

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

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Statutory Auditors and Chartered Accountants
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TONBRIDGE AND MALLING LEISURE TRUST
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REPORT OF THE TRUSTEES
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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 2022. 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.

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OBJECTIVES AND ACTIVITIES

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 nine 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.'

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 7 Community Trustees with a blend of professional experience including financial, IT, commercial property, policy development, economic development, management consultancy and business entrepreneurship. This is complemented by the appointment of two Tonbridge and Malling Borough Council (TMBC) Members and a Staff representative.

During the course of the past twelve months meetings moved from an online format due to COVID-19 back to in person meetings as the risk receded. 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.

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OBJECTIVES AND ACTIVITIES

Critical issues throughout the year related to the impact of COVID-19 have still 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 COVID-19 global pandemic continued to be 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 and a strong and supportive relationship with TMBC allowed ongoing negotiations that ensured the steady rebuilding of the Trust's financial position as the business recovery continued to unfold.

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 remained the goal.

-Fit for purpose:

The Executive Management Team (EMT) led by the Chief Executive now comprises the Head of Finance, Head of Operations (North), Head of Operations (South), Head of Facilities and Compliance, Head of Sales and Marketing, Customer Experience Manager and Human Resources Manager and the Catering Manager who was appointed in February 2022. 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 (CLUK) the principal trade organisation for the sector with general and regional meetings. The Chief Executive has become the South East Regional Director on the CLUK Board, further cementing the relationship of the Trust with the entire sector. In addition the Executive Management Team is engaged with CIMSPA, the Chartered Institute representing the leisure industry.

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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. During the pandemic the Trust has reported financial and usage information to the Moving Communities platform, established initially to validate Government expenditure through the National Leisure Relief Fund but now utilised to provide wider industry benchmarking and insight.

The Trust has a training plan to ensure the continuing professional development of staff at all levels of the service. Expenditure on training has been reduced during the year in order to aid the financial recovery 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 were suspended but have been reintroduced gradually as the business recovery gathers pace.

As a key stakeholder the Trust reports to senior staff at TMBC on a formal recorded basis against the approved Annual Service Delivery Plan. A monthly strategic meeting is held 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.

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OBJECTIVES AND ACTIVITIES

Social 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 held on to existing resources to ensure the tmaactive150 programme could restart as customer confidence returns and the facilities gradually unlocked 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 2021/22 very little 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. Again, due to financial constraints in 2021/22 the Trust continued to suspend 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 Data Protection 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.

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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 for 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 and the Service Fee from TMBC was varied to £700,000 in 2021/22.

The commercial clauses within the Management Agreement that forms the bedrock of the partnership remained suspended in 2021/22 where appropriate to allow full focus on the short to medium term sustainability of the Trust. The re-opening schedule include golf and outdoor swimming from 29 March 2021, indoor pools and gyms from 12 April 2021, group exercise and some indoor sports from 17 May 2021 and the ability to re-open all services from 19 July 2021. Progress was still severely restricted by social distancing, capacity levels and booking measures which were only fully relieved in October 2021 when the Coronavirus Job Retention Scheme ended, signalling a re-opening of some facilities that had been closed due to lack of economic viability such as crèche and catering services. Quality of service was not ignored throughout the re-opening in the sense that the Trust ran a very effective communications campaign with members and users of the facilities to help ensure business recovery was as strong as possible post-pandemic.

The key priorities identified below within the current Five Year Business Plan are used to highlight areas of progress however benchmarking performance against previous years remains a largely meaningless exercise for 2021/22.

During 2021/22 two major opportunities were realised by the Trust in accordance with Annual Service Delivery Plan objectives.

The Trust entered a 25 year lease and management agreement with Kings Hill Parish Council to operate Kings Hill Sports Park. The Sports Park is a high quality facility including a changing pavilion with café/bar, four grass football pitches, a full size floodlit 3G pitch and the development of tennis, netball, rugby and trim trail was completed very early in 2022.

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The Trust also took over the management and operation of Leybourne Lakes Country Park under a variation to the current management agreement with TMBC. The contract commenced on 1 November 2021 and runs co-terminous with the Trust's other leases until 31 October 2033. This exciting opportunity is underpinned by capital development utilising s106 funding of a lakeside café and water sports hub that opened in early July 2022. The Trust has TUPE transferred existing staff and manages the water sports and angling concessions through third party operators. The café adds a further dimension to the growing food and beverage operation managed directly by the Trust.

