

REGISTERED COMPANY NUMBER: 08447331 (England and Wales)
REGISTERED CHARITY NUMBER: 1154831

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

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

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

	Page
Report of the Trustees	1 to 13
Report of the Independent Auditors	14 to 17
Statement of Financial Activities	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Cash Flow Statement	21
Notes to the Financial Statements	22 to 38

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees who are also Directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2021. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Charitable Company are:

- to provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social circumstances or for the public at large with the object of improving their conditions of life, and /or;
- to promote community participation in healthy recreation activities;
- to provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including use for meetings, lectures and classes and/or other forms of recreation and leisure time occupation with the object of improving the conditions of life for all those who use the facilities;
- to develop the capacity and skills for those members of the community who are socially and/or economically disadvantaged in such a way as to enable them to identify, and help meet, their needs and to participate more fully in society;
- to pursue such other charitable purposes consistent with the above as the Trustees in their absolute discretion shall determine.

Public benefit

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

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

The Trust has been operating for eight years and can clearly demonstrate success against 'The Hallmarks of an Effective Charity' outlined in the Charity Commission guidance of that name.

- Clear about its purpose and direction:

The Trust has established a Vision, Mission Statement and Values outlined in the second 5 Year Business Plan. Taking the national agenda of ukactive, the representative UK body and delivering that agenda locally the Trust's Vision of 'more people, more active, more often' mirrors the objects and powers of the Trust and the growing public recognition of the benefits of a healthy lifestyle.

The Mission Statement develops the manner in which the Vision will be delivered declaring 'Our mission is to provide a clean, safe and happy leisure experience on an inclusive basis to residents and visitors to the Borough of Tonbridge and Malling for the benefit of their health and social wellbeing. We will achieve this in a sustainable way through excellence in our people, policies and practice.'

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

Public benefit – continued

- Clear about its purpose and direction - continued:

The Vision and Mission Statement is underpinned by nine core values as follows;

- Leadership
- Integrity
- Innovation
- Continuous Improvement
- Accessibility
- Customer Focus
- Teamwork
- Professionalism
- Environmental awareness

The values are further defined in the second 5 Year Business Plan and endorsed by the Board of Trustees.

- A strong Board:

Selection and recruitment of the Trust Board is planned and executed with a clear vision to provide a range of interested, articulate and passionate volunteers who bring a range of professional disciplines and experience to the boardroom. The Board comprises 8 Community Trustees with a blend of professional experience including financial, IT, commercial property, policy development, HR, economic development, management consultancy and business entrepreneurship. This is complemented by the appointment of two TMBC Members and a Staff representative.

Over the past twelve months despite the challenge of moving meetings online due to COVID-19 the Board has continued to promote the aims and objectives of the Trust and provided strong, challenging support to the Executive Management Team. All of the Trustees are residents of the Borough with the exception of the Staff Trustee.

Critical issues throughout the year related to the impact of COVID-19 have been at the forefront of Board matters. These and a number of other strategic issues have been debated at Board level with clear evidence of the benefit of the experience and empathy of the Trustees. Consensus on key issues has been reached with unanimity and where occasion has demanded the Board has delegated authority to act in the Chair and Chief Executive as appropriate.

- Financially sound and prudent:

Sustainability is a key Business Plan objective of the Trust. This was recognised by TMBC in its key priorities at the point of transfer of the leisure facilities to the Trust. The 20 year Management Agreement was supported by an initial 5 year funding agreement by TMBC. The stated objective within the initial Business Plan was to achieve a revenue reserve of £500,000 as soon as possible and this was achieved in 2016.

The advent of the COVID-19 global pandemic has been a severe test in respect of the sustainability of the Trust. The prudent approach to the Trust's financial position throughout the life of the Trust helped to ensure the immediate threat of the pandemic at the start of the year was able to be mitigated by the strong cash position held by the Trust.

A strong and supportive relationship with TMBC allowed negotiations that have ensured a sustainable position throughout the year despite the significant reduction in the year end cash position.

The objective within the 5 year Business Plan to hold a revenue reserve represented by a net current asset position of not less than £500,000 remains the position to which the Trust expects to rebuild.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

Public benefit - continued

-Fit for purpose:

The Executive Management Team was restructured during 2018/19 and created a wider Executive Management Team (EMT) led by the Chief Executive. This now comprises the Head of Finance, Head of Operations (North), Head of Operations (South), Head of Facilities and Compliance and Head of Sales and Marketing. In 2020/21 the Customer Experience Manager and Human Resources Manager joined the EMT given the vital function of maintaining contact with customers and staff, especially during the three national lockdowns. The input of these two members of the team was vital to many decisions made during this period. It is intended going forward to retain the EMT as now constituted. The EMT provides a stable management approach consistent with the initial strategic and operational aims outlined in agreement with TMBC as part of the process of transfer to the Trust.

Operation of the Trust is assured through an existing but evolving suite of policies and procedures contained in an Integrated Management System. Roles and responsibilities in terms of governance and executive management are based upon guidance from the Association of Chief Executives of Voluntary Organisations (ACEVO). Key policies affecting health and safety and employment issues are also subject to Board approval.

Overall achievement of the objectives of the Trust is managed through an approved 5 Year Business Plan and an Annual Service Delivery Plan that is reviewed on a quarterly basis and reported to TMBC.

- Learning and improving:

The Trust is committed to understanding the sector in which it operates and contributing on a local level to a national agenda. As a consequence the Trust is an active member of Community Leisure UK the principal trade organisation for the sector with general and regional meetings attended by the Chief Executive. In addition the Executive Management Team is engaged with CIMSPA, the Chartered Institute representing the leisure industry.

The Trust is committed to wide sector engagement in the delivery of its objectives and utilises the National Benchmarking Service and Quest, the national quality scheme for sport and leisure to ensure industry best practice and review is at the forefront of future planning.

The Trust has a training plan to ensure the continuing professional development of staff at all levels of the service. Expenditure on training was suspended during the year with the exception of maintaining statutory qualifications.

- Accountable and transparent

The work of the Trust sits entirely in the public domain and under normal circumstances through its Customer Charter, panels, surveys and feedback mechanisms it strives to engage transparently with all interested parties. Due to COVID-19 these feedback mechanisms have largely been suspended.

Again under normal circumstances, as a key stakeholder the Trust reports to TMBC quarterly on a formal recorded basis against the approved Annual Service Delivery Plan. This liaison has been replaced for the majority of the year with weekly meetings with the Director of Street Scene, Leisure and Technical, the Director of Finance and other senior staff at TMBC to discuss financial and operational issues related to the pandemic.

