We undertook audit procedures to respond to the risks identified, and designed our audit testing to respond to these risks. The additional procedures we undertook included the following:

- gaining an understanding of the charitable company's procedures for ensuring compliance with laws and regulations
- testing the appropriateness of journal entries and other adjustments
- considering whether accounting estimates were indicative of potential bias
- considering whether any transactions arose outside the normal course of business
- making enquiries of management
- corroborating our enquiries through review of Board Minutes and correspondence.

1610 Limited
Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2021

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

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.

Alexandra Shore

Alexandra Shore FCA DChA (Senior Statutory Auditor)
For and on behalf of A C Mole
Chartered Accountants and Statutory Auditors
Stafford House
Blackbrook Park Avenue
Taunton
Somerset TA1 2PX

14th October 2021

A C Mole is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

1610 Limited
Statement of Financial Activities (incorporating the Income and Expenditure Account)
For the Year Ended 31 March 2021

		Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	Note	£	£	£	£
INCOME FROM					
Donations and legacies	3	319,221	-	319,221	169,755
Charitable activities	4	2,021,331	-	2,021,331	2,578,549
Other trading activities	6	13,017	-	13,017	86,706
Investments		144	-	144	548
Other income	5	1,149,084	-	1,149,084	-
Total Income		3,502,797	-	3,502,797	2,835,558
EXPENDITURE ON					
Raising funds	6	16,727	-	16,727	50,479
Charitable activities	7	3,700,969	13,082	3,714,051	2,676,627
Total Expenditure		3,717,696	13,082	3,730,778	2,727,106
Net (expenditure)/income		(214,899)	(13,082)	(227,981)	108,452
Transfer between funds	21	15,296	(15,296)	-	-
Net (expenditure)/income after transfers		(199,603)	(28,378)	(227,981)	108,452
Other recognised (losses)/gains					
Remeasurement of defined benefit pension schemes	22	(336,000)	-	(336,000)	374,000
Net movement in funds		(535,603)	(28,378)	(563,981)	482,452
Total funds brought forward		1,308,699	175,080	1,483,779	1,001,327
Total funds carried forward	21	773,096	146,702	919,798	1,483,779

The results for the period derive from continuing activities and there are no gains or losses other than those shown above.

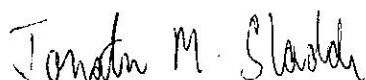
These accounts show the results for the period from 1 April 2020 to 31 March 2021.
The comparative figures show the results for the 6 months ended 31 March 2020.

The notes form part of these financial statements.

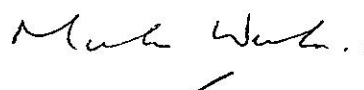
1610 Limited
Balance Sheet (registered no: 06727055)
As at 31 March 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	11		1,503,620		1,963,997
Investments	12		<u>1</u>		<u>1</u>
			1,503,621		1,963,998
CURRENT ASSETS					
Stocks	13	20,784		29,694	
Debtors	14	563,829		385,513	
Cash at bank		<u>354,525</u>		<u>410,152</u>	
		939,138		825,359	
CREDITORS					
Amounts falling due within one year	15	<u>(689,548)</u>		<u>(640,192)</u>	
NET ASSETS LESS CURRENT LIABILITIES			249,590		185,167
CREDITORS					
Amounts falling due after more than one year	16		(159,413)		(327,386)
PENSION LIABILITY	22		(674,000)		(338,000)
			<u>919,798</u>		<u>1,483,779</u>
NET ASSETS					
CAPITAL AND RESERVES					
Unrestricted income funds	20		749,825		1,285,428
Designated funds	20		<u>23,271</u>		<u>23,271</u>
Total unrestricted funds			773,096		1,308,699
Restricted funds	20		146,702		175,080
Total Reserves			<u>919,798</u>		<u>1,483,779</u>

The financial statements were approved by the Board of Directors on ~~14 October~~ 2021 and were signed on their behalf by:



J Sladden
TRUSTEE



M Winlow
TRUSTEE

The notes form part of these financial statements.

