

Draft Financial Statements

Charity Registration No. 1138230

Company Registration No. 07171668 (England and Wales)

**VIVACITY CULTURE AND LEISURE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

VIVACITY CULTURE AND LEISURE

LEGAL AND ADMINISTRATIVE INFORMATION

Chairman of the Trustees	Stewart Francis
Local authority appointed Trustees	Steve Allen (appointed 17 July 2017) Shazia Bashir (appointed 16 July 2018)
Community Trustees	David Bath Stewart Francis Theo Anderton Rachel Brownlow Keith Marriott * Sarah Sewell * Ian Templeton * (appointed 17 July 2017)
	* Member of Audit, Finance and Remuneration committee
Charity number	1138230
Company number	07171668
Principal address	Peterborough Central Library Broadway Peterborough PE1 1RX
Registered office	Peterborough Central Library Broadway Peterborough PE1 1RX
Auditors	Baldwins Audit Services Limited Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire PE1 2SP
Bankers	Barclays Bank PLC Cathedral Square Peterborough Cambridgeshire PE1 1HW

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

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VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their report and accounts for the year ended 31 March 2018

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK & Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, governance and management

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Paul Simmons (Resigned May 2017)
Theo Anderton
Rachel Woodford
Navid Dean (Resigned May 2018)
David Bath
Stewart Francis
Keith Marriott
Sarah Sewell
Graham Casey (Resigned June 2017)
Janet Goodwin (Resigned June 2017)
Alan Sadler (Resigned May 2018)
Helen Milligan-Smith (Resigned June 2018)
June Bull (Appointed July 17) (Resigned June 18)
Steve Allen (Appointed July 17)
Ian Templeton (Appointed July 17)

The organisation is a charitable company limited by guarantee, incorporated on 26 February 2010 and registered as a charity on 4 October 2010. Peterborough City Council transferred its cultural and leisure services, comprising of arts, libraries, heritage, theatre and sports into the charitable trust on 1 May 2010.

The organisation was established under a Memorandum of Association which established the objects and powers of the organisation and is governed under its Articles of Association.

Vivacity Culture and Leisure (Vivacity) operates, for an agreed fee, some of its culture and leisure activities on behalf of Peterborough City Council, which lease to Vivacity buildings and other assets. The assets are provided at no charge to Vivacity on a 25 year lease/licence which commenced on 1 May 2010. Vivacity also manages Longthorpe Tower which is owned by English Heritage.

Vivacity operates from 25 sites throughout Peterborough and employs over 400 people. Vivacity is a company limited by guarantee and does not have share capital.

None of the Trustees have any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of winding up.

As a limited company Vivacity is governed by its Members. There are two categories of Trustees, Community Trustees and Local Authority Trustees. The Community Trustees are elected by the Members at a General Meeting and Local Authority Trustees are proposed by Peterborough City Council. The governing document allows up to two Local Authority Trustees to be appointed. Local Authority appointments cannot exceed 19.99% of all Trustee appointments.

Community Trustees are elected at a General Meeting and can serve up to three years before re-election for a further period of three years before retirement. However, in exceptional circumstances a Community Trustees can serve a maximum of eight years and the elected chair a maximum of nine years, before retirement. Local Authority Trustees can hold office as decided by the Council.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Trustees meet six times a year to review the management of the organisation. They employ managers to take on the day-to-day running of the activities. Trustees also meet managers in Committees to discuss the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The on-boarding process for Trustees includes an induction programme, supported by in-depth briefings from Senior managers and visits to our centres. Further training is arranged to meet the specific needs of individual Trustees.

Trustees do not receive a salary, but are entitled to claim expenses for attending meetings.

Vivacity has indemnified the Trustees of Vivacity against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year.

The Senior Management team was as follows:

Mr K Tighe	Chief Executive Officer (Resigned June 2018)
Mrs P Whitbread	Director of Resources and Company Secretary
Mr J Marsden	Director of Sport and Healthy Living
Mr S Nolan	Director of Business Development (Resigned September 2017)
Mr R Hunt	Director of Culture
Ms K Parkinson	Marketing Director (Mat Leave May 17 – May 18)
Mrs N Lawton	Marketing Director (Mat Cover May 17 – May 18)

Objectives and activities

Related parties

Trustees and the Senior Management Team members are asked to complete an annual Disclosure Statement to notify Vivacity of any involvement in any other organisations. This was most recently completed in March 2018 and revealed no conflicts of interest.

A summary of transactions with related parties are set out in note 27 in the financial statements.

The Trustees confirm they have considered their duties and have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

The Trustees are confident that the activities of Vivacity are carried out for the benefit of others as is detailed in the rest of the information within the Trustees report.

Vivacity's Mission is:

"A charity that enriches lives by inspiring people through Culture, Sport and Healthy Living – Vivacity is committed to ensuring Peterborough is a better place to live and work."

During the next five years it is the objective of the Board and Staff of Vivacity to grow the business with four specific drivers steering this work: inspire more people through all that we do, improve the quality of the Vivacity experience, champion and influence the development of Culture, Sports and Healthy Living in Peterborough and grow our income so Vivacity can do more. Each of these driving forces is equally important.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

The principal activities undertaken by Vivacity are:

Museums, Libraries and Archives

Vivacity manages ten libraries, fifteen micro libraries, a mobile service covering routes across Peterborough, a Book Bus for children in Peterborough schools, as well as all archives services. We deliver all of the universal offers for libraries:

- Reading: To help create a more literate and confident society by developing, delivering and promoting reading activities in libraries
- Digital: Library services have the resources and skills to deliver digital activities and training to the public, especially individuals with limited digital capacity.
- Learning: Libraries are present throughout a person's learning journey to build confidence, support education, increase creativity and improve digital skills.
- Health: To improve the health and wellbeing of local communities by providing a range of services that include creative activities and volunteering opportunities to help connect people.
- Information: That all library users are supported to access quality information and online services in key areas such as careers, health, personal-finance and benefits.
- Culture: More people have access to quality and diverse cultural experiences and events through libraries, especially those less likely to access arts and culture.
- Children's Promise: Every child and young person in libraries is inspired to read for pleasure, has access to a diverse range of materials, can engage in a variety of digital activities and can take part in activities that improve their well-being.

