

Sheffield International Venues Limited

Annual report and financial statements

Registered number 2226575

Period ended 31 March 2017

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Directors and advisors

Directors

J Parish (Chairman)
S Brailey
S Britland
L Clark
Cllr N Gibson
D Hickman
A E Snelling

Company Secretary

A E Snelling

Registered Office

Riverside East
2 Millsands
Sheffield
S3 8DT

Registered number

2226575

Solicitors

Irwin Mitchell
Riverside East
2 Millsands
Sheffield
S3 8DT

Bankers

Barclays Bank Plc
10-12 Pinstone Street
Sheffield
S1 2HN

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic report

The directors present their strategic report for the period ended 31 March 2017.

Principal activities

The principal activities of the company in the period under review were the management of sporting, recreational and entertainment facilities built for the benefit of the inhabitants of Sheffield.

Principal risks and uncertainties

The directors have a policy of identifying, recording in a company risk register and managing all risks to the organisation. This is performed both at a venue level and by reviewing the corporate risks of the organisation. The approach is part of the management of risk within the whole group by the parent charity, Sheffield City Trust. The directors believe one of the key risks to the company and group to be the ability of Sheffield City Council to provide adequate funds to maintain the buildings in the long term. The trustees of the parent charity have entered into a four year agreement in 2015/16 with Sheffield City Council in order to give greater certainty of future funding.

The directors also believe the general economic climate to be a major risk to the company. This will impact both in the ability of the company to make the investments it wishes to in the venues and in the ability of customers to pay for the services offered by the company. The directors are monitoring the financial performance of the company very closely.

The directors have identified a number of other risks which they consider to be important to the business and have action plans to mitigate against them, but they believe that the two risks considered above are the most significant and their future strategy addresses them directly.

Business review

The trading results are given on page 9 of the financial statements. Overall activity levels in all the venues were high although the company made a small loss in the year. The directors are satisfied that this will be covered by income generated from future growth plans.

The accumulated reserves of the company remain negative, largely due to the company's membership of the South Yorkshire Pension Authority local government pension scheme. This is a defined benefit scheme and under the provisions of FRS102 the company has to account for the difference between the present value of future pension commitments and the value of scheme assets. In common with similar defined benefit pension schemes the company's share of the SYPA scheme is in deficit at the year end.

The directors understand that the company is now required to have distributable profits in order to make gift aid payments to the parent undertaking, Sheffield City Trust and hence no payment has been made in the period.

The principal measures of performance used by the directors are monthly profit and loss accounts and other key performance indicators all of which are reviewed by venue as well as at a combined level. These indicators include catering gross profit, total attendance and payroll to turnover ratio. Attendance levels increased and there was a slight improvement in the payroll to turnover ratio.

The directors are committed to increasing the outputs of the company and maximising the participation in community sport, the development of elite athletes and teams and the commercial income generated at all facilities.

All the existing facilities are performing well and it is the intention of the directors to continue to invest in them as much as possible and to maximise the attendance.

The directors are satisfied with the financial and non-financial performance of the facilities after the first quarter of 2017/18.

Strategic report (*continued*)

Business model

In delivering the community objectives within the venues, the company operated the following as agent for Sheffield City Trust:

- English Institute of Sport - Sheffield
- Sheffield Arena
- Sheffield City Hall

It acted as principal in the delivery of commercial activities, including maximising the potential of all users along with elite sports people and squads, for the following venues:

- Beauchief Golf Course
- Birley Golf Course
- Concord Sports Centre
- English Institute of Sport - Sheffield
- Heeley Swimming Pool
- Hillsborough Leisure Centre
- iceSheffield
- Ponds Forge International Sports Centre
- Sheffield Arena
- Sheffield City Hall
- Sinfin Golf Course
- Springs Leisure Centre
- Tinsley Park Golf Course
- Westfield Sports Centre

The directors believe the company's pre-eminence in delivering these strands under one brand to be the main reason for the continued success of the company. The company's business model has evolved in recent years to include greater centralisation of management. This has permitted standard products to be consistently and efficiently managed across the company improving the overall financial return. The intention is to continue to develop this model to further centralise core business streams.

Planned future developments and activities

Future activities will largely be a continuation of the existing business model. Particular attention will be paid to SIV Tickets whose brand is an area of the business that the directors believe has scope for expansion and resources will be spent in order to increase market share.

The directors believe that the development of the existing successful business model will be more appropriate than radical change while acknowledging that change is essential to keep the business successful.