PARTICIPATION - Around 825,000 customer visits were recorded as the business recovery grew in 2021/22 compared to 285,000 in 2020/21 but this still represents only 67% of the 1.23million customer visits in 2019/20 immediately prior to the pandemic. This reduction in visitor numbers highlights the significant ongoing impact of the pandemic throughout the staged re-opening of the facilities and reflects the restricted access and customer caution about returning to activities in an indoor environment. Notable reduction in health and fitness membership continued to the end of 2021/22 when recovery was still only at about 80% of pre-pandemic levels whilst other activities, especially golf and Swim School showed very encouraging participation levels above 2019/20.

AWARENESS - The Trust worked hard as the facilities emerged from lockdown to maintain awareness of the profile of the brand through a presence, largely on social media sites, that sought to reassure customers about best practice adopted in terms of social distancing and hygiene measures at all the sites. Feedback from customers about this aspect of the operation was very positive. Online services that had been established to support customers were slowly reduced as customers reappeared in person at the facilities and online demand fell.

HEALTHY LIFESTYLES - The continuation of the Coronavirus Job Retention Scheme until 30 September resulted in continued suspension of the tactive150 health and wellbeing programme as many of the customers are clinically vulnerable and amongst the slowest to return to activity. The latter half of 2021/22 saw a gradual resumption of activities including walking football/netball, stretch and move classes, falls prevention and 'Here Come the Girls' activities. The last quarter saw over 1,000 attendances to the programme. 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. This use of facilities continued through until the early Autumn 2021 and provided up to 3,000 people a day with the Astra Zeneca vaccine on a 7 days per week basis.

CUSTOMER SATISFACTION - Feedback mechanisms were partly reintroduced in the second half of 2021/22. Mystery visits recommenced in Q3 and Q4 with an average score across all sites of 83.6% against a target of 80%. The Net Promoter Score was also started in Q3 as all facilities fully re-opened and the first quarter results showed an NPS of 63 which was 17 points above the industry average. The Trust did engage in a second national customer survey related to customer experience returning to the facilities after the pandemic and results were markedly above the national average in terms of customer confidence about the facility operation reflecting the hard work in communicating positively with the Trust's customer base.

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. As described above the tactive150 programme recommenced and offers low cost access to vulnerable groups. The Trust was also successful with a submission to the KCC Reconnect programme for £31,784 towards encouraging families, especially those on low income to re-engage in activities following COVID-19.

CHARITABLE - Staff at the Trust were unable to support a local charity during 2021/22 and the Community Fund that normally distributes 2% of profits was not available. The Trust has identified the local charity, Spadework, to work with in 2022/23 to provide indirect support through sponsored events and other activities.

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ENVIRONMENTAL - TMBC has identified the extent of the carbon footprint of the leisure facilities as part of its overall assets and a focus is being placed upon Carbon Descent Plans, especially at the swimming pool sites to help meet TMBC's overall climate change targets. Current reductions in utility usage at Larkfield Leisure Centre following the installation of a new roof and air handling plant are around 12% and a further reduction of 6% is forecast by the installation of PV panels on the Sports Hall roof in 2022. The Trust has been involved in the development and proposed operation of the new café at Leybourne Lakes Country Park to a high environmental standard.

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 undertake the redesigned Quest Prime assessments in 2021/22 to serve as a measure of the efficacy of the operation during and post closure. Quest is being redesigned and relaunched in 2022 as part of the Moving Communities platform and the Trust will re-engage with the new scheme. The normal quarterly Health & Safety Committee chaired by the Chief Executive with retained external expert support and Trustee representation remained suspended during 2021/22 however the Trust did undertake a review of the external support and moved to utilise the industry based Right Directions as its retained advisors.

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 which allowed the Trust to claim 80% of staff salaries was planned to end on 30 April 2021 and this was reflected in the 2021/22 approved budget. However, the Government announced a further extension to the scheme through to 30 September 2021. This allowed the Trust to continue to match furlough and flexible furlough arrangements with the gradual re-opening of facilities and a total claim of over £219,000 was made against the scheme in 2021/22. It also allowed the Trust to implement a pay award of 1%. No further COVID-19 related redundancies were made in 2021/22 and all permanent staff were returned to duty by 1 October 2021. Strong staff engagement was maintained throughout the year through regular email updates, Zoom meetings, YouTube posts and personal telephone calls as required.