Disabled persons

The Charitable Company's policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

Investments

The Trust is committed to investment in services that offer social return and has a Health & Wellbeing Strategy that aims to deliver the vision of the Trust to make 'more people, more active, more often'. Using tmaactive as a customer facing brand the Trust aims to promote 'a national agenda, delivered locally' and the action plan arising out of the strategy is now a key annex to the Trust's Annual Service Delivery Plan. The global pandemic has shone a light upon the importance of physical activity to the nation as a whole and the relevance of a proactive approach to encouraging the local community to be active, especially the currently inactive, has never been more important. Throughout the pandemic the Trust has been keen to hold on to existing resources to ensure the tmaactive150 programme can restart as customer confidence returns and the facilities gradually unlock during 2021/22. The severe financial challenge of COVID-19 has resulted in the exhaustion of funds previously identified for capital investment. The Board has approved a wish list of future potential capital investment opportunities however in 2020/21 no capital was available for direct investment in facilities or services. The discrete Health & Wellbeing budget will continue to be utilised to help develop local initiatives and the Trust has established a range of local partners from the community and voluntary sector. In 2020/21 the Trust suspended its Charity Funding designed to assist local voluntary and non-profit making organisations to help establish new physical activity programmes.

Fundraising

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its role in educating residents in the local community. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation, and demonstrating their leadership in this area.

In carrying out fundraising, the charity adheres to the following standards:

- The Trustees will have regard to the Charity Commission's publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the charity will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the charity's stated mission and purpose.
- The charity will comply with GDPR Legislation in relation to all personal data collected.
- Nobody directly or indirectly employed by or volunteering for the charity shall accept commissions, bonuses or payments for fundraising activities.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the charity.
- All Trustees, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the charity to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT

Achievement and performance

Charitable Activities

The Trust's Head Office has been established at 1-5 Martin Square, Larkfield, ME20 6QL, offices leased by TMBC to the Trust.

Five corporate objectives were considered by TMBC when a decision was taken to approve the formation of an independent Trust;

DELIVERY OF CORPORATE PRIORITIES

FINANCIAL SAVINGS

LONG TERM SUSTAINABILITY

ASSET MAINTENANCE

QUALITY OF SERVICE

In accordance with the Management Agreement a review of the Trust's performance against these objectives was completed in 2017/18 with negotiation leading to the revision of the Service Fee to a zero sum for the second five year tranche of the Management Agreement from 2018 - 2023. The negotiation also incorporated some amendments to key commercial clauses within the Management Agreement which have been subject to formal variation to contract. The COVID-19 pandemic led to a fundamental review of the sustainability of the Trust in 2020/21 and the total level of support from TMBC including the Government funding through the National Leisure Recovery Fund amounted to £1.2m.

The commercial clauses within the Management Agreement that forms the bedrock of the partnership were suspended where appropriate to allow full focus on the short to medium term sustainability of the Trust. The national lockdown of the facilities did allow progress in respect of some major maintenance projects including the completion of the leisure pool replacement roof at Larkfield Leisure Centre and the refurbishment of the Sports Hall floor at the Angel Centre. Quality of service was not ignored in the sense that the Trust ran a very effective communications campaign with members and users of the facilities to help ensure that business recovery is as strong as possible post-pandemic.

The key priorities identified below within the current Five Year Business Plan are usually used to highlight areas of progress. Benchmarking performance against previous years is a largely meaningless exercise for 2020/21 however some information is shown below.

PARTICIPATION - Around 285,000 customer visits were recorded in 2020/21 compared to 1.23million in 2019/20. This loss of around 1 million visitors starkly highlights the full impact of not just the periods of lockdown but also the severely restricted numbers allowed access when some or all of the facilities were open. The best performing facility was Poult Wood Golf Course which despite over 5 months of closure attracted nearly 50,000 visits compared to 58,000 in the previous year demonstrating the eagerness of many customers to take some form of outdoor exercise.

AWARENESS - The Trust worked hard during the lockdown to maintain awareness of the profile of the brand through a presence, largely on social media sites that directed customers towards resources including the Trust's developed online group exercise programme and other wellbeing resources for mental and physical health including NHS advice.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT – continued
Achievement and performance -continued
Charitable activities - continued

HEALTHY LIFESTYLES - The tmaactive150 health and wellbeing programme was suspended during 2020/21 with the relevant staff furloughed for almost the entire 12 months. Many customers of the normal programme are amongst the most clinically vulnerable in society and expressed demand was extremely low. The Trust collaborated with the NHS in the early part of 2021 to open a mass vaccination centre at the Angel Centre to serve residents and the wider population of West Kent in the fight against coronavirus. The mass vaccination programme at the Angel Centre provided up to 3,000 people a day with the Astra Zeneca vaccine and was open 7 days per week for up to 12 hours a day.

CUSTOMER SATISFACTION – Feedback mechanisms were suspended during 2020/21 including Mystery Visits, Viewpoint, Net Promoter Score and Customer Panel meetings. The Trust did engage in some national customer survey work related to customer experience returning to the facilities after the first lockdown and results were above the national average in terms of customer confidence about the COVID security of the facility operation.

SOCIAL INCLUSION - The Trust has continued to deliver concessionary use to Leisure Pass holders. Concessionary prices continue to be extended to people on low income, senior citizens, students, juniors and people living with disabilities. Other programmes that promote social inclusion were largely suspended during 2020/21.

CHARITABLE - Staff at the Trust were unable to support a local charity during 2020/21 and the Community Fund that normally distributes 2% of profits was not available.

ENVIRONMENTAL - The replacement Leisure Pool Hall roof as well as the boiler and air handling plant at Larkfield Leisure Centre was completed during 2020/21 using energy saving materials and technology to maximise operating savings through investment. The opportunity was also taken, whilst the roof work scaffolding was in place, to replace all of the Leisure Pool lighting with LED fittings.

QUALITY - The Trust has an ongoing commitment to Quest, the national quality scheme for sport and leisure despite the pandemic and whilst the Quest scheme was effectively suspended the Trust did commit to the redesigned Quest Prime assessments in 2021/22 to serve as a measure of the efficacy of the operation during and post closure. The normal quarterly Health & Safety Committee chaired by the Chief Executive with retained external expert support and Trustee representation was suspended during the pandemic however the Trust did undertake a review of the external support and a move to utilise the industry based Right Directions upon re-opening was agreed.

