

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
TONBRIDGE AND MALLING LEISURE TRUST
T/A TMACTIVE
(A COMPANY LIMITED BY GUARANTEE)

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

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FOR THE YEAR ENDED 31 MARCH 2023

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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 2023. 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.

REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES

Public benefit

The Trustees confirm 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 ten 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 currently comprises 7 Community Trustees with a blend of professional experience including financial, IT, policy development, economic development, management consultancy and business entrepreneurship. This is complemented by the appointment of two TMBC Members and a Staff representative.

During the course of the past twelve months Board meetings moved entirely back to in person meetings. 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 ongoing business recovery following COVID-19 and the ensuing energy cost crisis, which 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 Trust's reserves were severely depleted during the period of the global pandemic and successive enforced lockdowns. However, 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 recovered during the previous financial year. The emerging threat in 2022/23 of global energy pricing became the focus of maintaining financial sustainability and the tariff protection clauses within the Management Agreement allowed negotiation with TMBC for support in the form of a Service Fee of £700,000 to offset the additional costs. The Trust introduced a number of measures to mitigate the overall financial impact.

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 although it was agreed that the new business plan would include a review of reserves policy to incorporate a more dynamic and flexible approach.

-Fit for purpose:

The Executive Management Team (EMT) led by the Chief Executive now comprises the Deputy Chief Executive, the Chief Financial Officer, the Chief Operating Officer, Head of Facilities and Compliance, Head of Sales and Marketing, Human Resources Manager and the Catering Manager. The new structure is a precursor to completing the approved Succession Plan and restructure when the current Chief Executive departs in 2024. 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 which was extended for one year in agreement with TMBC and an Annual Service Delivery Plan that is reviewed on a quarterly basis and reported to TMBC.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES

- 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 is the current 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. All frontline staff are now encouraged to become CIMSPA members with identified and recorded Continuing Professional Development training required through the Institute, for staff to develop in the role. This accords with the aim of 'professionalising' the sector.

The Trust is committed to sector wide engagement in the delivery of its objectives and will return in 2023/24 to utilise Quest, the national quality scheme for sport and leisure to ensure industry best practice. 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 also recognises the national and local importance of the new platform to support future sector funding.

The Trust has a training plan to ensure the continuing professional development of staff at all levels of the service. A move to new workforce management software, initiated in 2022/23 and due for complete implementation in 2023/24 will allow greater control and reporting of statutory, core and development training at all levels.

- Accountable and transparent

The work of the Trust sits entirely in the public domain and the Trust returned in 2022/23 to use of its Customer Charter, panels, surveys and feedback mechanisms to engage transparently with all interested parties.

As a key stakeholder the Trust reports to senior officers 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 ongoing development and sustainability of the Trust.

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 critical to achieving social goals. The global pandemic 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. Despite the financial challenges of the pandemic, energy pricing and general inflation the Trust has retained dedicated resources to deliver health and wellbeing programmes to the local community. Grant aid from Kent Council County of c£40,000 in 2022/23 allowed delivery of the Reconnect programme aimed at households on lower income returning to physical activity post-pandemic.

The focus on business recovery continued through 2022/23 with very limited funds available for capital investment. However, the Board approved a wish list of potential capital investment opportunities for consideration in the new Two Year Strategic Business Plan covering the period 1 April 2023 to 31 March 2025. 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 2022/23 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 although a series of events supported by staff and customers did raise around £5,000 for the Trust's nominated charity, Spadework.

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, permanent, casual 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 upon 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 financial support from TMBC to ensure the future sustainability of the Trust.

Whilst business recovery was substantial in 2022/23, the approved budget reflected a likely operational deficit of c£300,000 and early warning of substantial increases in energy costs following the pandemic suggested the Trust would call on the tariff protection clauses in the Management Agreement and make an anticipated claim of £280,000 against TMBC.

Global geopolitical events escalated to result in further exponential increases in energy costs and following negotiation TMBC agreed to suspend the tariff protection clauses for two years in favour of a provisional Service Fee to the Trust of a further £700,000 for 2022/23 and a sum to be determined in 2023/24. This sum was despite the introduction of a £1 'swim surcharge' on every casual swim to mitigate the rising costs.