On re-opening the facilities the Trust has experienced profound and ongoing recruitment issues in common with the national picture in the leisure and hospitality sectors. Staff turnover has increased significantly and the level of job applications has fallen. This has led the Board to reflect upon pay levels and adopt a revised approach to age-related National Minimum Wage and approve a 4% pay award at all levels in the Trust with front line roles in lifeguarding and catering being regraded further. Early indications suggest this has assisted but recruitment and selection remains a difficult area that can impact on provision of services.

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STRATEGIC REPORT

Financial review

Financial position

The following Financial Statements reflect performance in the ninth year of the Trust and remain distorted in comparison to previous years by the ongoing impact of the COVID-19 global pandemic. The Government Road Map to recovery saw the gradual lifting of restrictions on opening from 12 April 2021 until 19 July 2021 when all facilities were allowed to re-open. However, the continuation of some restrictions and lower customer demand resulted in an incomplete business recovery and total customer throughput in 2021/22 at around two thirds of pre-pandemic levels. Overall income from trading was close to budget forecast at around £6.29m. A Service Fee from TMBC, grants and claims against the CJRS amounted to a further £1,148,014 and expenditure savings of just over £200,000 led to a trading surplus of £416,576 against a forecast deficit of £270,000.

Taking into account expected increased utilities costs the Board approved a budget for 2022/23 that forecasts a trading deficit of c£300,000 that will be borne from reserves. This reflects the ongoing uncertainty about key areas of the business, including health and fitness but more pertinently increased costs due to general and pay inflation.

It is impossible to ignore the significant financial impact on the Trust of the global coronavirus pandemic and now the challenge of rising utilities costs. 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 challenging but sustainable future beyond the pandemic.

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STRATEGIC REPORT

Financial review

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 2022 show a deficit balance of £205,562 (2021: £751,138 deficit) of which £31,784 were restricted. The Board has designated funds as detailed below:

General Fund

The Trust has established a General Fund target, 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 assets at 31 March 2022 were £475,937 (2021: £25,943 net current liabilities).

Currently the Trust holds £1,155,151 (2021: £805,377) 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 £149,203 (2021: £149,485).

Telephone Replacement Fund

During the year, the Trust received £35,300 from TMBC in respect of the replacement costs of telephone hardware across the Trust which is expected to be required in the near future.

FRS 102 Pension Fund

Total unrestricted funds before accounting for the pension deficit held at the 31 March 2022 were £1,339,654. However, a pension deficit of £1,577,000 (2021: (£1,706,000)) 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 £1,577,000 (2021: £1,706,000) total funds show a deficit balance of £205,562 (2021: £751,138 deficit).

Investment Policy

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Neither the charitable company nor any of its Trustees held any funds as custodian Trustee.

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Plans for future periods

It was anticipated that the Trust's third five year Business Plan for 1 April 2022 to 31 March 2027 would be drafted during the course of 2021/22 for approval by the Board and TMBC. However, the ongoing impact of the pandemic left TMBC unable to articulate its service objectives for the period including financial expectations around the new Service Fee to be implemented from 1 April 2023.

This largely involves a decision around the future of the Angel Centre in Tonbridge. The Trust had 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 pandemic halted all prospect of this project moving forward at that time. However, it remains a highly desirable investment opportunity in the view of the Trust and is now being revisited in a wider review of TMBC's Tonbridge town centre assets. Whilst Phase 1 of the consultant led review has identified the urgency of a decision in respect of the Angel Centre this has not to date moved any further forward. TMBC has highlighted the potential impact of local elections in May 2023 on any decision.

The Trust has established a regular meeting with TMBC to review the Service Fee and the key factors influencing agreement have been identified and will continue to be pursued concurrent to the critical considerations about the Angel Centre. The Trust has identified contract duration among a list of service delivery options with a view to securing an extension beyond the current lease term of 2033 as part of any Service Fee negotiation.

During 2022/23 the Trust will continue to establish sustainable operations at Leybourne Lakes Country Park and Kings Hill Sports Park including the catering element of the services. The Trust will seek to pursue any low level capital investment that may help to drive income across the Trust. Recovery of the health and fitness market will be a key focus of marketing and operational work streams. The Trust is also committed to the implementation of workplace systems software to streamline core HR and recruitment practice and introduce a time and attendance module to eliminate the use of paper timesheet systems producing greater efficiency and cost savings.

In 2022/23 the Trust will enter negotiations with Kings Hill Parish Council in respect of the Management Fee for onward management of the Sports Park as the Trust assumes future financial risk from 2023/24.

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.