1610 Limited
Statement of Cashflows
For the Year Ended 31 March 2021

		2021 £	Restated 2020 £
	Note		
Cash flows from operating activities			
Net cash generated by/(used in) operating activities	1	<u>128,742</u>	<u>(28,191)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(21,035)	(77,309)
Sale of tangible fixed assets		20,897	2,840
Interest received		<u>144</u>	<u>548</u>
Net cash (used in) investing activities		<u>6</u>	<u>(73,921)</u>
Cash flows from financing activities			
Loan repayments		(107,204)	(47,288)
Hire purchase repayments		(127,171)	(90,824)
Cash inflows from new borrowing		<u>50,000</u>	<u>-</u>
Net cash (used in) financing activities		<u>(184,375)</u>	<u>(138,112)</u>
(Decrease) in cash and cash equivalents		(55,627)	(240,224)
Cash and cash equivalents at beginning of year	2	410,152	650,376
Cash and cash equivalents at end of year	2	<u>354,525</u>	<u>410,152</u>

The notes form part of these financial statements.

1610 Limited
Notes to the Statement of Cash Flows
For the Year Ended 31 March 2021

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO CASH GENERATED FROM OPERATIONS

	2021	Restated 2020
	£	£
Net (expenditure)/income	(227,981)	108,452
Net interest expense	13,979	13,580
Depreciation charges	332,910	180,648
Loss/(Profit) on disposal of fixed assets	127,605	(2,840)
Decrease/(Increase) in stocks	8,910	(2,635)
(Increase)/Decrease in debtors	(178,316)	38,856
Increase/(Decrease) in creditors	51,635	(364,252)
Cash generated by/(used in) operations	<u>128,742</u>	<u>(28,191)</u>

2 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 Balance Sheet amounts:

	2021	2020
	£	£
Cash at bank and in hand	10,006	10,584
Short term investments – deposit account	344,519	399,568
	<u>354,525</u>	<u>410,152</u>

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

1 ACCOUNTING POLICIES

General information

1610 Limited carries out its objects as noted in the Trustees' annual report. The company is a charitable company and is incorporated and domiciled in the UK. The address of the registered office is Trinity Sports and Leisure, Chilton Street, Bridgwater, Somerset, TA6 3JA.

Accounting Period

These accounts show the results for the 12 month period 1 April 2020 to 31 March 2021. The comparative figures show the results for 6 months from 1 October 2019 to 31 March 2020.

Basis of preparation and statement of compliance

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) and the Companies Act 2006.

1610 Limited meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy note(s).

Preparation of the accounts on a going concern basis

The financial statements have been prepared on a going concern basis, which assumes that the company will have sufficient funds to pay debts as and when they fall due and continue in operation for a period of at least twelve months from the date of authorisation of the financial statements.

As detailed in the Trustees' Report, the COVID 19 pandemic has had a significant impact on the company's operations and measures taken by Government to contain the virus have negatively affected results in the current and subsequent reporting periods.

Having managed the significant operational and financial impacts to date, the trustees and SLT are confident that the Trust has adequate funds to continue in operation for a period of at least 12 months from approval of the financial statements.

The Trustees and SLT have regularly reviewed forecasts which indicate that the company has sufficient cash available to continue to operate and these financial statements have therefore been prepared on a going concern basis.

However, the duration of the COVID 19 crisis still remains unknown and there is continued uncertainty over the potential future impact of the pandemic. The pandemic could have further and continued negative impacts on the company's operations beyond those already forecast and the company may experience further negative results, and cash constraints as a result.

As a result, there is a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

1 ACCOUNTING POLICIES - Continued.

Summary of significant accounting policies

The principal accounting policies adopted, critical accounting estimates, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been applied consistently unless otherwise stated.

Income

All income is recognised once the Charity has entitlement to the resources, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability and is not deferred.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where the criteria for recognition are met in advance of grants actually being received then the income is recognised within the statement of financial activities and amount due included within accrued income in debtors.

Income from grants which relate to the Government's Coronavirus Job Retention Scheme are included within other income, in the period in which the Charity becomes entitled to the income. Where this is in advance of the income being received this is recognised as accrued income within debtors.