During 2022/23 negotiation around the next five year (2023 - 2028) Service Fee commenced. However, issues surrounding the Tonbridge Town Centre Review being conducted by TMBC which will impact on the future of the Angel Centre, and ongoing energy cost support led to negotiations being deferred. Instead, it was agreed that the long stop arrangements in the Management Agreement would be invoked, resulting in the 'core' Service Fee being extended at zero sum for 2023/24. The Five Year Business Plan was also extended to cover 2022/23 with a new Two Year Plan being prepared to cover 2023 - 2025.

The key priorities identified below within the Five Year Business Plan are used to highlight areas of progress. The Annual Service Delivery Plan was used to drive specific objectives and the Balanced Scorecard was reintroduced to measure identified KPIs.

During 2022/23 the Trust consolidated arrangements at Kings Hill Sports Park where the Trust was successful in securing grant funding for floodlighting to the tennis courts and was assisted by the Parish Council in refurbishment of the café/bar. The Parish Council remained responsible for profit and loss after the Management Fee and exponential increases in utilities resulted in additional cost. Elsewhere, July 2022 saw the slightly belated opening of the new café and watersports hub at Leybourne Lakes Country Park. Over the course of the rest of 2022/23 the café outperformed its financial target and in January 2023 the Trust installed an ANPR parking solution in the car park.

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PARTICIPATION - Around 1.19m customer visits were recorded as the business recovery in 2022/23 progressed. This compares to 825,000 in 2021/22 and is close to the last full year prior to COVID, 2019/20 when 1.23m visits were recorded. The level of recorded visits varied across key areas with health and fitness membership still below pre-pandemic levels at around 92% whilst swim and spa membership increased by 19%. Swim School has seen a huge surge post pandemic with the Trust now teaching around 3,500 children each week compared to 2,400 in 2019/20. Casual swimming also saw an upturn compared to pre-pandemic figures with an additional 50,000 attendances. Golf membership grew to over 400 compared to around 220 in 2019/20.

AWARENESS - The Trust continued to work hard to maintain awareness of the profile of the brand through a presence, largely on social media sites, that sought to maximise programme exposure and membership opportunities. The 'cost of living' crisis saw a focus on member offers and awareness of programmes and activities promoting healthy lifestyles available at low cost. The shift away from online opportunities made available during COVID was completed as numbers attracted by these offers dwindled and customers returned 'in person' to the facilities. The Trust continued to promote its charitable ethos to customers through the website and social channels to raise awareness of the reinvestment of funds and the non-profit distributing model of operation using marketing material from Community Leisure UK.

HEALTHY LIFESTYLES - The tmaactive150 health and wellbeing programme, aimed at offering opportunities to those least inclined or able to pay for healthy activities returned fully in 2022/23 and was supported by almost £40,000 of KCC Reconnect grant funding. Over 350 young people enrolled in a Reconnect membership from baby/toddler and parent storytime sessions to family sports days, tennis coaching, dance classes, teen spirit fitness and retreat days, learn to cycle, intensive swim lessons and casual swimming passes. Holiday courses and seasonal events at Easter, summer, Hallowe'en and Christmas were all part of an inventive and healthy programme.

This programme was complemented by existing adult activities including exercise referral in the gym, walking football and netball, stretch and move classes, falls prevention, healthy walks, women's running groups, water therapy sessions and Here Come The Girls swim sessions. There were over 9,300 attendances to the programme in 2022/23.

CUSTOMER SATISFACTION - The primary feedback mechanisms used in 2022/23 were mystery visits undertaken by industry professionals, Pro-Insight and the Net Promoter Score. Each of the four main sites were subject to a mystery visit each quarter and the average score throughout the year was 84.2%, up 1.2% on 2019/20, the last full year of visits. Tonbridge Swimming Pool bore the distinction of scoring 100% in the third quarter visit - a score never before recorded. The Net Promoter Score is derived from automated customer surveys asking the likelihood of the customer recommending the facility to friends and family on a scale of 0-10, with only scores of 9 and 10 rated as promoters and scores of 0-6 regarded as detractors. This measure showed the Trust score as 55% against an industry wide average of 38%. This 17% margin above the industry average is the highest seen by the Trust since first introducing NPS. The Trust also continued to undertake a range of targeted customer surveys in areas such as Swim School, group exercise, and catering to inform future planning, investment and decisions.

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 tmaactive150 programme recommenced fully in 2022/23 along with the Reconnect programme and was promoted as low cost access to families least able to afford the facilities.