Recruitment and appointment of new Trustees

The current Board consists of 10 Trustees of which 7 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.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

In addition to the 7 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 10. At 31 March 2022 there were three vacancies on the Board. According to the Articles of Association three Trustees retired by rotation at the Annual General Meeting held in December 2021. Two of the three retirees, Alan Nicholl and Simon White were unanimously re-elected whilst the third retiree, Stewart Rolls indicated that he did not wish to seek re-election and resigned from the Board. Louise Forde and Isabel Garden resigned during the year as a consequence of ceasing to be a resident in the Borough. The Chair, Alan Nicholl was re-elected unopposed and Simon White was re-elected unopposed to the role of Vice Chair.

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.

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 2021 an approved cost of living award of 1% to all staff including key management personnel was awarded.

Board Meetings

The Board had 4 scheduled meetings in 2021/22. The Annual General Meeting was held in December 2021. The Board received detailed quarterly updates at Board meetings in respect of the financial position, business recovery planning, staff and customer related issues. The Board also met in place of the Remuneration Sub-Committee once in 2021/22 to consider the pay award for 2021/22. It is normally 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. One EGM was held to approve the audited Financial Statements for the year ended 31 March 2021 together with the Report of the Trustees. 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.

Immediately prior to the pandemic the Board approved a revised approach to corporate risk including the development of a risk schedule presented in draft form. Whilst the detailed risk statements were not developed during the pandemic the schedule forms a draft Risk Register adopted by the Trust. Each of the identified risks is rated based upon likelihood and severity and prioritised as a consequence. Risk Managers are identified. The Register includes corporate risk, business continuity issues and high level operational risks. It is intended in 2022/23 to identify a Trustee as Risk Champion and develop the individual risk statements to form a comprehensive Risk Register that is reviewed at least annually.

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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
I Garden (resigned 7.3.22)
N Salisbury
S King
M Davis
K Bennett
D Scott
L Forde (resigned 6.12.21)
S Rolls (resigned 6.12.21)
T Bishop
S White
P Philbey (appointed 6.6.22)
V Ratnam (appointed 6.6.22)

Company Secretary
D Sayle

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

Solicitors
Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

REFERENCE AND ADMINISTRATIVE DETAILS

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
G Littlejohn - Head of Operations
W Parker - Head of Sales and Marketing
I Mansfield - Head of Facilities and Compliance
H Rocks - Customer Experience Manager
S Coppin-Derby - Human Resources Manager
E Alexander – Catering 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.

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.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

Report of the Trustees, incorporating a strategic report, approved by order of the board of Trustees, as the company directors, on 3 October 2022 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'A Nicholl', written over a dotted line.

A 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 2022 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 2022 and of its incoming 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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: 3 October 2022

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds £	FRS102 Pension £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	-	-	219,280	219,280	1,750,321
Charitable activities	4					
Operation of leisure/golf centres		7,192,172	-	31,784	7,223,956	3,160,421
Investment income	3	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>1,159</u>	<u>394</u>
Total		7,193,331	-	251,064	7,444,395	4,911,136
EXPENDITURE ON Charitable activities						
Operation of leisure/golf centres	5	6,808,539	187,000	219,280	7,214,819	5,647,560
NET INCOME/(EXPENDITURE)		384,792	(187,000)	31,784	229,576	(736,424)
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>316,000</u>	<u>-</u>	<u>316,000</u>	<u>(865,000)</u>
Net movement in funds		384,792	129,000	31,784	545,576	(1,601,424)
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>954,862</u>	<u>(1,706,000)</u>	<u>-</u>	<u>(751,138)</u>	<u>850,286</u>
TOTAL FUNDS CARRIED FORWARD		<u>1,339,654</u>	<u>(1,577,000)</u>	<u>31,784</u>	<u>(205,562)</u>	<u>(751,138)</u>