STAFF – During the periods of national lockdown the majority of staff (up to 390 at its peak) were furloughed under the Coronavirus Job Retention Scheme (CJRS). The Scheme allowed the Trust to claim 80% of staff salaries. In April and May 2020 a decision was taken to top up the salaries to 100% using cash reserves. This was recognised to be unsustainable beyond those months and pay reverted to 80%. Staff on furlough were also required to take annual leave during periods of national lockdown, also paid at 100%, to reduce the annual leave burden upon re-opening. The approved cost of living pay award of 2.5% and regrading proposals agreed for 2020/21 were deferred and eventually cancelled at a saving of £143,000. During the course of the year about 16 posts were made redundant (8 ftes) of which four were voluntary at a further saving of permanent salaries in excess of £80,000 per annum. Around 18 staff remained fully deployed during the lockdowns including seven of the eight person EMT, administrative staff dealing with IT, finance, payroll and memberships and a reduced technical and greenkeeping team. Throughout the pandemic contact was maintained with staff through regular email updates, Zoom meetings, YouTube posts and personal telephone calls as required. Following the third annual lockdown well over 90% of staff responding to a survey suggested that contact from the organisation had been excellent.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT - continued

Financial review - continued

Financial position - continued

The following Financial Statements reflect performance in the eighth year of the Trust and have been significantly distorted in comparison to previous years by the COVID-19 global pandemic. The pandemic saw three periods of enforced lockdown of the Trust's facilities from 21 March to 27 July, 5 November to 2 December 2020 and 5 January to 12 April 2021. The closures were slightly less onerous at Poult Wood Golf Course and the outdoor pool at Tonbridge opened from 29 March 2021. In between these periods opening was restricted in both terms of capacity and specific facilities and activities. Overall income from trading was just £1.89m. Income support from TMBC, grants and claims against the CJRS amounted to a further £3.02m leading to overall income of £4.91m against a budget forecast of £7.14m. All areas of the business were severely affected with golf income at £668,000 or nearly 70% of forecast from around 7 months of opening the only area of the business that could be deemed in any way strong over the course of the year.

Overall expenditure in operational terms amounted to £5.57m including staff costs reclaimed through the CJRS, compared to a budget forecast of £7.08m but leading to a trading deficit of £666,424. The most significant savings were made in staffing and utilities costs during the year.

The Trust entered negotiations with TMBC during the first national lockdown and quickly established a mutual recognition of the scale of the threat to the sustainability of the Trust. TMBC acknowledged the financial threat to the Council in the event the Trust ceased to trade and a transparent approach to understanding the emerging financial position was agreed. This resulted in an initial pledge from TMBC to offer support up to £1m to help lockdown costs and business recovery. This sum was revised to £1.2m upon the third national lockdown although subsequently a successful bid to the National Leisure Recovery Fund saw an award to TMBC of £267,000 offset against the level of support.

Ongoing sustainability was underpinned by use of the Coronavirus Job Retention Scheme, against which a claim of £1.75m was made over the course of the year. Further Local Restrictions Support Grant Funding, operational savings either negotiated with suppliers or simply not expended due to facility closures, a retraction of the agreed staff pay award and expenditure of cash reserves all contributed to ensuring a sustainable position by the year end. TMBC has also recognised that business recovery during 2021/22 will be challenging and has revised the zero sum Service Fee to a provisional level of £700,000 to further ensure the sustainable future of the Trust.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT - continued

Financial review - continued

Financial position - continued

It is impossible to ignore the significant financial impact on the Trust of the global coronavirus pandemic. However the relationship with TMBC, along with careful stewardship of the Trust's own funds and use of Government schemes has allowed a stronger cash position at year end than anticipated. This overall position and commitment from TMBC places the Trust in a strong position compared to many other similar organisations in the UK that have not been able to rely on their own reserves and the commitment, goodwill and financial support of the local authority and shows the Trust has a difficult but sustainable future beyond the pandemic.

Reserves Policy

The Trust's second Five Year Business Plan was approved as a Schedule to the Management Agreement between TMBC and the Trust and contains reference to Revenue and Capital Reserves.

Total Funds

Total funds held at 31 March 2021 show a deficit balance of £751,138 (2020: £850,286 surplus) all of which were unrestricted. The Board has designated funds as detailed below:

General Fund

The Trust has established a General Fund, represented in terms of liquidity by net current assets, in excess of £500,000 in line with the objective in the initial Business Plan. This provides a level of security and sustainability reflective of the overall size of the organisation. Net current liabilities at 31 March 2021 were £25,943 (2020: £522,547 net current assets).

Currently the Trust holds £805,377 (2020: £1,471,801) in the General Fund before accounting for the pension deficit.

IT Replacement Fund

In 2016/17 the Trust reached agreement with TMBC to asset transfer the IT hardware for the rest of the contract period. This decision was approved by the Board and a lump sum of £200,000 was paid to the Trust. New IT hardware has been purchased and the balance is placed in a designated reserve to allow future replacement which currently holds £149,485 (2020: £149,485).

FRS 102 Pension Fund

Total unrestricted funds before accounting for the pension deficit held at the 31 March 2021 were £954,682. However, a pension deficit of £1,706,000 (2020: (£771,000)) has been included in the Financial Statements to comply with the provisions of FRS 102. This deficit represents the obligation to make future contributions, on behalf of employees, in accordance with the rates advised by the Pension Scheme Actuary. After accounting for the pension deficit of £1,706,000 (2020: (£771,000)) total funds show a deficit balance of £751,138 (2020: £850,286 surplus).

Investment Policy

There are no investments held beyond cash deposits retained with the major UK clearing banks.

Going Concern

The Board of Trustees has taken into account the uncertainty caused by COVID-19 and are satisfied that, assuming customers behaviour is in line with industry expectations, and there are not further spikes in COVID-19 which results in enforced lockdowns without government support, then it will be able to meet all its obligations as and when they fall due. Accordingly, whilst drawing the reader's attention to the underlying uncertainties that the COVID-19 pandemic has caused, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT - continued

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Neither the Charitable Company nor any of its Trustees held any funds as custodian Trustee.

Plans for the future

Many of the objectives contained in the ASDP's did not progress due to COVID-19.