CHARITABLE - The Community Fund that normally distributes 2% of profits was not available given the trading deficit position of the Trust however over £8,000 worth of vouchers were distributed on request to local schools, charities and clubs. The Trust identified the local charity, Spadework, to work with in 2022/23 to provide indirect support through sponsored events and other activities. The tmaactive golf day, sponsored events and the Step Up to Spadework initiative with staff and customers raised over £5,000 for the charity.

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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 in electricity of 6% is forecast by the installation of PV panels on the Sports Hall roof in March 2023. TMBC is committed to a further PV array on the roof at Tonbridge Swimming Pool. The new café at Leybourne Lakes Country Park, branded an eco-café also benefits from a PV array and a lake source heat pump. Overall utilities consumption in 2022/23 showed a reduction in electricity of 14% and a reduction in gas of 16.3% compared to the baseline on the Trust's inception in 2013.

QUALITY - The Trust's historic commitment to Quest, the national quality scheme for sport and leisure, was put on hold during the pandemic when the Quest scheme was effectively suspended. Changes to the scheme have been implemented post-pandemic and the Trust expects to re-engage in 2023/24. The scheme will now form part of the Moving Communities platform launched during COVID by Sport England and designed to capture and benchmark participation, financial and qualitative performance within the sector. The Trust has been unable to benefit from the platform due to technical and IT issues beyond its control but an upgrade of the Trust's Leisure Management System in late 2022/23 should enable this going forwards. The normal quarterly Health & Safety Committee chaired by the Chief Executive with retained external expert support was reinstated in 2022/23.

STAFF - The Trust has continued, along with the entire sector, to suffer staff recruitment and retention issues throughout 2022/23. Turnover of permanent staff in each of the first two quarters of the year was above normal levels however further consideration of front line pay scales saw greater stability in the second half of the year. Overall turnover for the year remained high. Much of this turnover occurred on the frontline in roles such as lifeguard, receptionist, fitness consultant and catering staff. Casual recruitment proved equally challenging although the revised approach to National Minimum Wage age-related pay bands also bore fruit. At the year end an effective return to full establishment had been achieved.

However, ongoing pay inflation remains an issue moving into 2023/24 and in March 2023 the Board approved a pay award of 5% for management and supervisory staff and up to 7.6% for frontline staff as the National Living Wage increased by 9.7% on 1 April 2023.

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STRATEGIC REPORT

Financial review

Financial position

The Financial Statements reflect performance in the tenth year of the Trust and income from general trading, whilst somewhat altered in terms of specific income streams, returned to pre-pandemic levels. However, the exponential increases in energy costs brought a new financial challenge to the sector and the Trust was not immune to the issue. The total cost of electricity and gas in 2022/23 rose to £1.766m compared to £586,000 in 2019/20. Whilst some of this increase had been foreseen in 2021/22 the expectation of a claim against TMBC under the tariff protection agreement remained.

In the previous year (2021/22) TMBC provided £700,000 of COVID support by way of a Service Fee. Whilst it was hoped further payment may not be required the invasion of Ukraine and subsequent global price increases resulted in an additional Service Fee of £685,000 in place of the tariff protection agreement which was suspended due to the extenuating circumstances.

The Board had approved a budget that also saw a likely trading deficit based on the extent of continued recovery and significant inflationary pressures. This could be borne from cash reserves. Ultimately the year end deficit of £177,181 therefore represented an outperformance in trading terms as income in key areas such as casual swimming and courses was very strong. Total income excluding the Service Fee payment was around £650,000 above forecast whilst expenditure offset by the Service Fee payment was around £200,000 above forecast.

The suspension of the tariff protection agreement has been extended to 2023/24 and a Service Fee of £750,000 is included in the approved budget to mitigate the anticipated ongoing increased energy costs. The budget overall forecasts a further trading deficit and it is recognised that this does not represent a sustainable way forward. Renegotiation of the Service Fee for 2024/25 onwards needs to address the problem, returning the Trust to at least a breakeven position.

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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. Following the global pandemic and as a further consequence of invoking the 12 month long stop Service Fee arrangement in the Management Agreement the Business Plan was also carried over by 24 months until 31 March 2023. A new Two Year Business Plan was approved by the Board in March 2023 to run until 31 March 2025 which identifies the need to review the current Reserves Policy.