Income from change of law payments are included within income from charitable activities in the period in which the Charity becomes entitled to the income. Where this is in advance of the income being received this is recognised as accrued income within debtors.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to the category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of support costs.

Raising funds comprises all costs associated with raising additional funds for Charity through vending and other sales.

Charitable activities comprise all costs directly incurred in undertaking activities to fulfil the Charity's objects, together with any support costs allocated in accordance with the support cost accounting policy as described below.

Other expenditure represents those items not falling into any other heading.

Support costs include administration and head office costs not directly attributable to particular charitable activities are apportioned to charitable activities as detailed in note 8 to the financial statements.

I ACCOUNTING POLICIES - Continued.

Fund accounting

The unrestricted general fund represents the accumulation of the Charity's income and expenditure that has not been earmarked for specific projects and is not considered by the Trustees to be for a restricted purpose. To the extent that the fund is represented by readily realisable assets it provides a means of financing the day-to-day operations.

Designated funds represent amounts set aside by the Trustees for a particular purpose.

Restricted funds represent the funds received by the Charity for particular purposes as directed by the donors.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised on the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Tangible Fixed Assets

Tangible fixed assets costing over £500 are initially recorded at cost. Depreciation is provided at the following annual rates in order to write off the cost less estimate residual value of each asset over its estimated useful life:

Leasehold improvements	-	straight-line over the remaining lease term.
Sports equipment:	- Cardio equipment	- straight-line over 10 years.
	- Resistance equipment	- straight-line over 10 years.
All other fixtures and equipment:	-	straight-line over 10 years.
Computer Software	-	straight line over 10 years.

Investments in Subsidiary Undertakings

Investments in subsidiary undertakings are measured at cost and reviewed annually for impairment. On the basis that the subsidiary is not material to the group, consolidated accounts have not been prepared.

Stocks

Stocks and work in progress is stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions

Provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 ACCOUNTING POLICIES – Continued

Financial instruments

Basic financial assets, including trade and other debtors, cash and bank balances and investments in term deposits, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment losses are recognised in profit or loss.

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price. Trade and other creditors are measured at amortised cost using the effective interest method. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Pension costs and other post-retirement benefits

Defined contribution pension plan

- (a) The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions to a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

- (b) The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of future payments (discount rate).

The fair value of plan assets is measured in accordance with FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of financial activities. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan, recognised in the profit or loss as employee costs, except where included in the cost of an asset, comprises:

- i) The increase in pension benefit liability arising from employee service during the period; and
- ii) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is recognised in the statement of financial activities as a finance expense.

1 ACCOUNTING POLICIES - Continued.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Defined benefit pension scheme

- (a) The company has an obligation to pay pensions benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures relating to the defined benefit pension scheme.

2 NET (EXPENDITURE)/INCOME

Net (expenditure)/income is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation	332,910	180,648
Auditors remuneration for audit work	13,800	6,602
Auditors remuneration for accountancy services	5,000	3,042
Auditors remuneration for taxation and other services	15,775	13,126
(Profit)/Loss on disposal of fixed assets	127,605	(2,840)
Interest on bank loans	1,787	3,153
Interest on hire purchase	12,336	10,975
Rentals under operating leases – plant and machinery	16,042	15,383

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

3 DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Grants & donations	319,221	-	319,221	169,755	-	169,755
	<u>319,221</u>	<u>-</u>	<u>319,221</u>	<u>169,755</u>	<u>-</u>	<u>169,755</u>

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

4 INCOME FROM CHARITABLE ACTIVITIES

	Management Fee £	Change of Law £	Membership £	Sports Activities & Swimming Pool £	Other Income £	2021 Total £	2020 Total £
Devon contract	128,754	236,033	(6,148)	6,868	568	366,075	584,970
BSF contract	128,000	298,513	102,822	126,283	25,055	680,673	815,753
Dorset contract	238,296	359,299	115,786	125,985	16,050	855,416	831,379
Activities	-	-	92,040	3,494	23,633	119,167	346,447
Total 2021	495,050	893,845	304,500	262,630	65,306	2,021,331	2,578,549
Total 2020	263,603	-	1,112,752	912,592	289,602	2,578,549	