Vivacity's museums and heritage service operates from three sites; the historic city centre Museum, the Bronze Age site at Flag Fen and the 14th century Longthorpe Tower which displays one of the most complete and important sets of 14th century domestic wall paintings in Northern Europe. Vivacity delivers a Heritage Festival in collaboration with the Peterborough Cathedral, is working with the Natural History Museum to deliver a schools and museum programme for a further year and engages with schools to help deliver the national curriculum to bring history to life for Key Stage one and two students. The museum and heritage team organise historically-themed tours and ghost walks throughout the year and have recently opened 'Escape Rooms' in the cellars of the Museum building.

Sports and Leisure

Vivacity manages seven well-equipped leisure centres across Peterborough, a hydrotherapy pool and an outdoor swimming centre, providing opportunities for vigorous and gentle exercise in a competitive or non-competitive environment. There is a wide range of activities available including fitness classes, swimming, indoor and outdoor courts and pitches, and supervised gym facilities.

The Vivacity Swim Academy (learn to swim programme) recognises swimming is an important skill, and offers teaching programmes for people of all ages and abilities.

Vivacity also provides a dedicated sports development team to get young people and adults more involved in sports to encourage both active and healthy lifestyles. This is achieved through either participation or coaching, and includes a dedicated member of staff whose role is to create new sporting opportunities for people with disabilities.

Our health and well-being team work closely with people who suffer wide ranging health conditions which limit their access to mainstream services. A comprehensive exercise referral programme coupled with condition specific rehabilitation classes are provided to those people to maintain and improve their health and well-being.

Theatre and Arts

Vivacity manages the Key Theatre, City Gallery and delivers arts festivals. Vivacity delivers a diverse programme of arts development projects throughout the year and across the city - dance, theatre, comedy, music, galleries and exhibitions, public art, amateur dramatics and youth theatre groups and large scale arts participation projects.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Strategic Report

Risk Management

The Board of Trustees has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. The Trustees recognise that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve the organisation's objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned objectives and outcomes are achieved. This will also give reasonable assurance about the reliability of financial and operational information and the safeguarding of Vivacity's assets and reputation. This approach includes the regular evaluation of the nature and extent of risks to which Vivacity is exposed.

The most significant risk facing Vivacity is the ability of Peterborough City Council to continue with the current level of service fee paid to Vivacity in these times of austerity and grant reductions from Central Government. The Council has signalled it will need to significantly reduce the fee over the coming years. The timing and level of the fee reduction is currently unknown but this could have a major impact on the range and level of service Vivacity is able to deliver.

The Board has developed a culture of strong corporate governance. Key elements of the control framework and the system for reviewing the effectiveness of the system of internal control are as follows:

Planning and approval:

Vivacity has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, this generates a comprehensive review of risks. Vivacity also maintains a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which address these risks can be assessed.

Committees:

Committees take a more detailed interest in specific areas of Vivacity's activities, and monitor performance against key performance indicators.

Audit, Finance and Remuneration Committee:

The Audit, Finance and Remuneration Committee retains responsibility for key issues such as treasury management, financial appraisal of major new projects, investment management and prevention and detection of fraud. The Committee is also responsible for reporting to the Board of Trustees on the effectiveness of internal controls. The Committee reviews the major risks, and assesses the effectiveness of controls in managing those risks. This includes setting an internal audit programme of activities to assess the effectiveness of controls. The Committee submits minutes of its meetings to the Board of Trustees for information. These minutes have been received and noted by the Board of Trustees.

Monitoring and corrective action:

Financial reporting procedures include detailed budgets for the year ahead, detailed monthly management accounts, and longer-term financial plans used for strategic planning. The Senior Management Team reviews the reports in detail and they are considered and approved by the Trustees. Where objectives are not being met, the Senior Management Team report on actions being taken to correct performance, and these are considered and approved by the Trustees.

Vivacity's regular Quarterly Business Reviews allow operational teams the opportunity to share performance results and changes to the risk map, and to plan corrective action.

Health and Safety:

The Board is aware of its responsibilities on all matters relating to health and safety. Vivacity has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Employee Involvement:

We are committed to providing our employees with information about our activities, consulting with them on major changes and generally developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information, and we hold team briefing sessions to update staff on strategy and other major developments.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Disabled Employees:

Vivacity gives full and fair consideration to applications for employment made by disabled persons, having regard to their aptitude and abilities. Reasonable adjustments are made wherever possible and consideration given for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

Achievements and performance

Museums, Libraries and Archives:

During the year there were 359,425 physical visits to libraries. 417,076 items were issued from library stocks. 31,328 items were added to library stocks. As at 31 March 2018 the library stock size was 250,102 items. The number of attendees at library events, such as author and lecture talks, was 33,483 and the number of computer sessions was 82,713.

During the year there were 66,818 visits to the Peterborough Museum, 1,518 visits to Longthorpe Tower and 8,429 visits to Flag Fen. The number of school children participating in Heritage sessions was 12,993. The Heritage festival, related fringe events and our walks and tour programmes attracted 28,432 visitors during the year.