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 2022

	Notes	Unrestricted funds £	FRS102 Pension £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
FIXED ASSETS						
Tangible assets	11	895,501	-	-	895,501	980,805
CURRENT ASSETS						
Stocks	12	80,757	-	-	80,757	65,599
Debtors	13	405,089	-	-	405,089	296,468
Investments	14	2,579	-	-	2,579	2,577
Cash at bank and in hand		<u>1,210,856</u>	<u>-</u>	<u>31,784</u>	<u>1,242,640</u>	<u>487,536</u>
		1,699,281	-	31,784	1,731,065	852,180
CREDITORS						
Amounts falling due within one year	15	<u>(1,255,128)</u>	<u>-</u>	<u>-</u>	<u>(1,255,128)</u>	<u>(878,123)</u>
NET CURRENT ASSETS		<u>444,153</u>	<u>-</u>	<u>31,784</u>	<u>475,937</u>	<u>(25,943)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,339,654</u>	<u>-</u>	<u>31,784</u>	<u>1,371,438</u>	<u>954,862</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>1,339,654</u>	<u>-</u>	<u>31,784</u>	<u>1,371,438</u>	<u>954,862</u>
PENSION LIABILITY	18	-	1,577,000	-	1,577,000	1,706,000
FUNDS	17					
Unrestricted funds					(237,346)	(751,138)
Restricted funds					<u>31,784</u>	<u>-</u>
TOTAL FUNDS					<u>(205,562)</u>	<u>(751,138)</u>
FUNDS EXCLUDING PENSION LIABILITY					<u>1,371,438</u>	<u>954,862</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 3 October 2022 and were signed on its behalf by:



A 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 2022

	Notes	31.3.22 £	31.3.21 £
Cash flows from operating activities			
Cash generated from operations	1	<u>780,369</u>	<u>(457,927)</u>
Net cash provided by/(used in) operating activities		<u>780,369</u>	<u>(457,927)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(36,902)	-
Sale of tangible fixed assets		10,480	-
95 day deposit account investment		(2)	(9)
Interest received		<u>1,159</u>	<u>394</u>
Net cash (used in)/provided by investing activities		<u>(25,265)</u>	<u>385</u>
Change in cash and cash equivalents in the reporting period		755,104	(457,542)
Cash and cash equivalents at the beginning of the reporting period		<u>487,536</u>	<u>945,078</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,242,640</u></u>	<u><u>487,536</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 2022

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.22 £	31.3.21 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	229,576	(736,424)
Adjustments for:		
Depreciation charges	111,726	117,934
Interest received	(1,159)	(394)
(Increase)/decrease in stocks	(15,158)	28
(Increase)/decrease in debtors	(108,621)	76,988
Increase in creditors	377,005	13,941
Difference between pension charge and cash contributions	<u>187,000</u>	<u>70,000</u>
Net cash provided by/(used in) operations	<u><u>780,369</u></u>	<u><u>(457,927)</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank and in hand	<u>487,536</u>	<u>755,104</u>	<u>1,242,640</u>
	<u>487,536</u>	<u>755,104</u>	<u>1,242,640</u>
Liquid resources			
Deposits included in cash	-	-	-
Current asset investments	<u>2,577</u>	<u>2</u>	<u>2,579</u>
	<u>2,577</u>	<u>2</u>	<u>2,579</u>
Total	<u><u>490,113</u></u>	<u><u>755,106</u></u>	<u><u>1,245,219</u></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 COVID-19 pandemic continued to have an impact upon the Charitable Company during the year ended 31 March 2022. From a starting point of all facilities being compulsorily closed the year progressed with the phased reopening of all areas of operation including areas considered marginal in terms of contribution and those most affected by continuing social distancing rules.

The Charitable Company was able to largely offset the resultant loss of income compared to pre-pandemic levels by continuing to take advantage of the Coronavirus Job Retention Scheme (CJRS) until its closure in September 2021, the financial support negotiated with Tonbridge & Malling Borough Council in the form of a management fee and claims made against the various local support grants offered by central government.

Although, not complete, a relatively strong recovery within core operational areas, coupled with the additional income streams detailed in the previous paragraph saw the Charitable Company to a healthy year end reserves position.

A combination of the pandemic aftermath and other widely publicised global geopolitical factors have prompted rarely seen increases in energy prices and inflation rates which together are likely to cause a nationwide cost of living crisis throughout the 2022/23 financial year and possibly beyond.

The full extent of the impact of these issues upon the Charitable Company are unknown, but in response to these matters, the entity has in place the following mitigations:

- > A utility tariff protection agreement with TMBC, by which the Charitable Company is protected against increases above inflation in the price of gas and electricity.
- > In respect of the tariff protection agreement, the Charitable Company have successfully negotiated an interim payment arrangement with TMBC in order to protect cash flow throughout the year.
- > The Executive Management Team continue to work with TMBC via regular strategic level meetings on a financially transparent basis to ensure the sustainable future of the Charitable Company.
- > Arrangements are in place for investment by TMBC in energy savings schemes at operational sites.
- > It is considered that the demography of the Charitable Company's customer base will reduce the worst of the impact of the current cost of living crisis. However, the Board will continue to monitor the position and support targeted offers in order to minimise any reduction in customer levels.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES - continued

Going concern - continued

The Charitable Company has produced forecasts which are based on the original forecasts for the next 24 months which have been adjusted for estimated potential increases in energy prices and costs generally. 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 extremely difficult to arrive at reliable expectations on which to base assumptions.