5 OTHER INCOME

	Unrestricted	Restricted	2021	2020
	£	£	Total	Total
			£	£
Coronavirus Job Retention Scheme	1,149,084	-	1,149,084	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,149,084	-	1,149,084	-
	<hr/>	<hr/>	<hr/>	<hr/>

6 OTHER TRADING ACTIVITIES

	Income from Vending and Bar Sales		Raising Funds - Cost of Sales	
	2021	2020	2021	2020
	£	£	£	£
Devon contract	214	3,958	5,896	4,608
BSF contract	9,486	70,844	6,741	36,807
Dorset contract	2,923	6,920	1,900	6,309
Activities	394	4,984	2,190	2,755
	<hr/>	<hr/>	<hr/>	<hr/>
Total Sites	13,017	86,706	16,727	50,479
	<hr/>	<hr/>	<hr/>	<hr/>

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

7 EXPENDITURE ON CHARITABLE ACTIVITIES

	Staff Costs £	Premises & Equipment Costs £	Onsite Admin Costs £	Other Costs £	Total Direct Costs £	Support Costs (Note 8) £	2021 Total £	2020 Total £
Devon contract	487,511	189,336	1,128	927	678,902	112,454	791,356	641,121
BSF contract	542,221	158,947	2,447	4,566	708,181	167,245	875,426	746,039
Dorset contract	610,093	231,684	1,744	-	843,521	165,059	1,008,580	778,771
Activities	303,430	393,591	4,943	4,670	706,634	332,055	1,038,689	510,696
Total 2021	1,943,255	973,558	10,262	10,163	2,937,238	776,813	3,714,051	2,676,627
Total 2020	1,489,173	858,822	138,266	37,357	2,523,618	153,009	2,676,627	

8 SUPPORT COSTS

	Staff Costs £	Premises Costs £	IT & Office Costs £	Legal & Professional Fees £	Finance Costs £	2021 Total £	2020 Total £
Devon contract	25,025	63,030	23,391	-	1,008	112,454	24,811
BSF contract	24,211	115,362	26,274	-	1,398	167,245	45,460
Dorset contract	50,049	81,091	30,453	2,021	1,445	165,059	32,813
Activities	659	146,153	79,599	88,663	16,981	332,055	49,925
Total 2021	99,944	405,636	159,717	90,684	20,832	776,813	153,009
Total 2020	21,797	41,085	40,024	31,210	18,893	153,009	

Support costs have been allocated to the contracts on the basis of directly relating to a specific contract or apportioned as follows: Staff costs – based on percentage of income from each contract; Other costs – by number of contracts.

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

9 STAFF COSTS

	2021	2020
	£	£
Salaries and Wages	1,881,244	1,391,743
Social security costs	97,675	71,599
Pension costs	64,280	47,628
	<hr/>	<hr/>
	2,043,199	1,510,970
	<hr/>	<hr/>

One employee's emoluments fell within the band of £110,000 - £119,999 and pension contributions on behalf of this employee amounted to £2,467 for the year. (2020: One employee's emoluments fell within the band of £110,000 - £119,999 and pension contributions on behalf of this employee amounted to £7,400 for the year).

Some employees are members of a defined benefit pension scheme, details of which are provided in note 22.

Key management personnel remuneration is disclosed in note 23.

The average number of employees during the period, analysed by contract, was as follows:

	2021	2020
Devon Contract	71	92
BSF Contract	81	109
Dorset Contract	67	93
Activities	41	112
	<hr/>	<hr/>
Total Direct Staff	260	406
Head Office Admin Support	14	15
	<hr/>	<hr/>
	274	421
	<hr/>	<hr/>

10 TRUSTEES' REMUNERATION

During the period, no remuneration has been paid to the Trustees or any person connected with them (2020: £Nil). No travelling expenses were paid to Trustees (2020: £Nil).