Following a review of legal options TMBC entered direct negotiations with the Trust in 2020/21 with a view to the Trust taking over the management and operation of Leybourne Lakes Country Park. Whilst the project experienced further delay it is now confirmed that the Trust will accept transfer of LLCP in 2021/22. This exciting opportunity will be underpinned by capital development utilising s106 funding of a lakeside café and water sports hub. The Trust will TUPE across existing staff and manage water sports and angling concessions through third party operators. The café will add a further dimension to the growing food and beverage operation managed directly by the Trust.

The Trust's Five Year Business Plan also identifies the opportunity to work in partnership with other parties within the Borough. Following the first lockdown the Trust was approached by Kings Hill Parish Council seeking a proposal to operate the Kings Hill Sports Park, a facility including a changing pavilion with café/bar, four grass football pitches, a full size floodlit 3G pitch and the future development of tennis, netball, rugby and trim trail anticipated in 2021/22. The freeholder of the Sports Park is Liberty Property Trust. Following extensive negotiations an Underlease and Funding & Management Agreement have been signed and the Trust transferred the staff and facilities under its wing in mid-June 2021. The 25 year contract will operate on a straight Management Fee basis for the first two years with the risk transferring to the Trust in Year Three.

The Trust has developed a proposal to extensively remodel the Angel Centre in liaison with Alliance Leisure Services. The proposal has been subject to a business case analysis and budget costing exercise and was presented to Tonbridge & Malling Borough Council for detailed consideration in 2019/20. Unfortunately, the coronavirus pandemic has halted all current potential of this project moving forward. However, it remains a highly desirable investment opportunity in the view of the Trust and will hopefully be revisited as part of future negotiations related to the future Service Fee and Management Agreement. In this respect the Service Fee review for the third five year tranche of the existing Management Agreement with TMBC will be subject to negotiation in 2021/22 for implementation from 1 April 2023. The Trust anticipates that the remodelling of the Angel Centre and the potential of contract extension beyond 2033 will form a key part of the discussion.

The third five year Business Plan for 1 April 2022 to 31 March 2027 will be drafted over the next 12 months for approval by the Board and TMBC.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charitable Company, a company limited by guarantee, was established under a Memorandum of Association which formed the objects and powers of the Charitable Company and is governed under its Articles of Association.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Recruitment and appointment of new Trustees

The current Board consists of 11 Trustees of which 8 are Community Trustees. Recruitment of Community Trustees is subject to general advertisement and approval of the Board in accordance with the Articles of Association. Recruitment will highlight relevant skills and experience that are deemed appropriate to complement the existing profile of Trustees. New Community Trustees will be required to live and/or work within the Borough to ensure truly local interest and representation. The appointment of the Staff Trustee will be at the approval of the Board and through a transparent process that allows consideration of any permanently contracted employee of the Trust whether full or part time.

Organisational structure

In addition to the 8 Community Trustees and the Staff Trustee, the Leader of Tonbridge & Malling Borough Council nominates two Members to the Board making up the full complement of 11. At 31 March 2021 there were no vacancies on the Board. According to the Articles of Association three Trustees retired by rotation at the Annual General Meeting held in November 2020. The three retirees, Neil Salisbury, Louise Forde and Duncan Scott were unanimously re-elected. The Chair, Alan Nicholl was re-elected unopposed and Simon White was re-elected unopposed to the role of Vice Chair.

Remuneration of Key Management Personnel

Key management personnel remuneration was reviewed by the Board in 2018/19 and Executive Management posts were re-graded. In 2020 an approved cost of living award of 2.5% to all staff including key management personnel was deferred and subsequently withdrawn as a consequence of COVID-19.

Induction and training of new Trustees

Induction of new Trustees is undertaken using the original Induction Pack prepared by WS Law that outlines the duties and responsibilities of a Director and Trustee. WS Law continue to be retained by the Trust and can deliver the training directly if felt appropriate.

The Chief Executive will provide a comprehensive introduction to the facilities, background to the Trust, business, operational and financial plans. In addition the Chief Executive will provide a detailed overview of the suite of documents that form the agreement between the Trust and Tonbridge & Malling Borough Council.

Board Meetings

The Board had 4 scheduled meetings in 2020/21. The Annual General Meeting was held in November 2020. The Board did receive detailed quarterly updates at Board meetings in respect of the financial position, business recovery planning, staff and customer related issues. The Remuneration Sub-Committee met once in 2020/21. It is the function of this sub-committee to consider matters related to pay, pensions and other human resource strategies and issues and make recommendations to the Board. Two EGMs were held in 2020/21 to deal with specific issues related to Kings Hill Sports Park and Leybourne Lakes Country Park. Trustees would normally represent the Trust, by nomination, on site-based Customer Panels and at the quarterly Health & Safety Committee. These meetings did not take place due to COVID-19.

Risk management

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place.

The Board has approved an Operational Risk Register which is a live document monitored by the Executive Management Team. The register identifies risk and the potential outcomes of failing to properly manage those risks. A matrix identifying severity x likelihood provides a Risk Rating Number and mitigating controls are described. An Action Plan has been created to further control the identified risks.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Risk management

A Business Continuity Plan is in place and was intended to be further reviewed in 2020/21 following re-tendering and slightly delayed implementation of a new IT managed solutions service provision. This did not happen due to COVID-19 and is now planned for 2021/22

A new strategic approach to Corporate Risk was approved by the Board in 2019/20 consisting of a Corporate Risk Register that identifies risks largely outside the control of the Trust and incorporates business continuity and high level operational risks. Due to COVID-19 it is now intended to implement the new Corporate Risk Register in 2021/22.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08447331 (England and Wales)

Registered Charity number

1154831

Registered office

1-5 Martin Square
Larkfield
AYLESFORD
Kent
ME20 6QL

Trustees

A Nicholl
K Bennett
T Bishop
M Davis
L Forde
I Garden
S King
S Rolls
N Salisbury
D Scott
S White

Company Secretary

D Sayle

Auditors

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

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

Bankers

National Westminster
West Malling Branch
43, Swan Street
West Malling
Kent
ME19 6HF

Company trading name

tmactive

Executive management team

M Guyton - Chief Executive
D Sayle - Head of Finance
K Brimsted - Head of Operations (North)
G Littlejohn - Head of Operations (South)
W Parker - Head of Sales and Marketing
I Mansfield - Head of Facilities and Compliance
S Coppin-Derby – Human Resource Manager
H Rocks – Customer Experience Manager

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors of Tonbridge and Malling Leisure Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021


STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a strategic report, approved by order of the Board of Trustees, as the company Directors, on 20 September 2021 and signed on the Board's behalf by:

A handwritten signature in black ink, appearing to read 'A C Nicholl'.