To date the Trust's reserve policy has been to hold a revenue reserve represented by a net current asset position of not less than £500,000. The future review will take into account the following as identified in the Business Plan;

Risks - for example the current cost of living and energy cost crises may be considered within the reserve policy.

Development Plans - this should consider planned investments and renewals where costs may not be met from a single year's income and reserves may need to be built up.

Operational - this should identify the level of working capital to cover seasonal fluctuations and anticipated strain on cash flow during the financial year.

Contingency - this would identify funds for unexpected events that may not be foreseen such as sudden closure of facilities.

Trustees will consider the level of reserve for each element within the overall minimum desirable level of £500,000.

Total Funds

Total funds held at 31 March 2023 show a surplus balance of £1,243,257 (2022: deficit £205,562 deficit) of which £9,242 were restricted. 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 assets at 31 March 2023 were £330,906 (2022: £475,937).

Currently the Trust holds £1,035,198 (2022: £1,155,151) in the General Fund before accounting for the pension asset.

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 £128,640 (2022: £149,203).

Telephone Replacement Fund

In 2021/22 the Trust reached agreement with TMBC to asset transfer the telephony hardware for the rest of the contract period. The decision was approved by the Board and a lump sum of £35,300 was paid to the Trust. The changing face of telephony services resulted in purchase of hardware and new licencing arrangements and the balance is placed in a designated reserve to allow for future replacement that currently holds £21,177.

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Financial review

FRS 102 Pension Fund

Total unrestricted funds before accounting for the pension surplus held at the 31 March 2023 were £1,185,015. A pension surplus of £49,000 (2022: deficit (£1,577,000)) has been included in the Financial Statements to comply with the provisions of FRS 102. After accounting for the pension surplus of £49,000 (2022: deficit £1,577,000) total funds amount to a surplus balance of £1,243,257 (2022: £205,562 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.

Plans for future periods

The Trust's second five year Business Plan was extended to cover the period up to 31 March 2022. However, a new two year plan covering the period from 1 April 2023 to 31 March 2025 has been approved by the Board and TMBC. The plan is expected to see progress towards the crucial decision concerning the future of the Angel Centre, finalisation of the Service Fee until 31 March 2028 and the succession plan that sees a new Chief Executive in post.

In terms of planning for 2023/24 the renegotiation of the Service Fee, incorporating consideration of a contract extension is of paramount importance, and the Business Plan describes an aspiration to separate any fee in lieu of energy costs out as an annual consideration with the 'core' Service Fee set until 31 March 2028. The caveat to this approach would be any substantive change in terms of the future of the Angel Centre.

The Trust will continue to work with TMBC and its consultants, Mace, in respect of the future of the Angel Centre. Phase Two of the Mace report is expected in the early Autumn and consideration by TMBC may provide an indication of the preferred options.

The Business Plan also identifies further strategic objectives including implementation of the workforce management software, introduction of new HR and Digital strategies and a seamless transition through the approved Succession Plan to the new Chief Executive and restructured Executive Management Team.

A review of the current reserves policy is recommended following advice from the Trust's Audit Partner and a further review of capital development opportunities will be considered by the Board.

The Trust continues to be open to the possibility of further collaboration with other Parish Councils and has expressed an interest in any consideration by TMBC of future opportunities including Haysden Country Park and Tonbridge Castle.

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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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 2023 there was one vacancy on the Board. According to the Articles of Association three Trustees retired by rotation at the Annual General Meeting held in December 2022. Two of the three retirees, Duncan Scott and Sarah King were unanimously re-elected whilst the third retiree, Neil Sallsbury indicated that he did not wish to seek re-election and resigned from the Board. The Chair, Alan Nicholl was re-elected unopposed and Simon White was re-elected unopposed to the role of Vice Chair. Two new Trustees, Vidhya Ratnam and Pia Philbey were appointed to vacancies during the year.

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

In 2022/23 an approved cost of living award of 4% to all staff including key management personnel was awarded. The Board approved a succession plan to take account of the intended retirement of the current Chief Executive in summer 2024. The proposed interim structure will include regrading of some senior posts in 2023/24 which was reflected in the approved budget.

The Board considers the recommendation of the Chief Executive annually in the context of the overall draft budget. Factors taken into account include national pay inflation figures, affordability, local competitors in relevant areas of the business and the Community Leisure UK Annual HR report which benchmarks rates of pay across all roles within the sector nationally and by region.