Sports and Healthy Living:

During the year 1,434,135 visits were made to our seven leisure centres and other activities promoted by our sports development and health and well-being teams. Of these attendances we recorded 409,533 swims, 699,064 sports activities and 325,538 visits to our network of gyms. This shows a 3.2% increase on our previous years' performance.

Theatre and Arts:

Key Feste attracted 5,000 attendees with another 5,000 people participating in other arts development activity. The Key Theatre put on 345 performances and sold 73,225 tickets achieving main house occupancy at 61%.

Progress on objectives set out in the annual report:

Objective

Literacy for children – We will focus on helping to move Peterborough from being near the bottom nationally for Key Stage 2 literacy, to a top half performance.

Progress as at 31 March 2018

Vivacity worked with the Council and the National Literacy Trust to develop the city's first 'Vision for Reading', bringing together many partner in one strategic approach to improving children's reading. Vivacity's Book Bus has launched and visits all primary schools, offering Universal Library membership to 4,000 eight year olds and a pack of material for parents explaining the benefits of library membership.

Objective

Improving the wellbeing of people with health issues – We will become known nationally for the excellent work we do in supporting people recovering from ill health.

Progress as at 31 March 2018

Objective

Must Farm and Flag Fen – Must Farm and our existing Bronze Age collections represent an unrivalled opportunity to put Peterborough on the international heritage map?

Progress as at 31 March 2018

Vivacity has worked in partnership with Peterborough City Council, Cambridgeshire County Council, the University of Cambridge and many other partners, to develop plans for a redevelopment of Peterborough Museum to house the Must Farm finds. This led to the submission of a £5m bid to Heritage Lottery Fund in March 2018.

Objective

Sports for everyone – We will deliver excellent local sports and gym opportunities with a best in class customer experience.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Progress as at 31 March 2018

We have continued to improve our offer with a number of small scale capital improvements to our centres. These have included refurbished changing rooms at our outdoor swimming centre and improvements to changing accommodation at Jack Hunt Swimming Pool. We have continued to roll out our Vivacity experience training to all employees and have achieved an average net promoter score of 72.75% this year.

Objective

Business development – We will provide new venues and opportunities which will generate additional income to reinvest in the work of the charity.

Progress as at 31 March 2018

We restructured our business development resource in September 2017 and continue to work on identifying new business ventures and service improvements. We are working closely with another charity to jointly bring to fruition an indoor play opportunity. Considerable progress has been made in establishing a customer retention strategy which is becoming more embedded within the organisation.

Objective

Services for young people – We will deliver a one stop shop of great opportunities for young people in culture, sport and healthy living.

Progress as at 31 March 2018

We have developed a new packaged schools offer with a dedicated resource to promote educational opportunities in support of curriculum delivery. This service covers a wide range of opportunities across sport, libraries, heritage and arts services. In addition we have grown our school holiday activity programmes to provide more opportunities across a wider range of venues and community spaces.

Objective

Putting Peterborough on the cultural map – We will champion Peterborough as a day out destination with outstanding cultural experiences.

Progress as at 31 March 2018

We have completed the conservations of 'Lagoon' by Sir Anthony Caro and 'Places to Be' by Sir Antony Gormley. These will be installed in the city centre in summer 2018. We have been successful in attracting over £100,000 of funding from Heritage Lottery Fund and Weston Art Fund towards the exhibition 'Treasures', Peterborough's celebration of its 900th anniversary which will take place in the City Gallery in Autumn 2018.

Objective

Organisational development – We will be an award winning organisation where people feel proud to work and volunteer.

Progress as at 31 March 2018

We were the proud winners of the Employee Engagement award at the Peterborough Business Awards in November 2017 and finalists at the Sporta Awards in May 2017 for our work on Workforce Development. We ran our third annual employee satisfaction survey in February 2018, whereby 82% of respondents said they felt proud to work for Vivacity.

Working in Partnership

We place a strong emphasis on the way we work in collaboration with others. This year we have worked closely, with a range of different organisations. This has ranged from fully scoped business ventures supported by legal agreements to light touch co-operation with 'like-minded' bodies. The number of organisations Vivacity works with is extensive but the scope of this work can be seen from the following examples.

Our main collaboration is with Peterborough City Council with which we have formal contracts.

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Vivacity is now leading a team to celebrate the archaeological finds from Must Farm and Flag Fen through a significant extension to Peterborough Museum. A team comprising Vivacity, assisted by Peterborough City Council, Cambridgeshire County Council and Cambridge Archaeological Unit have applied to Heritage Lottery Fund for £4.9m towards a £9m project.

Vivacity, through its Chief Executive, continues to be part of Peterborough's city leadership forum. This group enables and creates communication insight and opportunities for partnering others in projects. In this financial year we have provided financial and technical support to our arts and sport organisations within the cultural sector and invested £10,000 into five different organisations. Finally Vivacity continues to provide the lead to a consortium called Peterborough Presents... The consortium delivers artistic opportunities for people who have never been drawn to participating in the arts. In this year £200,000 was invested by the consortium to provide great community focused activities.

Financial Review

Full details of our financial performance during the year ended 31st March 2018 are shown in the notes to the financial disclosures, balance sheet and cash flow statements.