A C Nicholl - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TONBRIDGE AND MALLING LEISURE TRUST

Opinion

We have audited the financial statements of Tonbridge and Malling Leisure Trust (the 'Charitable Company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its outgoing resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TONBRIDGE AND MALLING LEISURE TRUST**

Matters on which we are required to report by exception

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

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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TONBRIDGE AND MALLING LEISURE TRUST

Our responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and our experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including, but not limited to, the Companies Act 2006, UK tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the relevant regulator.

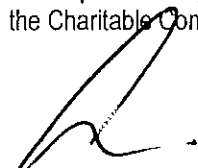
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Committee of Management and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TONBRIDGE AND MALLING LEISURE TRUST

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

Use of our report

This report is made solely to the Charitable 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 Charitable Company's members those matters we are required to state to them in an auditors' 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 20 September 2021.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	FRS102 Pension £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total funds As restated £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	-	-	1,750,321	1,750,321	53,561
Charitable activities	4					
Operation of leisure/golf centres		3,160,421	-	-	3,160,421	7,004,521
Investment income	3	394	-	-	394	5,684
Total		3,160,815	-	1,750,321	4,911,136	7,063,766
EXPENDITURE ON						
Charitable activities	5					
Operation of leisure/golf centres		3,827,239	70,000	1,750,321	5,647,560	7,247,920
NET INCOME/(EXPENDITURE)		(666,424)	(70,000)	-	(736,424)	(184,154)
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		-	(865,000)	-	(865,000)	483,000
Net movement in funds		(666,424)	(935,000)	-	(1,601,424)	298,846
RECONCILIATION OF FUNDS						
Total funds brought forward		1,621,286	(771,000)	-	850,286	551,440
TOTAL FUNDS CARRIED FORWARD		954,862	(1,706,000)	-	(751,138)	850,286

The notes form part of these financial statements

TONBRIDGE AND MALLING LEISURE TRUST (REGISTERED NUMBER: 08447331)
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total funds £
FIXED ASSETS					
Tangible assets	11	980,805	-	980,805	1,098,739
CURRENT ASSETS					
Stocks	12	65,599	-	65,599	65,627
Debtors	13	296,468	-	296,468	373,456
Investments	14	2,577	-	2,577	2,568
Cash at bank and in hand		<u>487,536</u>	<u>-</u>	<u>487,536</u>	<u>945,078</u>
		852,180	-	852,180	1,386,729
CREDITORS					
Amounts falling due within one year	15	(878,123)	-	(878,123)	(864,182)
NET CURRENT ASSETS		<u>(25,943)</u>	<u>-</u>	<u>(25,943)</u>	<u>522,547</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>954,862</u>	<u>-</u>	<u>954,862</u>	<u>1,621,286</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>954,862</u>	<u>-</u>	<u>954,862</u>	<u>1,621,286</u>
PENSION LIABILITY	18	1,706,000	-	1,706,000	771,000
TOTAL FUNDS	17				
Unrestricted funds				<u>(751,138)</u>	<u>850,286</u>
FUNDS EXCLUDING PENSION LIABILITY				<u>954,862</u>	<u>1,621,286</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 20 September 2021 and were signed on its behalf by:


.....
A C Nicholl - Trustee

The notes form part of these financial statements

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	31.3.21 £	31.3.20 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(457,927)</u>	<u>(108,722)</u>
Net cash used in operating activities		<u>(457,927)</u>	<u>(108,722)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		-	(29,449)
95 Deposit account investment		(9)	(2,568)
Interest received		<u>394</u>	<u>5,684</u>
Net cash provided by/(used in) investing activities		<u>385</u>	<u>(26,333)</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(457,542)	(135,055)
Cash and cash equivalents at the beginning of the reporting period		<u>945,078</u>	<u>1,080,133</u>
Cash and cash equivalents at the end of the reporting period		<u><u>487,536</u></u>	<u><u>945,078</u></u>

The notes form part of these financial statements

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.21 £	31.3.20 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(736,424)	(184,154)
Adjustments for:		
Depreciation charges	117,934	117,570
Interest received	(394)	(5,684)
Decrease/(increase) in stocks	28	(20,641)
Decrease/(increase) in debtors	76,988	(181,635)
Increase/(decrease) in creditors	13,941	(15,178)
Difference between pension charge and cash contributions	<u>70,000</u>	<u>181,000</u>
Net cash used in operations	<u>(457,927)</u>	<u>(108,722)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank and in hand	<u>945,078</u>	<u>(457,542)</u>	<u>487,536</u>
	<u>945,078</u>	<u>(457,542)</u>	<u>487,536</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the Charitable Company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the charity.

Going concern

The outbreak of COVID-19, which commenced during the year ended 31 March 2020, has resulted in a pandemic causing extensive disruption across the globe. The COVID-19 pandemic developed rapidly in 2020 and continues in 2021. The resulting impact of the virus on the operations of the Charitable Company and measures taken by various governments to contain the virus have negatively affected the Charitable Company's results in the current financial year. The currently known impacts of COVID-19 on the Charitable Company are:

- A significant reduction in income throughout 2020 and 2021 as cases of COVID-19 began to rise in the United Kingdom.
- The closure of all leisure facilities in the United Kingdom by the UK government on 20 March 2020 which resulted in no income from primary purpose trading activities from 20 March 2020 through to the re-opening of leisure facilities, which was permitted in England from 25 July 2020.
- A reduction in income compared to previous years from re-opening due to the measures that are required to ensure our facilities are COVID secure. The required measures limit the services offered and capacity of leisure facilities.
- A further lockdown from 5 November 2020 to 2 December 2020.
- Restrictions continued on activities whilst the site locations were in tier 4.
- A further nationwide lockdown from 5 January 2021 - 29 March 2021 forcing all facilities to close yet again.
- Between April and June measures such as reduced capacity, increased cleaning and social distancing restrictions remained in place via the UK Government.
- A full relaxation of forced legal COVID-19 restrictions were lifted in June 2021 with the emphasis on employers and individuals taking appropriate precautions. However, the Charitable Company continued to operate with restrictions and processes in place to help ensure safety of customers and staff along with increased cleaning, ventilation and sanitising measures. The Crèche and Café remained closed and are planned to reopen later in 2021.