The Board has determined that the actions taken and its tariff protection arrangement are sufficient, and has therefore prepared the financial statements on a going concern basis.

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.

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).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES - continued

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 2022

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 2022 show a pension liability of £1,577,000 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 incurred.

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 2022

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 or group of related assets, 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 or group of related assets 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 or group of related assets 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 and a Country Park 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 the minimum standards for the services to be provided. A similar Service Contract is in place with Kings Hill Parish Council for the operation of its Sports Park.

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NOTES TO THE FINANCIAL STATEMENTS - continued
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1. ACCOUNTING POLICIES - continued

Property, plant and equipment

The buildings and plant at the facilities are leased to the charitable company as part of the overall contractual relationship with Tonbridge & Malling Borough Council and Kings Hill Parish Council but the respective Councils maintain 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 facilities, 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

	31.3.22	31.3.21
	£	£
Job retention scheme	<u>219,280</u>	<u>1,750,321</u>

3. INVESTMENT INCOME

	31.3.22	31.3.21
	£	£
Deposit account interest	<u>1,159</u>	<u>394</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.3.22	31.3.21
		£	£
Leisure centre income	Operation of leisure/golf centres	6,287,859	1,889,981
Insurance claim	Operation of leisure/golf centres	7,363	-
TMBC reimbursement	Operation of leisure/golf centres	-	840,724
Management fee	Operation of leisure/golf centres	700,000	300,000
Grants	Operation of leisure/golf centres	<u>228,734</u>	<u>129,716</u>
		<u>7,223,956</u>	<u>3,160,421</u>

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

	31.3.22	31.3.21
	£	£
TMBC COVID-19 grant	152,549	91,712
TMBC Utilities protection	-	38,004
KHPC Deficit Contribution	9,101	-
KCC Reconnect grant	31,784	-
TMBC telephone replacement	<u>35,300</u>	<u>-</u>
	<u>228,734</u>	<u>129,716</u>

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5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Operation of leisure/golf centres	<u>5,593,913</u>	<u>1,620,906</u>	<u>7,214,819</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Operation of leisure/golf centres	<u>1,587,932</u>	<u>32,974</u>	<u>1,620,906</u>

7. NET INCOME/(EXPENDITURE)

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

	31.3.22 £	31.3.21 £
Audit Fee	9,730	10,750
Other non-audit services	23,244	13,766
Depreciation - owned assets	<u>111,726</u>	<u>117,934</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) £17,407 (2021: £16,407)

Trustees' expenses

During the period, reimbursed expenses amounting to £nil (2021: £nil) were paid to Trustees.

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9. STAFF COSTS

	31.3.22	31.3.21
	£	£
Wages and salaries	3,854,721	3,530,629
Social security costs	254,296	209,963
Other pension costs	423,389	304,968
Staff restructuring costs	-	39,837
	<u>4,532,406</u>	<u>4,076,797</u>

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

	31.3.22	31.3.21
Senior management	8	6
Leisure activities	336	355
Support	9	9
	<u>353</u>	<u>370</u>

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

	31.3.22	31.3.21
£60,001 - £70,000	1	1
£110,001 - £120,000	1	1
	<u>2</u>	<u>2</u>

The total amount of employee benefits received by key management personnel (KMP) is £618,404 (2021: £515,441). Those considered to be KMP are listed on page 14 of the Trustees report.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	FRS102 Pension £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	-	-	1,750,321	1,750,321
Charitable activities				
Operation of leisure/golf centres	3,160,421	-	-	3,160,421
Investment income	<u>394</u>	-	-	<u>394</u>
Total	3,160,815	-	1,750,321	4,911,136

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NOTES TO THE FINANCIAL STATEMENTS - continued
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10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	FRS102 Pension £	Restricted funds £	Total funds £
EXPENDITURE ON				
Charitable activities				
Operation of leisure/golf centres	3,827,239	70,000	1,750,321	5,647,560
NET INCOME/(EXPENDITURE)	(666,424)	(70,000)	-	(736,424)
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	(865,000)	-	(865,000)
Net movement in funds	(666,424)	(935,000)	-	(1,601,424)
RECONCILIATION OF FUNDS				
Total funds brought forward	1,621,286	(771,000)	-	850,286
TOTAL FUNDS CARRIED FORWARD	<u>954,862</u>	<u>(1,706,000)</u>	<u>-</u>	<u>(751,138)</u>