Income and expenditure for 2017-18 are shown in the table below:

	2017-18	2016-17
	£	£
Incoming resources		
Voluntary Income	9,589	10,729
Charitable Activities	10,403,325	10,050,477
Investments	1,817	4,658
Expenditure		
Raising Funds	(122,244)	(111,279)
Charitable Activities	(10,719,296)	(9,939,375)
Net interest on defined benefit pension scheme	(10,000)	20,000
	<hr/>	<hr/>
Net incoming/(outgoing) resources	(416,809)	(4,790)
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VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Income

Charitable activities income increased by £353,000, there are three significant factors:

- Significant growth in Sports income of £260,000
- Significant growth in Theatre income £140,000
- This has been off-set by a reduction in grant funding of around £50,000.

Expenditure

Charitable activities expenditure increased by £780,000, there four significant factors:

- Employee costs have risen by £460,000 - £200,000 was as a result of the FRS17 pension year end valuation adjustment. In addition to this staff received a 2% pay-award on 1st April 2017.
- Leasing costs of Vivacity Premier Fitness centre increased by £140,000 last year, the cost of the lease is linked to improved performance of the centre.
- Three sculptures were restored during the year, 'Bird in Flight', 'Places to be' and 'Lagoon', this cost around £60,000 during the year.
- An additional £50,000 was spent on employee training and organisational development to improve employee engagement and capabilities throughout the organisation.

Reserves Policy

Vivacity has a policy of allocating reserves to the planned new activities and to set aside prudent reserves to cover contingencies. The policy was reviewed this year. Vivacity's reserves are currently invested to provide returns which along with fundraised income will help to support existing projects and develop new ones.

To safeguard against unforeseen shortfalls, in accordance with Charity Commission guidelines or changes in the funding of the services and programmes a Contingency Fund has been established, this currently represents 0.7 month's expenditure. Future committed programmes plus additional specific exposures will be assessed each year.

Whilst firmly not for profit Vivacity is acutely aware that it needs to establish working surpluses in order to create a reserve pot for unforeseen circumstances. The size of these reserves has, following careful consideration, being set by the Vivacity Board at £650,000. Monies generated beyond this will be re-invested into cultural opportunities for the wider community.

The endowment fund is in respect of the sculpture collection and is a restricted fund which can only be used to maintain, develop or improve public access to the collection.

The general funds represent Vivacity's available free funds. Movements between funds are approved annually by the Finance Committee, and are set out in Note 23 to these accounts. The current allocation of reserves is summarised as follows:

Reserves

	2018	2017
	£	£
Set aside for purposes specified by the donors (Restricted fund)	113,186	105,281
Held as a contingency (Designated fund)	650,000	724,000
Defined benefit pension scheme asset (Designated fund)	383,000	473,000
Operating reserves (Unrestricted funds)	39,770	208,484
Sculptures (Endowment fund)	1,844,500	1,844,500
Flag Fen Capital Development Fund	150,000	150,000
Total	<u>3,180,456</u>	<u>3,505,265</u>

VIVACITY CULTURE AND LEISURE

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans for the future

Financial Independence – we will seek to become financially independent of the Council, by growing and diversifying our income streams and driving efficiencies out of the organisation. This will include developing new services, working with new partners and maximising our gym membership income by keeping members longer.

Improving Children's Reading – we will contribute to Peterborough's shared 'Vision for Reading', ensuring that by 2021 improvement in literacy for Peterborough's children will be double the national rate by taking our library service to every key stage 2 child in the area and providing engaging reasons for them to interact with our services.

Improving the Wellbeing of People with Health Issues – we will become known nationally for the excellent work we do in supporting people recovering from ill health.

Opportunities for Young People – we will deliver a one stop shop of great opportunities for you people in culture, sport and healthy living.

Putting Peterborough on the Cultural Map – we will champion Peterborough as a place bursting with culture and heritage and become a nationally recognised leader in arts and culture.

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

As a result of Rawlinsons joining the Baldwins Group, the auditors of the company have changed from Rawlinsons to Baldwins Audit Services.

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Staff, Volunteers and Trustees

Finally I would like to thank the staff, volunteers and Trustees of Vivacity for their dedication and hard work during the past year.

On behalf of the board of Trustees

Stewart Francis

Chairman

Dated:

VIVACITY CULTURE AND LEISURE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

The Community Trustees, who are also the directors of Vivacity Culture and Leisure for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Community Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Community 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

VIVACITY CULTURE AND LEISURE

INDEPENDENT AUDITOR'S REPORT

TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Opinion

We have audited the financial statements of Vivacity Culture and Leisure (the 'charity') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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).

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 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Community Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 Community 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 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.

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VIVACITY CULTURE AND LEISURE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE COMMUNITY TRUSTEES OF VIVACITY CULTURE AND LEISURE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Community Trustees

As explained more fully in the statement of Trustees' responsibilities, the Community Trustees, who are also the directors of the charity for the purpose 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 Community 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 Community Trustees are responsible for assessing the charity'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 Community Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

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Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Baldwins Audit Services Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds: Sculptures £	Total 2018 £	Total 2017 £
<u>Incoming resources from generated funds</u>							
Voluntary income	3	9,447	-	142	-	9,589	10,729
Charitable activities	4	9,472,197	-	931,128	-	10,403,325	10,050,477
Investments	5	1,817	-	-	-	1,817	4,658
Total incoming resources		9,483,461	-	931,270	-	10,414,731	10,065,864
<u>Expenditure on:</u>							
Fundraising and publicity	6	118,913	-	3,331	-	122,244	111,279
Charitable activities	7	9,799,262	-	920,034	-	10,719,296	9,939,375
Net interest on defined benefit pension scheme		-	(10,000)	-	-	(10,000)	20,000
Total resources expended		9,918,175	(10,000)	923,365	-	10,831,540	10,070,654
Net (outgoing)/incoming resources before transfers		(434,714)	10,000	7,905	-	(416,809)	(4,790)
Gross transfers between funds		266,000	(266,000)	-	-	-	-
Net (outgoing)/incoming resources		(168,714)	(256,000)	7,905	-	(416,809)	(4,790)
Other recognised gains and losses							
Actuarial gain/(loss) on defined benefit pension scheme		-	92,000	-	-	92,000	1,061,000
Net movement in funds		(168,714)	(164,000)	7,905	-	(324,809)	1,056,210
Fund balances at 1 April 2017		208,484	1,347,000	105,281	1,844,500	3,505,265	2,449,055
Fund balances at 31 March 2018		39,770	1,183,000	113,186	1,844,500	3,180,456	3,505,265