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

11 FIXED ASSETS

	Leasehold Property Improvements	Fixtures and Equipment	Computer Software	Total
	£	£	£	£
Cost				
At 1 April 2020	1,999,459	2,434,206	107,633	4,541,298
Additions	-	18,988	2,047	21,035
Disposals	(442,893)	(488,099)	-	(930,992)
At 31 March 2021	1,556,566	1,965,095	109,680	3,631,341
Depreciation				
At 1 April 2020	828,817	1,735,698	12,786	2,577,301
Charge for period	181,694	140,307	10,909	332,910
Eliminated on disposal	(312,145)	(470,345)	-	(782,490)
At 31 March 2021	698,366	1,405,660	23,695	2,127,721
Net Book Value				
At 31 March 2021	858,200	559,435	85,985	1,503,620
At 31 March 2020	1,170,642	698,508	94,847	1,963,997

Included within fixed assets are assets with a net book value of £216,232 (2020: £329,207) relating to assets held under finance lease agreements. The depreciation charged in the period in respect of assets held under finance lease agreements amounted to £27,591 (2020: £21,120).

12 INVESTMENTS

	Total
	£
Cost	
At 1 April 2020 and at 31 March 2021	<u>1</u>
Net Book Value	
At 31 March 2021	<u>1</u>
At 31 March 2020	<u>1</u>

1610 Limited owns 100% of the subsidiary Incedo Limited. The company was dormant during the period.

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

13 STOCKS

	2021	2020
	£	£
Trading stock	20,784	29,694
	<hr/>	<hr/>
	20,784	29,694
	<hr/>	<hr/>

14 DEBTORS

	2021	2020
	£	£
Trade debtors	162,473	36,422
Other debtors	33,888	33,933
Prepayments	57,022	116,281
Accrued income	303,580	192,011
Amount owed by subsidiary undertaking	6,866	6,866
	<hr/>	<hr/>
	563,829	385,513
	<hr/>	<hr/>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	142,833	100,054
Social security and other taxes	130,534	55,059
Finance leases	71,508	137,355
Other creditors	50,743	49,603
Bank loans	7,641	67,984
Accruals	147,861	201,051
Deferred income	138,428	29,086
	<hr/>	<hr/>
	689,548	640,192
	<hr/>	<hr/>

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Finance leases	77,310	126,298
Deferred income	35,547	159,458
Bank loans	46,556	41,630
	<u>159,413</u>	<u>327,386</u>

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Bank loans		
Amounts falling due within one year	<u>7,641</u>	<u>67,984</u>
Amounts falling due between one and two years	<u>10,000</u>	<u>41,630</u>
Amounts falling due between two and five years	<u>36,556</u>	<u>-</u>

17 SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Creditors: amounts falling due within one year:		
Finance leases	71,508	137,355
Bank loans	7,641	67,984
Creditors: amounts falling due after one year:		
Finance leases	77,310	126,298
Bank loans	46,556	41,630
	<u>203,015</u>	<u>373,267</u>

The finance leases are secured on the related leased assets.

The bank loans are secured by a fixed charge over all plant and machinery and goodwill, owned now or in the future and a floating charge over all other property assets and rights of the company.

18 CONTINGENT LIABILITY

The Charity had guaranteed its payment obligations under a contract for the management of leisure facilities by arranging performance bonds for £90,723 and £70,958. These expired on 31 March 2021.

19 LEASE COMMITMENTS

Hire purchase contracts

Minimum lease payments fall due as follows:

	2021	2020
	£	£
Net obligations repayable:		
Within one year	77,467	137,355
Between one and five years	71,351	126,298
	<hr/>	<hr/>
	148,818	263,653
	<hr/>	<hr/>