The full extent of the impact of COVID-19 on the Charitable Company are still unknown, including:

- The impact of changes in customers' behaviour and confidence levels as a result of the continued existence of the pandemic in our society is currently unknown, and if customers do not or are slow to return to sites as anticipated, this will have a significant impact on projected revenue generation.
- The government continues to measure the spread of the virus and may use a tier system in future which may limit our activities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES - continued

Going concern – continued

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

- Took advantage of the Coronavirus Job Retention Scheme (CJRS) and still continue to do so.
- Worked with the local authority partner to secure financial support packages across a large part of the business for the closure period.
- We used the VAT payments deferral scheme in respect of the VAT liability for the quarter ended 31 March 2020.
- Continued to have enhanced hygiene measures in place at their gyms, pools, and fitness classes in line with COVID-19 regulations

The Charitable Company has produced forecasts for the next 24 months taking into account the impact of the lockdown period and measures that have been put in place following reopening. The forecasts are based on the UK Active and Industry recovery models, pre-COVID-19 trading and forecast projections. The key assumptions regarding revenue are based on the facilities that have reopened and are planned to reopen later in 2021 are continue to remain open and that there will be no further lockdowns. Management have carried out an extensive review of the underlying cost base of the business and have factored in changes that are likely to be implemented as a result of the impact of COVID-19 on the business which have been reflected in the forecasts. The forecasts include a level of funding that is due to be received from the local authority. These forecasts indicate that the Charitable Company will remain able to meet its financial obligations as they fall due for the foreseeable future. However, in the current climate, it is difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the Charitable Company's ability to continue to operate.

The economic climate and pandemic situation remain unstable, however, the Board of Trustees are confident that with the actions taken to reduce expenditure, coupled with the current levels of reserves, that it can mitigate the uncertainties and remain a going concern for at least the next 12 months.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Management consider the key sources of estimation uncertainty; depreciation and amortisation charges for assets included in the Statement of Financial Position based on the estimated useful economic life of the assets. Deferred and accrued income is recorded over the period for which the memberships relate.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether capital grants or revenue grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES – continued

Government grants

Government grants are recognised when it is reasonably certain that the conditions attached to the grant are met. Income from grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

During the year the Charitable Company received the following revenue based grants:

- Coronavirus Job Retention Scheme (CJRS) to cover a portion of employees' wages who were furloughed due to the coronavirus pandemic. The amount received has been included within donations (note 2).

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

Charitable activities are those costs incurred directly in the running of each of the recreation and leisure sites. Charitable activities are split into leisure activities, which are those costs incurred directly in the running of each of the sites, and support costs which are those costs incurred directly in support of expenditure on the objects of the charitable company. Governance costs are those incurred in the governance of the Charitable Company and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

Fixed assets costing in excess of £2,000 are shown in the financial statements at cost including irrecoverable VAT in respect of these assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment - straight line over 5 to 10 years

Plant and machinery - straight line between 3 to 10 years

Improvements to leasehold property - SL over remaining term of lease (31/10/2033)

Stocks

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

Taxation

The Charitable Company is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the Charitable Company without further specified purpose and are available as general funds or designated funds, which are set aside by the Trustees for a specific purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES - continued

Pensions

The Charitable Company operates a pension scheme through Kent County Council providing benefits based previously on final pensionable pay but amended from 1 April 2014 to career average revalued earnings (CARE). The assets of the scheme are held separately in an independently administered fund. Tonbridge & Malling Borough Council has given a legal undertaking indemnifying the Charitable Company in respect of all transferring staff. Employees who joined the Charitable Company after the point of the business transfer are classified within 'Limb c' and it is the pensions of these employees which the Charitable Company is liable for. Accordingly, the financial statements for the year ended 31 March 2021 show a pension liability of £1,706,000 as calculated by the scheme actuary.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial remeasurement gains and losses are recognised immediately in other recognised gains and losses.

In addition, the Charitable Company operates a defined contributions pension scheme for new staff, the cost of which is charged to the Statement of Financial Activities as occurred.

Financial instruments

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

a) Trade and other debtors

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

b) Cash and cash equivalents

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

c) Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES - continued

Financial instruments

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

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

d) Trade and other creditors

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

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

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like plant and equipment, are reviewed, to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

Inventories are also assessed for impairment at each reporting date. Each item of inventory is compared to the last sold date and an impairment loss recognised on a percentage basis in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit and loss.

Service concessions arrangements

The Charitable Company has a Service Contract with Tonbridge & Malling Borough Council for the operation of leisure centres and golf courses owned by the Council to which it has lease and management service contracts. Tonbridge & Malling Borough Council has rights under the contracts to specify the activities offered by the centres and minimum standards for the services to be provided.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES - continued

Financial Instruments - continued

Property, plant and equipment

The buildings and plant at the centres are leased to the Charitable Company as part of the overall contractual relationship with Tonbridge & Malling Borough Council but the Council maintains ultimate control of these assets. Accordingly the access which the Charitable Company has in the use of these assets is to enable it to operate the leisure centres and golf courses, so that the Charitable Company can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the Charitable Company's Balance Sheet. Improvements to property funded by the Trust are shown in the balance sheet as fixed assets and are depreciated over the term of the lease.

2. DONATIONS AND LEGACIES

	31.3.21	31.3.20 As restated
	£	£
Coronavirus Job Retention Scheme	<u>1,750,321</u>	<u>53,561</u>

In the 31 March 2020 financial statements the Coronavirus Job Retention Scheme support was shown within grants in note 4. Following new guidance from the Charities SORP, we have shown this support within donations and legacies for both financial years.

3. INVESTMENT INCOME

	31.3.21	31.3.20
	£	£
Deposit account interest	<u>394</u>	<u>5,684</u>

4. INCOME FROM CHARITABLE ACTIVITIES

		31.3.21	31.3.20 As restated
	Activity	£	£
Leisure centre income	Operation of leisure/golf centres	1,889,981	6,945,245
TMBC reimbursement	Operation of leisure/golf centres	840,724	59,276
Management fee	Operation of leisure/golf centres	300,000	-
Grants	Operation of leisure/golf centres	<u>129,716</u>	<u>-</u>
		<u>3,160,421</u>	<u>7,004,521</u>

Grants received, included in the above, are as follows:

	31.3.21	31.3.20 As restated
	£	£
TMBC COVID-19 grant	91,712	-
TMBC Utilities protection	<u>38,004</u>	<u>-</u>
	<u>129,716</u>	<u>-</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

4. INCOME FROM CHARITABLE ACTIVITIES - continued

In the 31 March 2020 financial statements the Coronavirus Job Retention Scheme support was shown within grants in note 4. Following new guidance from the Charities SORP, we have shown this support within donations and legacies for both financial years. There has been an adjustment to the TMBC reimbursement element to reflect £59,276 which was allocated to Leisure centre income in the 31 March 2020 financial statements.