By order of the board

A E Snelling
Company Secretary

Riverside East
2 Millsands
Sheffield
S3 8DT

26 July 2017

Directors' report

The directors present their report and audited financial statements for the period ended 31 March 2017.

Future developments

Future developments of the company are included in the strategic report on page 3.

Proposed dividend

The directors do not recommend the payment of a dividend (2016: £nil).

Directors and directors' interests

The directors who held office during the period and to the date of this report were as follows:

J Parish (Chairman)
S Brailey
S Britland
L Clark
Cllr N Gibson
D Hickman
A E Snelling

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of group companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Employees

The company has a policy of offering job opportunities to persons with disabilities where possible.

The company has a formal consultation procedure in respect of employees' terms and conditions and health and safety issues.

Liability insurance

Insurance for directors and officers against liabilities in relation to the company, as permitted by the Companies Act 2006, is maintained under a policy held by Sheffield City Trust.

Payments to suppliers

It is the policy of the company to agree terms of payment with their suppliers when the order for goods and services is placed and to adhere to these arrangements when making payment.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor


In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP therefore continued in office.

Directors' report *(continued)*

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013, the company has prepared a strategic report, which includes information that would have previously been included in the directors' report.

By order of the board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

A E Snelling
Company Secretary

Riverside East
2 Millsands
Sheffield
S3 8DT

26 July 2017

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors' have prepared the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Independent auditor's report to the members of Sheffield International Venues Limited

We have audited the financial statements of Sheffield International Venues Limited for the period ended 31 March 2017 set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and directors' report:

- we have not identified material misstatements in those reports
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Sheffield International Venues Limited *(continued)*

Matters on which we are required to report by exception

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

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



Chris Butt (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 July 2017

Profit and loss account
for the period ended 31 March 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	15,188	12,417
Other operating income	5	50	124
Raw materials and consumables		(1,982)	(2,329)
Staff costs	6	(5,715)	(3,991)
Depreciation and other amounts written off tangible fixed assets	12	(1,005)	(1,052)
Other operating charges		(6,259)	(4,810)
Operating profit	3	277	359
Interest receivable and similar income	7	-	6
Interest payable and similar charges	8	(43)	(14)
Other finance costs	9	(252)	(273)
(Loss)/profit on ordinary activities before tax		(18)	78
Tax on (loss)/profit on ordinary activities	10	(63)	(43)
(Loss)/profit for the financial period		(81)	35

The above (losses)/profits were derived from continuing activities.

The accompanying notes form part of the financial statements.

There is no difference between the (loss)/profit on ordinary activities and the historical cost equivalent.

Statement of other comprehensive income
for the period ended 31 March 2017

	<i>Note</i>	2017 £000	2016 £000
(Loss)/profit for the financial period		(81)	35
Actuarial (loss)/gain	19	(2,070)	1,051
Total comprehensive (expense)/income for the financial period		(2,151)	1,086

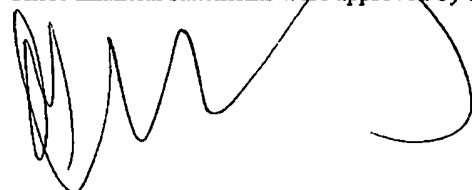
The accompanying notes form part of the financial statements.

Balance sheet
at 31 March 2017

		2017	2016
		£000	£000
Fixed assets			
Investments	11	-	-
Tangible assets	12	4,635	5,388
Current assets			
Stocks	13	182	254
Debtors	14	8,267	5,221
Cash at bank and in hand		3,189	3,525
		<u>11,638</u>	<u>9,000</u>
Creditors: amounts falling due within one year	15	<u>(9,652)</u>	<u>(7,606)</u>
Net current assets		<u>1,986</u>	<u>1,394</u>
Total assets less current liabilities		<u>6,621</u>	<u>6,782</u>
Creditors: amounts falling due after more than one year	16	<u>(304)</u>	<u>(413)</u>
Net assets – excluding pension liability		<u>6,317</u>	<u>6,369</u>
Pension liability	19	<u>(9,327)</u>	<u>(7,228)</u>
Net liabilities – including pension liability		<u>(3,010)</u>	<u>(859)</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		(3,010)	(859)
Shareholder's deficit		<u>(3,010)</u>	<u>(859)</u>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 July 2017 and were signed on its behalf by:



A E Snelling
Director

Statement of changes in equity
for the period ended 31 March 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 31 March 2015	-	(1,945)	(1,945)
Profit for the period	-	35	35
Other comprehensive income			
Actuarial gain	-	1,051	1,051
Balance at 3 April 2016	-	(859)	(859)

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 4 April 2016	-	(859)	(859)
Loss for the period	-	(81)	(81)
Other comprehensive income			
Actuarial loss	-	(2,070)	(2,070)
Balance at 31 March 2017	-	(3,010)	(3,010)

The accompanying notes form part of the financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Sheffield International Venues Limited (the “company”) is a company limited by shares and incorporated and domiciled in the United Kingdom.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” and the Companies Act 2006. The presentation currency of these financial statements is sterling. The current period’s financial statements are for the period from 4 April 2016 to 31 March 2017 (2016: 31 March 2015 to 3 April 2016).