Other operating leases

	2021	2020
	£	£
Non-Cancellable operating leases		
Minimum payments under the leases are as follows:-		
Leases expiring:		
Within one year	9,188	13,715
Between one and five years	6,854	8,719
	<hr/>	<hr/>
	16,042	22,434
	<hr/>	<hr/>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Net current assets	Long term Liabilities	Pension Liability	Total
	£	£	£	£	£
Restricted Income Funds					
GAP funding	-	1,302	-	-	1,302
Torridge	8,567	-	-	-	8,567
South Molton	136,833	-	-	-	136,833
Total Restricted Funds	145,400	1,302	-	-	146,702
Unrestricted Income Funds					
Trinity Sinking Fund - designated	-	23,271	-	-	23,271
Unrestricted Income Funds	1,358,221	225,017	(159,413)	-	1,423,825
Pension Reserve	-	-	-	(674,000)	(674,000)
Total Unrestricted Funds	1,358,221	248,288	(159,413)	(674,000)	773,096
Total Funds	1,503,621	249,590	(159,413)	(674,000)	919,798

Purposes of Restricted Funds

- GAP funding is for supporting the programme of play schemes in Glastonbury. The money was for purchasing and maintaining equipment to benefit the children.
- Torridge District Council provided funds to improve the facilities at Torridge.
- South Molton provided funds to cover any deficit caused by running this facility.

Purposes of Designated Funds

The Trustees have set aside the following designated fund:

- The Trinity sinking fund – which represents fund set aside in respect of future facilities management services of the Trinity centre.
- The Pension Reserve relates to the defined benefit pension scheme as detailed in note 22.

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

21 MOVEMENT IN FUNDS

	Balance as at 1 April 2020	Income	Expenditure	Transfers	Actuarial Loss	Balance as at 31 March 2021
	£	£	£	£	£	£
GAP funding	1,302	-	-	-	-	1,302
South Molton	157,200	-	(5,071)	(15,296)	-	136,833
Torrige	16,578	-	(8,011)	-	-	8,567
Total Restricted Funds	175,080	-	(13,082)	(15,296)	-	146,702
Trinity Sinking Fund - designated	23,271	-	-	-	-	23,271
Unrestricted Income Funds	1,623,428	3,502,797	(3,717,696)	15,296	-	1,423,825
Pension Reserve	(338,000)	-	-	-	(336,000)	(674,000)
Total Unrestricted Funds	1,308,699	3,502,797	(3,717,696)	15,296	(336,000)	773,096
Total Funds	1,483,779	3,502,797	(3,730,778)	-	(336,000)	919,798

22 EMPLOYEE BENEFIT OBLIGATIONS

West Dorset District Council scheme

During the year ended 31 March 2013, 1610 Limited agreed a contract to provide leisure services for West Dorset District Council. Part of this contract included the transfer of employees and their associated pension benefit obligations. As part of the transfer agreement the defined pension obligations in respect of transferred employees became the responsibility of 1610 Limited from 1 October 2012. These pension scheme obligations at the balance sheet date showed a deficit of £674,000 (2020: £378,000).

The employer contributions expected to be paid to WDCC scheme during the period ending 31 March 2021 are £3,000.

The assets of this defined benefit scheme are held separately from those of the company and comprise segregated funds of the Dorset County Council Pension Fund in respect of pension benefits provided by the Local Government Pension Scheme (LGPS) to employees of 1610 Limited. The LGPS is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2014. It is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement. The scheme is now closed to new members.

Contributions are set every three years as a result of the actuarial valuation of the Funds required by the Regulations. The most recent full valuation was 31 March 2021. The next actuarial valuation of the Funds will be carried out as at 31 March 2022 and will set contributions for the period from 1 October 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The company does not operate any unfunded schemes.

22 EMPLOYEE BENEFIT OBLIGATIONS – continued

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

	2021 Total £	2020 Total £
Defined benefit scheme:		
Current service cost	6,000	5,000
Total charge in operating profit	6,000	5,000
Defined benefit scheme:		
Net interest expense	7,000	7,000
Total charge	13,000	12,000

Defined Benefit Pension Plans

	2021 Total £	2020 Total £
Present value of funded obligations	(1,385,000)	(916,000)
Fair value of plan assets	711,000	578,000
Pension fund liabilities	(674,000)	(338,000)

The principal actuarial assumptions at the balance sheet date were:

	2021	2020
Discount rate	2.1%	2.4%
Future salary increases	2.8%	1.8%
Future pension increases	2.8%	1.8%
Consumer Price Index price increase	2.8%	1.8%
Retail Price Index price increase	3.1%	2.6%

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

Mortality

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 90% for males and 100% for females. These base tables are then projected using the CMI 2020 Model, with an allowance for future longevity improvement of 1.25% per annum, smoothing parameter of 7.5%, an initial addition parameter of 0.5%pa and a 2020 weighing of 25%. The 2020 weight parameter reflects the exceptional mortality due to the coronavirus pandemic. The effect on assumed life expectancies is demonstrated in the table below.