Board Meetings

The Board had 4 scheduled meetings in 2022/23. The Annual General Meeting was held in December 2022. The Board received detailed quarterly updates at Board meetings in respect of the financial position, business recovery planning, staff and customer related issues. One EGM was held to approve the audited Financial Statements for the year ended 31 March 2022 together with the Report of the Trustees.

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(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

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. Over the course of 2022/23 the Board approved a series of detailed risk statements which form the completed Corporate Risk Register. 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. An individual Trustee was appointed as the Board Risk Champion and helped guide and develop the Register which will be reviewed annually or more frequently by exception.

The Corporate Risk Register is arranged under a number of key headings with examples shown below

- Charitable Status - changes to or failure to comply with charitable legislation and objectives
- Company Legislation - changes to or failure to comply with company legislation
- Relationship with Council - failure to secure contract extension past 2033 and/or change in local authority policy
- Health & Safety Legislation - changes in legislation and/or serious breach of legislative requirements
- Data Protection & IT Security - breach of data protection legislation and/or cyber attack
- Environmental Issues / Climate Change - breach or change in legislation and/or long term adverse environmental conditions especially on outdoor facilities
- Business Continuity - loss or failure of key suppliers including IT systems providers and severe recruitment difficulties
- Financial Sustainability - general inflation including utilities costs and/or withdrawal of local authority funding support through changes to the Management Agreement
- Service Disruption - major plant or equipment failure, fire, flood or pandemic

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

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Trustees

A Nicholl
S White
N Salisbury (resigned 5.12.22)
S King
M Davis
K Bennett
D Scott
T Bishop
P Philbey (appointed 6.6.22)
S 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

Bankers

National Westminster Bank PLC

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

REFERENCE AND ADMINISTRATIVE DETAILS

Company trading name

tmactive

Executive management team

M Guyton Chief Executive
E Wood Deputy Chief Executive
D Sayle Chief Financial Officer
K Brimsted Chief Operating Officer
W Parker Head of Sales and Marketing
I Mansfield Head of Facilities and Compliance
C Bushell 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:

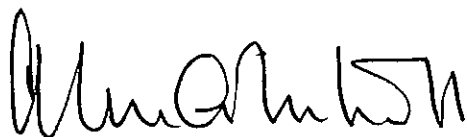
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Report of the Trustees, incorporating a strategic report, approved by order of the board of Trustees, as the company directors, on 11 September 2023 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'Alan Charles Nicholl', written in a cursive style.

Alan Charles 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 2023 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 2023 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

11 September 2023

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds £	FRS102 Pension £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	-	-	-	-	219,280
Charitable activities	4					
Operation of leisure/golf centres/country park		9,682,283	-	7,946	9,690,229	7,223,956
Investment income	3	9,785	-	-	9,785	1,159
Total		<u>9,692,068</u>	<u>-</u>	<u>7,946</u>	<u>9,700,014</u>	<u>7,444,395</u>
EXPENDITURE ON Charitable activities	5					
Operation of leisure/golf centres/country park		<u>9,846,707</u>	<u>135,000</u>	<u>30,488</u>	<u>10,012,195</u>	<u>7,214,819</u>
NET INCOME/(EXPENDITURE)		(154,639)	(135,000)	(22,542)	(312,181)	229,576
Other recognised gains/(losses)						
Actuarial gains on defined benefit schemes		<u>-</u>	<u>1,761,000</u>	<u>-</u>	<u>1,761,000</u>	<u>316,000</u>
Net movement in funds		(154,639)	1,626,000	(22,542)	1,448,819	545,576
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>1,339,654</u>	<u>(1,577,000)</u>	<u>31,784</u>	<u>(205,562)</u>	<u>(751,138)</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>1,185,015</u></u>	<u><u>49,000</u></u>	<u><u>9,242</u></u>	<u><u>1,243,257</u></u>	<u><u>(205,562)</u></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 2023