The company’s ultimate parent undertaking, Sheffield City Trust includes the company in its consolidated financial statements. The consolidated financial statements of Sheffield City Trust are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Key management personnel compensation.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

Going concern

The company is in a net liabilities position. The directors have received an undertaking from Sheffield City Trust that it will provide such financial support as will enable the company to meet its liabilities for the foreseeable future. The directors have considered the company’s position and after making appropriate enquiries, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future based on a belief that future contracts will be profitable. Therefore, the directors will continue to adopt the going concern basis for the preparation of the financial statements.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment - 5% to 25% per annum

Assets under construction

Assets under construction are recognised at cost and are not subject to depreciation until the asset is available for use.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Pension costs

The company contributes to a pension scheme operated by the South Yorkshire Pension Authority providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and actuarial gains and losses. Further details regarding the scheme are disclosed in note 19.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Tax

The charge for tax is based on the result for the period and takes into account tax deferred because of timing differences between the treatment of certain items for tax and accounting purposes.

Provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future or a right to pay less tax in the future. An asset has not been recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

Related party transactions

As the company is a wholly owned subsidiary of Sheffield City Trust (ultimate parent company), the company has taken advantage of certain of the exemptions contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. All turnover is directly attributable to the commercial income from the management of sporting and recreational facilities in the United Kingdom.

Other operating income

Other operating income relates to grants received for the operation of venues and other revenue grants. Grant income for non-capital grants is recognised in the period covered by the grant when the performance criteria have been met. The company is not in receipt of any capital grants.

Other operating charges

These represent the central costs that have been recharged from Sheffield City Trust.

Notes to the financial statements (*continued*)

1 Accounting policies (*Continued*)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2 Analysis of turnover and operating profit

	Turnover	2017 Attributable operating profit	Turnover	2016 Attributable operating profit
	£000	£000	£000	£000
<i>By activity</i>				
Commercial income from the management of sporting and recreational facilities in the UK	15,188	277	12,417	359

Notes to the financial statements (*continued*)

3 Operating profit

	2017 £000	2016 £000
<i>Operating profit before tax is stated after charging:</i>		
Depreciation of tangible fixed assets - owned assets	906	948
- assets held under finance leases	99	153
Rentals under operating leases - plant and machinery	-	12
Impairment of trade receivables	10	(5)
Inventory recognised as an expense	1,665	1,810
	<hr/>	<hr/>

Auditor's remuneration for the period ended 31 March 2017 was £17,300 (2016: £17,300) and was borne by another group company.

4 Directors' remuneration

No directors (2016: none) received emoluments for their services during the period.

Four of the directors were remunerated by the ultimate parent company, Sheffield City Trust, and emoluments related to those directors are disclosed in the Sheffield City Trust statutory accounts. One of the other directors is a trustee of Sheffield City Trust and the other two are trustees of 7 Hills Leisure Trust and receive no remuneration from any group company.

5 Other operating income

	2017 £000	2016 £000
Grants received under funding agreement	-	120
Other revenue grants	50	4
	<hr/>	<hr/>
	50	124
	<hr/>	<hr/>

6 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows:

	2017 Number	2016 Number
Security and domestic	122	84
Administration	32	19
Catering	261	110
Recreation	252	222
	<hr/>	<hr/>
	667	435
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of those persons are set out below:

	2017 £000	2016 £000
Wages and salaries	5,028	3,592
Social security costs	261	169
Other pension costs	426	230
	<u>5,715</u>	<u>3,991</u>

Staff numbers and costs include all contracted and casual staff regardless of hours worked.