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 April 2021	1,042,527	232,563	66,273	1,341,363
Additions	6,018	26,963	3,921	36,902
Disposals	-	(14,455)	-	(14,455)
At 31 March 2022	<u>1,048,545</u>	<u>245,071</u>	<u>70,194</u>	<u>1,363,810</u>
DEPRECIATION				
At 1 April 2021	196,929	114,843	48,786	360,558
Charge for year	69,958	32,902	8,866	111,726
Eliminated on disposal	-	(3,975)	-	(3,975)
At 31 March 2022	<u>266,887</u>	<u>143,770</u>	<u>57,652</u>	<u>468,309</u>
NET BOOK VALUE				
At 31 March 2022	<u>781,658</u>	<u>101,301</u>	<u>12,542</u>	<u>895,501</u>
At 31 March 2021	<u>845,598</u>	<u>117,720</u>	<u>17,487</u>	<u>980,805</u>

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12. STOCKS

	31.3.22	31.3.21
	£	£
Stocks	<u>80,757</u>	<u>65,599</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade debtors	72,970	6,120
Other debtors	176,717	7,299
Prepayments and accrued income	<u>155,402</u>	<u>283,049</u>
	<u>405,089</u>	<u>296,468</u>

14. CURRENT ASSET INVESTMENTS

	31.3.22	31.3.21
	£	£
Unlisted investments	<u>2,579</u>	<u>2,577</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Payments on account	-	144,361
Trade creditors	264,096	62,768
Social security and other taxes	79,703	50,782
VAT	65,622	15,348
Other creditors	160,584	50,911
Deferred income	449,357	296,961
Accrued expenses	<u>235,766</u>	<u>256,992</u>
	<u>1,255,128</u>	<u>878,123</u>

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16. LEASING AGREEMENTS

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

	31.3.22	31.3.21
	£	£
Within one year	52,745	54,231
Between one and five years	<u>22,354</u>	<u>40,099</u>
	<u>75,099</u>	<u>94,330</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 1.4.21	Net movement in funds	At 31.3.22
	£	£	£
Unrestricted funds			
General fund	805,377	349,774	1,155,151
IT Replacement Fund	149,485	(282)	149,203
FRS102 Pension	(1,706,000)	129,000	(1,577,000)
Telephone replacement	<u>-</u>	<u>35,300</u>	<u>35,300</u>
	(751,138)	513,792	(237,346)
Restricted funds			
KCC Reconnect	<u>-</u>	<u>31,784</u>	<u>31,784</u>
TOTAL FUNDS	<u>(751,138)</u>	<u>545,576</u>	<u>(205,562)</u>

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17. MOVEMENT IN FUNDS - continued

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	7,158,031	(6,808,257)	-	349,774
IT Replacement Fund	-	(282)	-	(282)
FRS102 Pension	-	(187,000)	316,000	129,000
Telephone replacement	35,300	-	-	35,300
	7,193,331	(6,995,539)	316,000	513,792
Restricted funds				
Coronavirus job retention scheme	219,280	(219,280)	-	-
KCC Reconnect	31,784	-	-	31,784
	251,064	(219,280)	-	31,784
TOTAL FUNDS	<u>7,444,395</u>	<u>(7,214,819)</u>	<u>316,000</u>	<u>545,576</u>

Comparatives for 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	(771,000)	(935,000)	(1,706,000)
	850,286	(1,601,424)	(751,138)
TOTAL FUNDS	<u>850,286</u>	<u>(1,601,424)</u>	<u>(751,138)</u>

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17. MOVEMENT IN FUNDS - continued

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	3,160,815	(3,827,239)	-	(666,424)
FRS102 Pension	-	(70,000)	(865,000)	(935,000)
	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>

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

	At 1.4.20 £	Net movement in funds £	At 31.3.22 £
Unrestricted funds			
General fund	1,471,801	(316,650)	1,155,151
IT Replacement Fund	149,485	(282)	149,203
FRS102 Pension	(771,000)	(806,000)	(1,577,000)
Telephone replacement	-	35,300	35,300
	850,286	(1,087,632)	(237,346)
Restricted funds			
KCC Reconnect	-	31,784	31,784
TOTAL FUNDS	<u>850,286</u>	<u>(1,055,848)</u>	<u>(205,562)</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
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17. MOVEMENT IN FUNDS - continued

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	10,318,846	(10,635,496)	-	(316,650)
IT Replacement Fund	-	(282)	-	(282)
FRS102 Pension	-	(257,000)	(549,000)	(806,000)
Telephone replacement	35,300	-	-	35,300
	10,354,146	(10,892,778)	(549,000)	(1,087,632)
Restricted funds				
Coronavirus job retention scheme	1,969,601	(1,969,601)	-	-
KCC Reconnect	31,784	-	-	31,784
	2,001,385	(1,969,601)	-	31,784
TOTAL FUNDS	12,355,531	(12,862,379)	(549,000)	(1,055,848)

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 2022 were £149,203 (2021: £149,485).