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	All income funds	
	2018	2017
	£	£
Gross income	10,414,731	10,065,864
Total expenditure from income funds	10,831,540	10,070,654
Net expenditure for the year	(416,809)	(4,790)

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		497,686		468,336
Heritage assets	13		1,844,500		1,844,500
			<u>2,342,186</u>		<u>2,312,836</u>
Current assets					
Stocks	15	57,390		56,533	
Debtors	16	607,108		412,666	
Cash at bank and in hand		2,205,471		2,043,065	
			<u>2,869,969</u>		<u>2,512,264</u>
Creditors: amounts falling due within one year	17	(2,414,699)		(1,792,835)	
Net current assets			<u>455,270</u>		<u>719,429</u>
Total assets less current liabilities			<u>2,797,456</u>		<u>3,032,265</u>
Defined benefit pension surplus	19		<u>383,000</u>		<u>473,000</u>
Net assets			<u><u>3,180,456</u></u>		<u><u>3,505,265</u></u>
Capital funds					
Endowment funds - general	20		1,844,500		1,844,500
Income funds					
Restricted funds	21		113,186		105,281
<u>Unrestricted funds</u>					
Designated funds	22	1,183,000		1,347,000	
General unrestricted funds		39,770		208,484	
			<u>1,222,770</u>		<u>1,555,484</u>
			<u><u>3,180,456</u></u>		<u><u>3,505,265</u></u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2018

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The Community Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Community Trustees on

.....

Keith Marriott
Trustee

Company Registration No. 07171668

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25		398,637		321,052
Investing activities					
Purchase of tangible fixed assets		(238,048)		(327,044)	
Interest received		1,817		4,658	
Net cash used in investing activities			(236,231)		(322,386)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			162,406		(1,334)
Cash and cash equivalents at beginning of year			2,043,065		2,044,399
Cash and cash equivalents at end of year			<u>2,205,471</u>		<u>2,043,065</u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Vivacity Culture and Leisure is a private company limited by guarantee incorporated in England and Wales. The registered office is Peterborough Central Library, Broadway, Peterborough, PE1 1RX.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. Vivacity have a contract to deliver culture and leisure services on behalf of Peterborough City Council. The contract commenced in May 2010 for a period of 20 years with an option to extend for a further 5 years to 2035.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Community Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds include a contingency fund to safeguard against unforeseen shortfalls or changes in the funding services and programmes. This is in line with the charity's reserves policy.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included.

Grants - fixed asset grants are recognised in full in the Statement of Financial Activities when the condition has been met and the asset has been purchased. Revenue grants are normally conditional upon a programme of activities and events being delivered, and are recognised in the Statement of Financial Activities when the activity or event has been delivered.

Income from investments is included in the year in which it is receivable.

Incoming resources from charitable activities includes sales of services and miscellaneous income from the public for accessing culture and leisure activities, in addition to the Management Service fee received from Peterborough City Council.

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies **(Continued)**

1.5 Resources expended

Central support costs are apportioned over services in relation to the services direct costs.

Resources expended are recognised in the year in which they are incurred. Resources expended include attributed VAT that is not recoverable. Resources expended are allocated to the particular project where the project cost relates directly to that project. However, the cost of overall direction and administration on each project, comprising the salary and overhead costs of the central function, is estimated and apportioned to each project.

Charitable activities are those costs incurred directly in furtherance of the objects of the charity and include project management.

Governance costs are those costs incurred in connection with the strategic management of Vivacity Culture & Leisure. These include auditors fees, costs of holding Trustees board and sub-committee meetings, recruitment of new Trustees and business development.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	7% - 20% straight line
Plant and machinery	10% - 33% straight line
Fixtures, fittings & equipment	33% straight line
Motor vehicles	10% - 14% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

The charity has a capitalisation policy in place for any expenditure over £5,000.

The financial statements do not include the cost of land, buildings and equipment used at minimal rent by Vivacity Culture and Leisure, whose title rests with Peterborough City Council. It is not practicably possible to attribute a value to this benefit.

1.7 Heritage assets

Heritage assets (sculptures) have been valued in the accounts at their market value as at September 2012. An annual review of each sculpture will be carried out to identify any indications of impairment.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies **(Continued)**

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies **(Continued)**

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Vivacity Culture & Leisure operates a defined contribution scheme for all new employees and a defined benefit scheme for employees in post to 1 May 2010 and who were a member at the time of the Cambridgeshire Local Government Pension scheme, both of which require contributions to be made to separately administered funds.

Contributions in respect of the defined contribution scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules.