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Operation of leisure/golf centres	<u>4,382,374</u>	<u>1,265,186</u>	<u>5,647,560</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Operation of leisure/golf centres	<u>1,240,670</u>	<u>24,516</u>	<u>1,265,186</u>

7. NET INCOME/(EXPENDITURE)

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

	31.3.21 £	31.3.20 £
Audit Fee	10,750	9,003
Other non-audit services	13,766	13,247
Depreciation - owned assets	<u>117,934</u>	<u>117,570</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

Staff Trustees only receive remuneration in respect of services they provide undertaking their roles as staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Charitable Company in respect of their role as Trustees. The value of the Trustees' remuneration during the period was as follows:

K Bennett (Staff Trustee) £16,407 (2020: £19,520)

Trustees' expenses

During the period, reimbursed expenses amounting to £nil (2020: £48) were paid to Trustees.

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

9. STAFF COSTS

	31.3.21	31.3.20
	£	£
Wages and salaries	3,530,629	3,811,928
Social security costs	209,963	236,760
Other pension costs	296,368	408,974
Staff restructuring costs	39,837	-
	<u>4,076,797</u>	<u>4,457,662</u>

Included in staff restructuring costs are redundancy payments totalling £39,837 (2020: £nil) that were paid in the year in response to the impact of the COVID-19 pandemic.

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

	31.3.21	31.3.20
Senior management	7	6
Leisure activities	354	360
Support	9	11
	<u>370</u>	<u>377</u>

The number of employees whose employee benefits (excluding employer pension costs and national insurance) exceeded £60,000 was:

	31.3.21	31.3.20
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1
	<u>2</u>	<u>2</u>

The total amount of employee benefits received by Executive Management Team (EMT) is £515,441 (2020: £457,495). The eight individuals (2020: six) considered to be EMT are listed on page 12 of the Trustee's report.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	FRS 102 pension fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Operation of leisure/golf centres	7,058,082	-	7,058,082
Investment income	<u>5,684</u>	<u>-</u>	<u>5,684</u>
Total	7,063,766	-	7,063,766

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	FRS102 pension fund £	Total funds £
EXPENDITURE ON			
Charitable activities			
Operation of leisure/golf centres	7,066,920	181,000	7,247,920
NET INCOME/(EXPENDITURE)	(3,154)	(181,000)	(184,154)
Other recognised gains/(losses)			
Actuarial gains on defined benefit schemes	-	483,000	483,000
Net movement in funds	(3,154)	302,000	298,846
RECONCILIATION OF FUNDS			
Total funds brought forward	1,624,440	(1,073,000)	551,440
TOTAL FUNDS CARRIED FORWARD	<u>1,621,286</u>	<u>(771,000)</u>	<u>850,286</u>

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 April 2020 and 31 March 2021	<u>1,042,527</u>	<u>232,563</u>	<u>66,273</u>	<u>1,341,363</u>
DEPRECIATION				
At 1 April 2020	126,970	78,388	37,266	242,624
Charge for year	<u>69,959</u>	<u>36,455</u>	<u>11,520</u>	<u>117,934</u>
At 31 March 2021	<u>196,929</u>	<u>114,843</u>	<u>48,786</u>	<u>360,558</u>
NET BOOK VALUE				
At 31 March 2021	<u>845,598</u>	<u>117,720</u>	<u>17,487</u>	<u>980,805</u>
At 31 March 2020	<u>915,557</u>	<u>154,175</u>	<u>29,007</u>	<u>1,098,739</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

12. STOCKS

	31.3.21	31.3.20
	£	£
Stocks	<u>65,599</u>	<u>65,627</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade debtors	6,120	135,600
Other debtors	7,299	9,011
Prepayments and accrued income	<u>283,049</u>	<u>228,845</u>
	<u>296,468</u>	<u>373,456</u>

14. CURRENT ASSET INVESTMENTS

	31.3.21	31.3.20
	£	£
Unlisted investments	<u>2,577</u>	<u>2,568</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	207,129	297,978
Social security and other taxes	50,782	66,375
VAT	15,348	18,058
Other creditors	50,911	47,835
Deferred income	296,961	271,555
Accrued expenses	<u>256,992</u>	<u>162,381</u>
	<u>878,123</u>	<u>864,182</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

16. LEASING AGREEMENTS

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

	31.3.21 £	31.3.20 £
Within one year	54,231	43,914
Between one and five years	40,099	16,342
	<u>94,330</u>	<u>60,256</u>

The Charitable Company holds a lease of £35,000 per annum for office rental which ends 31 March 2023, however this lease can be cancelled with 12 months notice.

17. MOVEMENT IN FUNDS

	At 1.4.20 £	Net movement in funds £	At 31.3.21 £
Unrestricted funds			
General fund	1,471,801	(666,424)	805,377
IT Replacement Fund	149,485	-	149,485
FRS102 Pension	<u>(771,000)</u>	<u>(935,000)</u>	<u>(1,706,000)</u>
TOTAL FUNDS	<u>850,286</u>	<u>(1,601,424)</u>	<u>(751,138)</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,160,815	(3,827,239)	-	(666,424)
FRS102 Pension	<u>-</u>	<u>(70,000)</u>	<u>(865,000)</u>	<u>(935,000)</u>
	3,160,815	(3,897,239)	(865,000)	(1,601,424)
Restricted funds				
Coronavirus job retention scheme	1,750,321	(1,750,321)	-	-
TOTAL FUNDS	<u>4,911,136</u>	<u>(5,647,560)</u>	<u>(865,000)</u>	<u>(1,601,424)</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

17. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.19 £	Net movement in funds £	At 31.3.20 £
Unrestricted funds			
General fund	1,473,032	(1,231)	1,471,801
IT Replacement Fund	151,408	(1,923)	149,485
FRS102 Pension	(1,073,000)	302,000	(771,000)
	<u>551,440</u>	<u>298,846</u>	<u>850,286</u>
TOTAL FUNDS	<u>551,440</u>	<u>298,846</u>	<u>850,286</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,063,766	(7,064,997)	-	(1,231)
IT Replacement Fund	-	(1,923)	-	(1,923)
FRS102 Pension	-	(181,000)	483,000	302,000
	<u>7,063,766</u>	<u>(7,247,920)</u>	<u>483,000</u>	<u>298,846</u>
TOTAL FUNDS	<u>7,063,766</u>	<u>(7,247,920)</u>	<u>483,000</u>	<u>298,846</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

17. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.19 £	Net movement in funds £	At 31.3.21 £
Unrestricted funds			
General fund	1,473,032	(667,655)	805,377
IT Replacement Fund	151,408	(1,923)	149,485
FRS102 Pension	<u>(1,073,000)</u>	<u>(633,000)</u>	<u>(1,706,000)</u>
	<u>551,440</u>	<u>(1,302,578)</u>	<u>(751,138)</u>
TOTAL FUNDS	<u>551,440</u>	<u>(1,302,578)</u>	<u>(751,138)</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	10,224,581	(10,892,236)	-	(667,655)
IT Replacement Fund	-	(1,923)	-	(1,923)
FRS102 Pension	<u>-</u>	<u>(251,000)</u>	<u>(382,000)</u>	<u>(633,000)</u>
	10,224,581	(11,145,159)	(382,000)	(1,302,578)
Restricted funds				
Coronavirus job retention scheme	1,750,321	(1,750,321)	-	-
	<u>1,750,321</u>	<u>(1,750,321)</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>11,974,902</u>	<u>(12,895,480)</u>	<u>(382,000)</u>	<u>(1,302,578)</u>

IT Replacement Fund

During the year 31 March 2017 an amount of £200,000 was received from TMBC in respect of the replacement costs of IT equipment. Unspent funds at 31 March 2021 were £149,485 (2020: £149,485).

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS

The Charitable Company operates a defined benefit pension scheme for some employees administered by Kent County Council, the administering authority to the Kent County Council Pension Fund. The Charitable Company has admitted body status to the Kent County Council Pension Fund. The calculation can also be very sensitive to the actuarial assumptions used in valuing the scheme. The figures disclosed below have been derived by approximate methods from the full actuarial valuation of the fund carried out by the actuary as at 31 March 2021.

Tonbridge & Malling Borough Council has given a legal undertaking indemnifying the Charitable Company in respect of pension contributions of all transferring staff. Employees who joined the Charitable Company after the point of the business transfer are classified within 'Limb c' and it is the pensions of these employees which the Charitable Company is liable for. Accordingly, the financial statements for the year ended 31 March 2021 show a pension liability of £1,706,000 (2020: £771,000).

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.3.21	31.3.20
	£	£
Present value of funded obligations	(3,084,000)	(1,758,000)
Fair value of plan assets	<u>1,378,000</u>	<u>987,000</u>
	(1,706,000)	(771,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(1,706,000)</u>	<u>(771,000)</u>
Net liability	<u>(1,706,000)</u>	<u>(771,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	
	31.3.21	31.3.20
	£	£
Current service cost	112,000	217,000
Net interest from net defined benefit asset/liability	17,000	25,000
Administrative expenses	<u>1,000</u>	<u>1,000</u>
	<u>130,000</u>	<u>243,000</u>
Actual return on plan assets	<u>308,000</u>	<u>(75,000)</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.21	31.3.20
	£	£
Opening defined benefit obligation	1,758,000	2,047,000
Current service cost	112,000	197,000
Past service cost	-	20,000
Contributions by scheme participants	24,000	27,000
Interest cost	42,000	50,000
Actuarial losses/(gains)	(25,000)	(111,000)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(18,000)	(124,000)
Actuarial (gains)/losses from changes in financial assumptions	1,191,000	(348,000)
	<u>3,084,000</u>	<u>1,758,000</u>

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

	Defined benefit pension plans	
	31.3.21	31.3.20
	£	£
Opening fair value of scheme assets	987,000	974,000
Interest on assets	(1,000)	(1,000)
Contributions by employer	60,000	62,000
Contributions by scheme participants	24,000	27,000
Expected return	25,000	25,000
Return on plan assets (excluding interest income)	283,000	(100,000)
	<u>1,378,000</u>	<u>987,000</u>

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS – continued

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.3.21	31.3.20
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	18,000	124,000
Actuarial (gains)/losses from changes in financial assumptions	(1,191,000)	348,000
Return on plan assets (excluding interest income)	283,000	(100,000)
Experience gain/loss on defined benefit obligation	25,000	111,000
	<u>(865,000)</u>	<u>483,000</u>

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

	Defined benefit pension plans	
	31.3.21	31.3.20
Equities	65%	62%
Gifts	1%	1%
Other Bonds	12%	12%
Property	10%	14%
Cash	5%	3%
Absolute Return Fund	7%	8%
	<u>100%</u>	<u>100%</u>

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,966,000	3,084,000	3,206,000
Projected service cost	195,000	204,000	214,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,089,000	3,084,000	3,079,000
Projected service cost	204,000	204,000	204,000
Adjustment to pension increases and deferred revaluation	+1 year	None	-1 year
Present value of total obligation	3,200,000	3,084,000	2,972,000
Projected service cost	214,000	204,000	195,000
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	3,193,000	3,084,000	2,979,000
Projected service cost	212,000	204,000	196,000

TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	31.3.21	31.3.20
Discount rate	2.05%	2.40%
Future salary increases	3.80%	2.85%
Future pension increases	2.80%	1.85%

Pension supporting information

FRS102 section 28 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet - both in respect of any outstanding employer contributions and any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions liability calculation used for accounting purposes are based largely on the actuarial Ongoing Basis calculations (such as inflation, life expectancy etc.) but crucially differ in one key respect - that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the Ongoing Basis uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. The volatility of the discount rate assumption can lead to higher liabilities being shown than if the liabilities were calculated by the Ongoing Basis.

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

19. RELATED PARTY DISCLOSURES

During the year there were the following transactions with related parties:

The Trust made sales of £3,551 to Tonbridge Juddians Rugby Football Club, where Mark Davis is vice-president. There were no amounts due to the Trust at 31 March 2021.

20. LEGAL STATUS

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

21. EVENTS SUBSEQUENT TO THE YEAR END

The worldwide outbreak of COVID-19 resulted in the UK Government requiring the British public to enter a number of national and regional lockdowns during the year. Following the year end the government have now permitted leisure centres, gyms and indoor pools to reopen on 12 April 2021.

From 17 May 2021 further restrictions were lifted to allow indoor adult group sports and exercise classes.

Finally, on 19 July 2021 all remaining restrictions that had been in place through the pandemic were lifted.

The continued existence of COVID-19 in our society, which may have an impact on the behaviours of the Trust's customers is as of yet unknown.