Telephone System Replacement Fund

During the year 31 March 2022 an amount of £35,300 was received from TMBC in respect of the replacement costs of the telephone system. Unspent funds at 31 March 2022 were £35,300.

KCC Reconnect Fund

During the year 31 March 2022 an amount of £31,784 was received from KCC to deliver a programme of activities for children and young people through to August 2022. The aim of the grant is to help reconnect children and young people with activities they missed during the COVID-19 pandemic.

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NOTES TO THE FINANCIAL STATEMENTS - continued
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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 2022.

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 2022 show a pension liability of £1,577,000 (2021: £1,706,000).

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.3.22	31.3.21
	£	£
Present value of funded obligations	(3,083,000)	(3,084,000)
Fair value of plan assets	<u>1,506,000</u>	<u>1,378,000</u>
	(1,577,000)	(1,706,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(1,577,000)</u>	<u>(1,706,000)</u>
Net liability	<u>(1,577,000)</u>	<u>(1,706,000)</u>

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

	Defined benefit pension plans	
	31.3.22	31.3.21
	£	£
Current service cost	223,000	112,000
Net interest from net defined benefit asset/liability	34,000	17,000
Administrative expenses	<u>1,000</u>	<u>1,000</u>
	<u>258,000</u>	<u>130,000</u>
Actual return on plan assets	<u>29,000</u>	<u>308,000</u>

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18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.22	31.3.21
	£	£
Opening defined benefit obligation	3,084,000	1,758,000
Current service cost	223,000	112,000
Contributions by scheme participants	27,000	24,000
Interest cost	63,000	42,000
Remeasurements:		
Experience loss/(gain) on defined benefit obligation	9,000	(25,000)
Actuarial (gains)/losses from changes in demographic assumptions	-	(18,000)
Actuarial (gains)/losses from changes in financial assumptions	(323,000)	1,191,000
	<u>3,083,000</u>	<u>3,084,000</u>

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

	Defined benefit pension plans	
	31.3.22	31.3.21
	£	£
Opening fair value of scheme assets	1,378,000	987,000
Interest on assets	(1,000)	(1,000)
Contributions by employer	71,000	60,000
Contributions by scheme participants	27,000	24,000
Expected return	29,000	25,000
Return on plan assets (excluding interest income)	<u>2,000</u>	<u>283,000</u>
	<u>1,506,000</u>	<u>1,378,000</u>

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18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.22	31.3.21
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	(9,000)	18,000
Actuarial (gains)/losses from changes in financial assumptions	323,000	(1,191,000)
Experience gain/loss on defined benefit obligation		25,000
Return on plan assets (excluding interest income)	2,000	283,000
	<u>316,000</u>	<u>(865,000)</u>

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

	Defined benefit pension plans	
	31.3.22	31.3.21
Equities	64%	65%
Gilts	1%	1%
Other Bonds	14%	12%
Property	12%	10%
Cash	2%	5%
Absolute Return Fund	7%	7%
	<u>100%</u>	<u>100%</u>

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18. EMPLOYEE BENEFIT OBLIGATIONS - continued

Sensitivity analysis	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,966,000	3,083,000	3,205,000
Projected service cost	185,000	194,000	204,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,088,000	3,083,000	3,078,000
Projected service service cost	195,000	194,000	194,000
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	3,199,000	3,083,000	2,971,00
Projected service cost	203,000	194,000	185,000
Adjusted to life expectancy assumptions	1 Year	None	-1 Year
Present value of total obligation	3,187,000	3,083,000	2,982,000
Projected service cost	202,000	194,000	187,000

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

	31.3.22	31.3.21
Discount rate	2.55%	2.05%
Future salary increases	4.05%	3.80%
Future pension increases	3.05%	2.80%

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.

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18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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 £2,159 (2021: £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 2022 (2021: £nil).

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.