Contributions to the defined benefit scheme are charged to the income and expenditure account so as to spread the cost over the employees' working lives with Vivacity Culture & Leisure.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Community Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Voluntary income

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	9,447	142	9,589	10,729
	<u>9,447</u>	<u>142</u>	<u>9,589</u>	<u>10,729</u>
For the year ended 31 March 2017	<u>9,485</u>	<u>1,244</u>		<u>10,729</u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

4 Charitable activities

	2018	2017
	£	£
Sports Services	6,363,620	6,103,160
Arts	143,240	99,975
Museums, Libraries and Archives	639,688	734,744
Management Service Fee	1,514,149	1,513,657
Service Level Agreements	607,240	600,218
Theatre	1,135,388	996,426
Other income	-	2,297
	<u>10,403,325</u>	<u>10,050,477</u>
Analysis by fund		
Unrestricted funds	9,472,197	9,044,652
Restricted funds	931,128	1,005,825
	<u>10,403,325</u>	<u>10,050,477</u>

5 Investments

	2018	2017
	£	£
Interest receivable	<u>1,817</u>	<u>4,658</u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

6 Expenditure on fundraising and publicity

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Other fundraising costs	15,617	-	15,617	27,574
Staff costs	93,419	-	93,419	71,199
Depreciation and impairment	9	-	9	33
Support costs	9,868	3,331	13,199	12,473
	<u>118,913</u>	<u>3,331</u>	<u>122,244</u>	<u>111,279</u>
For the year ended 31 March 2017				
Fundraising and publicity	<u>108,074</u>	<u>3,205</u>		<u>111,279</u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

7 Expenditure on charitable activities

	MLA £	Sports services £	Arts £	Theatre £	Total £	Total 2017 £
Staff costs	1,358,674	3,178,937	114,759	491,688	5,144,058	4,758,565
Depreciation	46,373	130,869	82	31,374	208,698	265,124
Other costs	850,002	2,134,019	267,913	956,417	4,208,351	3,798,515
	<u>2,255,049</u>	<u>5,443,825</u>	<u>382,754</u>	<u>1,479,479</u>	<u>9,561,107</u>	<u>8,822,204</u>
Share of support costs (see note 8)	222,833	537,933	37,822	146,195	944,783	940,561
Share of governance costs (see note 8)	50,333	121,508	8,543	33,022	213,406	176,610
	<u>2,528,215</u>	<u>6,103,266</u>	<u>429,119</u>	<u>1,658,696</u>	<u>10,719,296</u>	<u>9,939,375</u>
Analysis by fund						
Unrestricted funds	2,040,703	5,877,015	279,351	1,602,193	9,799,262	
Restricted funds	487,512	226,251	149,768	56,503	920,034	
	<u>2,528,215</u>	<u>6,103,266</u>	<u>429,119</u>	<u>1,658,696</u>	<u>10,719,296</u>	
For the year ended 31 March 2017						
Unrestricted funds	1,820,257	5,557,936	208,180	1,398,713		8,985,086
Restricted funds	527,316	266,169	103,076	57,728		954,289
	<u>2,347,573</u>	<u>5,824,105</u>	<u>311,256</u>	<u>1,456,441</u>		<u>9,939,375</u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

8 Support costs

	Support costs £	Governance costs £	2018 £	2017 £
Staff costs	347,132	175,349	522,481	471,709
Depreciation	770	-	770	2,945
ICT	381,153	-	381,153	426,005
Legal services	25,692	-	25,692	(1,653)
HR and payroll	118,477	-	118,477	117,529
Other costs	82,333	40,491	122,824	113,143
	<u>955,557</u>	<u>215,840</u>	<u>1,171,397</u>	<u>1,129,678</u>
Analysed between				
Fundraising	10,774	2,434	13,208	12,507
Charitable activities	944,783	213,406	1,158,189	1,117,171
	<u>955,557</u>	<u>215,840</u>	<u>1,171,397</u>	<u>1,129,678</u>

9 Community Trustees

None of the Community Trustees (or any persons connected with them) received any remuneration during this or the prior year.

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

10 Employees

Number of employees

The average monthly number employees during the year was:

	2018	2017
	Number	Number
Museums, Libraries and Archives	86	86
Sports Services	268	262
Arts	4	6
Theatre	40	31
Support	26	22
	<u>424</u>	<u>407</u>

Employment costs

	2018	2017
	£	£
Wages and salaries	5,254,524	4,830,498
Social security costs	305,064	257,081
Other pension costs	200,370	213,894
	<u>5,759,958</u>	<u>5,301,473</u>

The average monthly number of employees on a full time equivalent basis during the year was xxx (2017 - 217).

Included in the above are redundancy costs of £58,146 (2017 - £7,958).

The number of employees whose annual remuneration was £60,000 or more were:

	2018	2017
	Number	Number
60,000 to 70,000	-	2
70,000 to 80,000	1	-
80,000 to 90,000	1	1
	<u>1</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, 1 (2017: 1) have retirement benefits accruing under defined benefit pension schemes.

11 Taxation

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

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	68,197	1,267,677	415,024	-	1,750,898
Additions	29,827	107,370	-	100,851	238,048
At 31 March 2018	98,024	1,375,047	415,024	100,851	1,988,946
Depreciation and impairment					
At 1 April 2017	14,212	954,347	314,003	-	1,282,562
Depreciation charged in the year	9,506	152,459	36,942	9,791	208,698
At 31 March 2018	23,718	1,106,806	350,945	9,791	1,491,260
Carrying amount					
At 31 March 2018	74,306	268,241	64,079	91,060	497,686
At 31 March 2017	53,985	313,330	101,021	-	468,336

13 Heritage assets

The heritage assets are a collection of 26 sculptures which were donated from the Peterborough Sculpture Trust on 31 March 2014. The assets have been valued and a full conditions survey conducted in September 2012 by Rupert Harris Conservation at £1,844,500. An interim valuation on all 26 sculptures in the range was carried out in March 2018 with no impairment of these items noted. The collection ranges in size and material, most of which are on permanent display around the city of Peterborough. The collection has increased in value in the current year following the restoration of 'Places to Be' by Antony Gormley, a collection of three figures which are now on display on the roof tops of Peterborough's Cathedral Square. The sculptures can only be sold to develop the collection further, and to advance the education and enjoyment of the public in art by placing, maintaining and promoting the collection in public places.