The average life expectancy in years for a member from the age of 65 are:

		2021 (years)	2020 (years)
Retiring today:	Males	23.1	23.3
	Females	24.6	24.7
Retiring in 20 years	Males	24.4	24.7
	Females	26	26.2

Demographic / statistical assumptions:

A set of demographic assumptions that are consistent with those used for the most recent fund valuation as at March 2021 were adopted.

Reconciliation of scheme assets and liabilities

	Assets £000	Liabilities £000	Total £000
At 1 April 2020	578	(916)	(338)
Benefits paid	(7)	7	-
Employer contributions	2	-	2
Contributions by scheme participants	1	(1)	-
Current service cost	-	(6)	(6)
Interest income/(expense)	14	(21)	(7)
<u>Remeasurement gains/(losses)</u>			
Actuarial gains	-	(448)	(448)
Return on plan assets excluding interest income	123	-	123
At 31 March 2021	711	(1,385)	(674)

22 EMPLOYEE BENEFIT OBLIGATIONS – continued

The fair value of the major categories of scheme assets are as follows:

	Defined Benefit Pension Plans-Total	
	2021 £000	2020 £000
Equities	389	288
Liability Driven Investment	81	66
Other Bonds	158	146
Property	67	66
Cash	16	12
	<hr/>	<hr/>
	711	578
	<hr/>	<hr/>

The return on plan assets was:

	2021 £000	2020 £000
Interest income	14	6
Return on plan assets less interest income	<hr/> 123	<hr/> (116)
Total return on plan assets	<hr/> 137	<hr/> (110)

23 RELATED PARTY TRANSACTIONS

During the year the company paid for goods and services on behalf of Incedo Limited, a wholly owned subsidiary, to the value of £Nil (2020 £903). A balance of £6,866 (2020: £6,866) was owing from Incedo Limited at the balance sheet date.

The key management of the charity comprise the Chief Executive Officer and the Senior Leadership Team. The total employee benefits of the key management personnel were for the year £263,914 (2020: £143,712 for the 6 month period).

24 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no authorised or issued share capital. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

25 ULTIMATE CONTROLLING PARTY

As a company limited by guarantee, the company is not under the control of any one individual. All decisions are taken by the Board of Directors who are the members of the company.

26 COMPARATIVE INFORMATION

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND
EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020

	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£
INCOME FROM			
Donations and legacies	169,755	-	169,755
Charitable activities	2,578,549	-	2,578,549
Other trading income	86,706	-	86,706
Investments	548	-	548
Total	2,835,558	-	2,835,558
EXPENDITURE ON			
Raising funds	50,479	-	50,479
Charitable activities	2,673,177	3,450	2,676,627
Total	2,723,656	3,450	2,727,106
Net income/(expenditure)	111,902	(3,450)	108,452
Transfers	13,945	(13,945)	-
Remeasurement of net defined benefit liability	374,000	-	374,000
Net Movement in funds	499,847	(17,395)	482,452
Total funds brought forward	808,852	192,475	1,001,327
Total funds carried forward	1,308,699	175,080	1,483,779

26 COMPARATIVE INFORMATION (Continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 MARCH 2020

	Tangible Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Pension Liability £	Total £
Restricted Income Funds					
GAP Funding	-	1,302	-	-	1,302
Torrige	16,578	-	-	-	16,578
South Molton	142,512	14,688	-	-	157,200
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Funds	159,090	15,990	-	-	175,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted Income Funds					
Trinity Sinking Fund – Designated	-	23,271	-	-	23,271
Unrestricted Income Funds	1,804,908	145,906	(327,386)	-	1,623,428
Pension Reserve	-	-	-	(338,000)	(338,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted Funds	1,804,908	169,177	(327,386)	(338,000)	1,308,699
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	1,963,998	185,167	(327,386)	(338,000)	1,483,779
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