7 Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	-	6
	<u>-</u>	<u>6</u>

8 Interest payable and similar charges

	2017 £000	2016 £000
Finance lease interest payable	43	14
	<u>43</u>	<u>14</u>

9 Other finance costs

	2017 £000	2016 £000
Net interest expense on net defined benefit liabilities	252	273
	<u>252</u>	<u>273</u>

Notes to the financial statements (continued)

10 Tax

Analysis of charge in period

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the period	63	51
Adjustments in respect of prior periods	-	(8)
	<hr/>	<hr/>
Total current tax	63	43
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2016: higher) than the standard rate of corporation tax in the UK, which, for the period ended 31 March 2017 was 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(18)	78
	<hr/>	<hr/>
Current tax at 20% (2016: 20%)	(4)	16
Non deductible and non taxable items	-	1
Depreciation in excess of capital allowances	70	97
Short term timing differences	2	(10)
Tax losses utilised and other deductions	-	(61)
Group relief	(5)	-
	<hr/>	<hr/>
Total tax charge	63	43
	<hr/>	<hr/>

The elements of deferred tax are as follows:

	2017 £000	2016 £000
Difference between accumulated depreciation and amortisation and capital allowances	(457)	(501)
Defined benefit scheme timing difference	1,679	1,301
	<hr/>	<hr/>
Deferred tax asset unrecognised	1,222	800
	<hr/>	<hr/>

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered.

Factors that may affect future current and total tax charges

In the Budget on 8 March 2017, the Chancellor announced that the main rate of corporation tax will reduce to 19% from 1 April 2017 and an additional planned reduction to 17% from 1 April 2020. This will reduce any future current tax charge accordingly.

The deferred tax assets and liabilities have been calculated at 18% (2016: 18%) based on the corporation tax rates substantively enacted at the balance sheet date.

Notes to the financial statements (continued)

11 Investments

The company owns the entire share capital of SIV Enterprises Limited at a cost of £1. SIV Enterprises Limited is registered in England and Wales and is principally engaged in the management of sport and leisure facilities.

SIV Enterprises Limited made a loss for the period ended 31 March 2017 of £231,000 (2016: Profit £21,000) and had negative reserves of £962,000 (2016: Negative £608,000) at the period end. SIV Enterprises Limited's registered office is Riverside East, 2 Millsands, Sheffield S3 8DT.

12 Tangible assets

	Assets under construction £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At beginning of the period	204	10,121	10,325
Additions	203	49	252
Disposal	-	(62)	(62)
Transfers	(317)	317	-
At end of the period	90	10,425	10,515
Depreciation			
At beginning of the period	-	4,937	4,937
Charge for the period	-	1,005	1,005
Disposals	-	(62)	(62)
At end of the period	-	5,880	5,880
Net book value			
At end of the period	90	4,545	4,635
At beginning of the period	204	5,184	5,388

Included in the total net book value of tangible fixed assets is £106,000 (2016: £205,000) in respect of assets held under finance leases. Depreciation for the period on these assets was £99,000 (2016: £130,000).

Notes to the financial statements (continued)

13 Stocks

	2017 £000	2016 £000
Goods for resale	182	254

14 Debtors

	2017 £000	2016 £000
Trade debtors	1,091	890
Other debtors	22	176
Prepayments and accrued income	229	401
Amounts owed by group undertakings	6,925	3,754
	<u>8,267</u>	<u>5,221</u>

Amounts owed by group undertakings are interest free and repayable on demand.

15 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Obligations under finance leases (note 16)	118	122
Trade creditors	407	387
Other creditors including tax and social security	6,451	5,365
Corporation tax	64	50
Accruals and deferred income	2,233	1,589
Amounts owed to group undertakings	379	93
	<u>9,652</u>	<u>7,606</u>

Amounts owed to group undertakings are interest free and repayable on demand.

16 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Obligations under finance leases	304	413

The maturity of obligations under finance leases is as follows:

	2017 £000	2016 £000
Within one year	118	122
In the second to fifth years	304	413
	<u>422</u>	<u>535</u>

Notes to the financial statements (*continued*)

17 Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2017 Plant and Machinery £000	2016 Plant and Machinery £000
Operating leases which expire:		
Within one year	-	13
	<u> </u>	<u> </u>
	-	13
	<u> </u>	<u> </u>

19 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £86,000 (2016: £98,000).

Contributions amounting to £2,000 (2016: £7,000) were payable to the scheme and are included in creditors.