14 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Trade Debtors	505,495	268,739
Cash	2,205,471	2,043,065
Other debtors	19,944	61,265
Accrued income	37,443	33,495
	2,768,353	2,406,564

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

		(Continued)	
14	Financial instruments	2018	2017
	Carrying amount of financial liabilities		
	Trade creditors	281,923	590,990
	Other creditors	327,708	230,182
	Accruals	1,049,198	426,645
		<u>1,658,829</u>	<u>1,247,817</u>
		<u><u>1,658,829</u></u>	<u><u>1,247,817</u></u>
15	Stocks	2018	2017
		£	£
	Finished goods and goods for resale	57,390	56,533
		<u>57,390</u>	<u>56,533</u>
		<u><u>57,390</u></u>	<u><u>56,533</u></u>
16	Debtors	2018	2017
	Amounts falling due within one year:	£	£
	Trade debtors	505,495	268,739
	Other debtors	19,944	61,265
	Prepayments and accrued income	81,669	82,662
		<u>607,108</u>	<u>412,666</u>
		<u><u>607,108</u></u>	<u><u>412,666</u></u>
17	Creditors: amounts falling due within one year	2018	2017
		£	£
	Other taxation and social security	217,642	106,902
	Deferred income	538,228	438,116
	Trade creditors	281,923	590,990
	Other creditors	327,708	230,182
	Accruals	1,049,198	426,645
		<u>2,414,699</u>	<u>1,792,835</u>
		<u><u>2,414,699</u></u>	<u><u>1,792,835</u></u>

Notes

18

VIVACITY CULTURE AND LEISURE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2018****18 Deferred income**

	2018	2017
	£	£
Deferred grants and income in advance	538,228	438,116
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

Current liabilities	538,228	438,116
	<u> </u>	<u> </u>

19 Retirement benefit schemes

Vivacity Culture & Leisure offers a defined contribution scheme for all employees who are not members of the defined benefit scheme. Contributions are made to a separately administered fund.

Contributions in respect of the defined contribution scheme are charged to the income and expenditure account as they become payable in accordance with the scheme rules. The employer's contribution is a maximum of 6%. As at 31 March 2018 there were 141 active members in this scheme.

The charge to profit and loss in respect of defined contribution schemes was £38,267 (2017 - £43,068).

Defined benefit schemes

Vivacity Culture & Leisure participates in the Cambridgeshire Local Government Pension Scheme. The Scheme is funded and is contracted out of the state scheme. This scheme has been closed to all new employees with effect from 1 May 2010. The employer's contribution is 18.8%. As at 31 March 2018 there were 37 active members in this scheme. An actuary valuation was conducted during 2017-18 and future employers contributions will remain 18.8%.

The Cambridgeshire Local Government Pension Scheme, a final salary defined benefit scheme, is administered in accordance with the Local Government Pension Scheme Regulations 2007. For the purposes of FRS102 it has been possible to identify Vivacity's share of the underlying assets and liabilities of the Cambridgeshire County Council Pension Fund.

The assets of the scheme are invested and managed independently of the finances of the Charity. The pension costs relating to this scheme is calculated on the projected unit method and is assessed with the advice of a qualified actuary. The latest actuarial valuation of this scheme was on 31 March 2018 and was carried out by Hymans Robertson LLP, an independent actuary.

Key assumptions

	2018	2017
	%	%
Discount rate	2.7	2.7
Expected rate of increase of pensions in payment	2.3	2.4
Expected rate of salary increases	2.6	2.7
	<u> </u>	<u> </u>

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

19 Retirement benefit schemes

(Continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2018	2017
	Years	Years
Retiring today		
- Males	22.4	22.4
- Females	24.4	24.0
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.3	26.3

Amounts recognised in net incoming/(outgoing) resources:

	2018	2017
	£	£
Current service cost	354,000	222,000
Net interest on defined benefit liability/(asset)	(10,000)	20,000
Total costs	344,000	242,000

Other recognised gains and losses:

	2018	2017
	£	£
Actual return on scheme assets	(114,000)	(2,377,000)
Less: calculated interest element	352,000	379,000
Return on scheme assets excluding interest income	238,000	(1,998,000)
Actuarial changes related to obligations	(330,000)	937,000

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2018	2017
	£	£
Present value of defined benefit obligations	12,848,000	12,521,000
Fair value of plan assets	(13,231,000)	(12,994,000)
Surplus in scheme	(383,000)	(473,000)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

19 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations:

	2018
	£
Liabilities at 1 April 2017	12,521,000
Current service cost	354,000
Benefits paid	(97,000)
Contributions from scheme members	58,000
Actuarial gains and losses	(330,000)
Interest cost	342,000
At 31 March 2018	<u>12,848,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2018
	£
Fair value of assets at 1 April 2017	12,994,000
Interest income	352,000
Return on plan assets (excluding amounts included in net interest)	(238,000)
Benefits paid	(97,000)
Contributions by the employer	162,000
Contributions by scheme members	58,000
At 31 March 2018	<u>13,231,000</u>

The fair value of plan assets at the reporting period end was as follows:

	2018	2017
	£	£
Equity instruments	10,187,870	10,135,320
Debt instruments	1,720,030	1,689,220
Property	926,170	779,640
Cash	396,930	389,820
	<u>13,231,000</u>	<u>12,994,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