1610 Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

26 COMPARATIVE INFORMATION (Continued)

MOVEMENT IN FUNDS FOR THE YEAR ENDED 31 MARCH 2020

	Balance as at 1 April 2019 £	Income £	Expenditure £	Actuarial Gain £	Transfers £	Balance as at 31 March 2020 £
GAP funding	1,302	-	-	-	-	1,302
South Molton	171,145	-	-	-	(13,494)	157,200
Torrige	20,028	-	(3,450)	-	-	16,578
Total Restricted Funds	192,475	-	(3,450)	-	(13,945)	175,080
Trinity Sinking Fund - designated	23,271	-	-	-	-	23,271
Unrestricted Income Funds	1,497,581	2,835,558	(2,723,656)	-	13,945	1,623,428
Pension Reserve	(712,000)	-	-	374,000	-	(338,000)
Total Unrestricted Funds	808,852	2,835,558	(2,723,656)	374,000	13,945	1,308,699
Total Funds	1,001,327	2,835,558	(2,727,106)	374,000	-	1,483,779

26 POST BALANCE SHEET EVENTS

- **Emergence from lockdown – April -July 2021**

As of March 31, 2021, sites remain closed. The Government COVID Roadmap set out a re-opening timetable for UK Business scheduled for completion in June 2021. This is now in place and all ten 1610 operated facilities are back in operation – some with reduced opening.

- **Business Return**

1610 has seen substantial parts of business return since re-opening in April 2021. The key area of Swim programme has experienced up to 80% return of members within three months. Fitness membership return has been approximately 65% of business return within the first 3 months of full re-opening

- **Cashflow**

The Trust cashflow position and cash reserves have been stabilised and are now replenished. Reserves are back at pre-COVID levels with approximately £760,000 available as at 7 October 2021.

- **National Leisure Recovery Fund**

1610 has secured NLRf funding for Caryford, South Molton and Trinity leisure sites. Additional funding for Devon sites and Dorchester has been secured by partner Councils. These Sport England awards are helping to underpin the slow re-opening of sites, programmes, and individual business areas such as Cafes.

- **Workforce & Recruitment**

1610 is now operating with a workforce of 192 staff – down from 379 staff in May 2020. As with many UK businesses in the first 6 months of 2021/22 1610 has faced very challenging condition in the labour market. This has had a detrimental impact on the re-opening and re-growth of the business. 1610 fully exited the Furlough scheme at the end of June 2021.

COVID related illness still presents business risks across all sites

- **Financial Performance**

The Trust has been able to move back in to profit during the first six months of re-opening and re-launching business activity. It has also been possible to settle delayed Lockdown related payments to suppliers, HMRC and funders leaving 1610 in a stronger financial position to face any further challenges from COVID 19. Savings in revenue that have been outlined in this strategic report are helping to underpin the return to profitability

- **Dorset Council Leisure Contract**

The Trust has been asked to consider if it will accept a 5-month contract extension for the management of Dorchester Leisure Centre. This extends the contract from October 2022 to March 2023

- **Torridge District Council Leisure Contract**

The Council has confirmed that it is intending to move the leisure operations in Torridge back to an 'inhouse' model at the end of the ten-year contract period – April 2022

- **ICT Upgrade**

1610 has completed a major ICT infrastructure upgrade (£40k,) funded by cash reserves, to move systems to 'cloud based' platforms. This will future proof the organisation operations and help facilitate homeworking and flexible working. The upgrade has delivered 'back office' revenue savings and will assist in maintaining business operations in the event of further 'lockdowns'

These are all considered to be non-adjusting post balance sheet events for the purpose of these financial statements. Depending on the duration of the COVID 19 crisis the company could experience further negative results, and cash constraints. These are considered in note 1 to the financial statements in relation to Going concern.