Defined benefit pension scheme

The company contributes to a pension scheme operated by The South Yorkshire Pension Authority providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31 March 2016 and was updated for FRS 102 purposes to 31 March 2017 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2017 £000	2016 £000
Present value of funded defined benefit obligations	(27,342)	(20,851)
Fair value of plan assets	18,074	13,686
Present value of unfunded defined benefit obligations	(59)	(63)
Net liability	<u>(9,327)</u>	<u>(7,228)</u>

Notes to the financial statements (continued)

20 Pension scheme (continued)

Movements in present value of defined benefit obligation

	2017 £000	2016 £000
At beginning of period	20,914	23,450
Current service cost	115	132
Interest cost	743	744
Actuarial losses/(gains)	6,089	(1,395)
Contributions by members	33	36
Benefits paid	(493)	(894)
Settlements	-	(1,159)
	<hr/>	<hr/>
At end of period	27,401	20,914
	<hr/>	<hr/>

Movements in fair value of plan assets

	2017 £000	2016 £000
At beginning of period	13,686	15,258
Expected return on plan assets	491	471
Actuarial gains/(losses)	4,019	(344)
Administration expenses	(2)	(2)
Contributions by employer	340	285
Contributions by members	33	36
Benefits paid	(493)	(894)
Settlements	-	(1,124)
	<hr/>	<hr/>
At end of period	18,074	13,686
	<hr/>	<hr/>

Expense recognised in the profit and loss account

	2017 £000	2016 £000
Current service cost	115	132
Gains on settlements and curtailments	-	(35)
Administration expenses	2	2
Interest on defined benefit pension plan obligation	743	744
Expected return on defined benefit pension plan assets	(491)	(471)
	<hr/>	<hr/>
Total	369	372
	<hr/>	<hr/>

The expense is recognised in the following line items in the profit and loss account:

	2017 £000	2016 £000
Staff costs	117	99
Other finance costs	252	273
	<hr/>	<hr/>
Total	369	372
	<hr/>	<hr/>

Notes to the financial statements (continued)

19 Pension schemes (continued)

The total amount recognised in the statement of other comprehensive income in respect of actuarial gains and losses is a loss of £2,070,000 (2016: £1,051,000 gain).

The fair value of the plan assets and the return on those assets were as follows:

	2017 Fair value £000	2016 Fair value £000
Equities	11,006	7,884
Government debt	2,585	2,012
Corporate bonds	1,121	862
Property	1,699	1,601
Other	1,663	1,327
	<u>18,074</u>	<u>13,686</u>
Actual return on plan assets	<u>3,035</u>	<u>126</u>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

	2017 %	2016 %
Discount rate	2.6	3.6
Expected rate of return on plan assets	2.7	3.4
Rate of increase in salaries	3.6	3.8
Rate of inflation	2.3	2.0
Rate of increase in pensions	2.3	2.0

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.9 years (male), 25.7 years (female)
- Future retiree upon reaching 65: 25.1 years (male), 28.0 years (female)

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Present value of scheme liabilities	(27,342)	(20,851)	(23,450)	(21,397)	(23,349)
Fair value of scheme assets	18,074	13,686	15,258	16,153	17,262
Present value of unfunded liabilities	<u>(59)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficit	<u>(9,327)</u>	<u>(7,228)</u>	<u>(8,192)</u>	<u>(5,244)</u>	<u>(6,087)</u>

Notes to the financial statements (continued)

19 Pension schemes (continued)

Experience adjustments

	2017	2016	2015	2014	2013
Experience losses/(gains) on scheme liabilities as a percentage of scheme liabilities	22.2%	(6.7%)	19.5%	15.1%	-
Experience gains/(losses) on scheme assets as a percentage of scheme assets	22.2%	(2.5%)	9.2%	(13.7%)	7.0%

The company expects to contribute approximately £351,000 to its defined benefit plans in the next financial period.

21 Related party transactions

During the period the company entered into the following transactions with Sheffield City Council:

- The council advanced £nil (2016: £77,000) to the company under the shortfall agreement, to cover costs incurred by the company and also paid £nil (2016: £42,000) business rates.
- The company entered into other arms length transactions with the council comprising of sales of goods and services to the council of £41,000 (2016: £55,000) with amounts owed to the company of £3,000 (2016: £23,000) at the period end.
- The company entered into other arms length transactions with the council comprising of purchases of goods and services from the council of £30,000 (2016: £43,000) with amounts owed by the charity of 9,000 (2016: £5,000) at the period end.

22 Accounting estimates and judgements

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty are:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Defined benefit pension liabilities are calculated using assumptions and estimates over key metrics and drivers of change. The company relies upon an expert third party, an actuary, to calculate the impact of these assumptions upon any pension liability. Management assess the adequacy of assumptions used on an annual basis.

23 Controlling parties

The company's ultimate controlling party is Sheffield City Trust. No one party has control of Sheffield City Trust on the grounds that the entity is a charity.