20 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 April 2017	Movement in funds		Balance at 31 March 2018
	£	Incoming resources	Resources expended	£
		£	£	£
Permanent endowments				
Sculpture collection	1,844,500	-	-	1,844,500
	<u>1,844,500</u>	<u>-</u>	<u>-</u>	<u>1,844,500</u>
	<u><u>1,844,500</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,844,500</u></u>

Refer to Note 13 Heritage Assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2017	Movement in funds		Balance at 31 March 2018
	£	Incoming resources	Resources expended	£
Book fund	46,313	239,831	(237,298)	48,846
Museums, libraries and archives	52,111	178,296	(181,315)	49,092
Sports development	6,857	68,316	(59,925)	15,248
Arts	-	138,074	(138,074)	-
SLA	-	295,453	(295,453)	-
Theatre	-	11,300	(11,300)	-
	<u>105,281</u>	<u>931,270</u>	<u>(923,365)</u>	<u>113,186</u>

Book Fund

The funding and management agreement with Peterborough City Council, makes provision for the replenishment and update of library stocks and has ring fenced a proportion of the service fee to do so.

Museums, Libraries and Archives

Grants have been received from the Arts Council to support a number of projects which include Museum and Schools programme ' Real World Science' working with the Natural History Museum to unlock the potential of natural science collection to enhance secondary science teaching and learning; Libraries Fund to improve reading and story-telling amongst families where English is their second language; Museums Small Capital Fund to improve the Museum's Art Gallery security and from the Heritage Lottery Fund to digitize, research and explore two unique guest books from World War 1.

Sports Development

Grants have been received to support families and foster carers with disabled children to access cycling projects and for Vivacity to purchase specialist equipment to host the events. Grant funding was also received to contribute to and improve health and well being participation and opportunities for Over 55's, 14-25 year olds, holiday activities, cycling and walking initiatives.

Arts

Grants have been received from the Arts Council and Peterborough City Council to deliver an arts development programme commencing 2013 to develop local artist talent and employability.

Service Level Agreements

Vivacity received income from Peterborough City Council to purchase the following services - Insurance Management, Health and Safety Management, Internal Audit, ICT support and Library Vehicles maintenance. During the year Vivacity purchased all of these services from Peterborough City Council.

Draft Financial Statements
VIVACITY CULTURE AND LEISURE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2017 £	Incoming resources £	Movement in funds			Balance at 31 March 2018 £
			Resources expended £	Transfers £	Investments gains/losses £	
Contingency Fund	724,000	-	-	(74,000)	-	650,000
Defined benefit pension scheme	473,000	10,000	-	(192,000)	92,000	383,000
Flag Fen Development Fund	150,000	-	-	-	-	150,000
	<u>1,347,000</u>	<u>10,000</u>	<u>-</u>	<u>(266,000)</u>	<u>92,000</u>	<u>1,183,000</u>

Vivacity are working with strategic partners to fund a capital redevelopment of Flag Fen to enhance the visitor experience, educational offer and to exhibit the Bronze Age findings from Must Farm.

23 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
Fund balances at 31 March 2018 are represented by:					
Tangible assets	497,686	-	-	-	497,686
Heritage assets	-	-	-	1,844,500	1,844,500
Current assets/(liabilities)	(457,916)	800,000	113,186	-	455,270
Provisions and pensions	-	383,000	-	-	383,000
	<u>39,770</u>	<u>1,183,000</u>	<u>113,186</u>	<u>1,844,500</u>	<u>3,180,456</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

24 Operating lease commitments

In addition to the amounts noted below a further licence fee is payable on the land and buildings commitment which is dependant upon performance, and not guaranteed, but is estimated to be £435,000 per annum. This results in an overall commitment to Peterborough City Council for 2018/19 of approximately £900,000, this lease expires in 2030.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	482,564	490,729
Between two and five years	1,892,201	1,909,765
In over five years	5,085,000	5,550,000
	<u>7,459,765</u>	<u>7,950,494</u>

25 Cash generated from operations

	2018	2017
	£	£
(Deficit)/surplus for the year	(416,809)	(4,790)
Adjustments for:		
Investment income recognised in statement of financial activities	(1,817)	(4,658)
Depreciation and impairment of tangible fixed assets	208,698	268,069
Difference between pension charge and cash contributions	182,000	71,000
Movements in working capital:		
(Increase) in stocks	(857)	(31,481)
(Increase)/decrease in debtors	(194,442)	12,844
Increase in creditors	521,752	177,922
Increase/(decrease) in deferred income	100,112	(167,854)
Cash generated from operations	<u>398,637</u>	<u>321,052</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which is also included in note 10 as employee costs, is as follows.

	2018	2017
	£	£
Aggregate compensation	<u>421,504</u>	<u>440,982</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26 Related party transactions

(Continued)

Transactions with related parties

Owing to the nature of the charity's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest.

In particular the charity receives income for service delivery and has service level agreements with Peterborough City Council, and the board of trustees includes representatives from the Council.

The financial statements do not include the cost of land, buildings and equipment used at minimal rent by Vivacity Culture & Leisure, whose title rests with Peterborough City Council. It is not practicably possible to attribute a value to this benefit.

Vivacity also manages funds on behalf of a consortium of voluntary organisations 'Peterborough Presents...', of which Vivacity is the lead partner. Vivacity receives a grant to deliver their part of the programme. At 31st March 2018 the charity held funds of £29,170 (2017 - £89,884) in a separate bank account on behalf of the consortium and these funds are not included in these accounts.

All other transactions involving such organisations are conducted in accordance with the charity's normal procurement procedures.