	Notes	Unrestricted funds £	FRS102 Pension £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
FIXED ASSETS						
Tangible assets	11	863,351	-	-	863,351	895,501
CURRENT ASSETS						
Stocks	12	98,238	-	-	98,238	80,757
Debtors	13	271,274	-	-	271,274	405,089
Investments	14	252,783	-	-	252,783	2,579
Cash at bank and In hand		<u>1,052,694</u>	<u>-</u>	<u>9,242</u>	<u>1,061,936</u>	<u>1,242,640</u>
		1,674,989	-	9,242	1,684,231	1,731,065
CREDITORS						
Amounts falling due within one year	15	(1,353,325)	-	-	(1,353,325)	(1,255,128)
NET CURRENT ASSETS		<u>321,664</u>	<u>-</u>	<u>9,242</u>	<u>330,906</u>	<u>475,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,185,015	-	9,242	1,194,257	1,371,438
PENSION ASSET/(LIABILITY)	18	-	49,000	-	49,000	(1,577,000)
NET ASSETS/(LIABILITIES)		<u>1,185,015</u>	<u>49,000</u>	<u>9,242</u>	<u>1,243,257</u>	<u>(205,562)</u>
FUNDS						
Unrestricted funds	17				1,234,015	(237,346)
Restricted funds					<u>9,242</u>	<u>31,784</u>
TOTAL FUNDS					<u>1,243,257</u>	<u>(205,562)</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 11 September 2023 and were signed on its behalf by:



Alan Charles 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 2023

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	<u>132,714</u>	<u>780,369</u>
Net cash provided by operating activities		<u>132,714</u>	<u>780,369</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(72,999)	(36,902)
Sale of tangible fixed assets		-	10,480
95 day deposit account investment		(250,204)	(2)
Interest received		<u>9,785</u>	<u>1,159</u>
Net cash used in investing activities		<u>(313,418)</u>	<u>(25,265)</u>
Change in cash and cash equivalents in the reporting period		<u>(180,704)</u>	<u>755,104</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,242,640</u>	<u>487,536</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,061,936</u></u>	<u><u>1,242,640</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 2023

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

	31.3.23 £	31.3.22 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(312,181)	229,576
Adjustments for:		
Depreciation charges	105,149	111,726
Interest received	(9,785)	(1,159)
Increase in stocks	(17,481)	(15,158)
Decrease/(increase) in debtors	133,815	(108,621)
Increase in creditors	98,197	377,005
Difference between pension charge and cash contributions	135,000	187,000
Net cash provided by operations	<u>132,714</u>	<u>780,369</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	<u>1,242,640</u>	<u>(180,704)</u>	<u>1,061,936</u>
	<u>1,242,640</u>	<u>(180,704)</u>	<u>1,061,936</u>
Liquid resources			
Deposits included in cash	-	-	-
Current asset investments	<u>2,579</u>	<u>250,204</u>	<u>252,783</u>
	<u>2,579</u>	<u>250,204</u>	<u>252,783</u>
Total	<u>1,245,219</u>	<u>69,500</u>	<u>1,314,719</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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.

Going concern

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 have caused a nationwide cost of living crisis throughout the 2022/23 financial year. Furthermore, it is likely that these financial pressures will continue to be an issue going forward.

Therefore, the full extent of the impact of these issues upon the Charitable Company remain uncertain, 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 a service fee arrangement which provides for quarterly interim payments made to the Charitable Company by 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 have been made for investment by TMBC in energy savings schemes at operational sites, some of which are already in place with others planned for future implementation.
- It is considered that the demography of the Charitable Company's customer base will continue to 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 with the aim of minimising any reduction in customer levels.

The Charitable Company has produced financial trading and cash flow forecasts for the next 24 months based on prudent assumptions in respect of growth and key costs.

These forecasts indicate that the Charitable Company will remain able to meet its financial obligations as they fall due for the foreseeable future.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES - continued

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.

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 current year the Charitable Company did not receive any Government Grants.

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)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES - continued

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.

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 2023 show a pension asset of £49,000 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES - continued

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
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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, 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.

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, golf courses and country park, 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

	31.3.23	31.3.22
	£	£
Job retention scheme	-	219,280

3. INVESTMENT INCOME

	31.3.23	31.3.22
	£	£
Deposit account interest	9,785	1,159

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4. INCOME FROM CHARITABLE ACTIVITIES

		31.3.23	31.3.22
	Activity	£	£
Leisure centre income	Operation of leisure/golf centres/country park	9,682,283	6,987,859
Insurance claim	Operation of leisure/golf centres/country park	-	7,363
Grants	Operation of leisure/golf centres/country park	7,946	228,734
		<u>9,690,229</u>	<u>7,223,956</u>

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

	31.3.23	31.3.22
	£	£
TMBC covid grant	-	152,549
KHPC Deficit Contribution	-	9,101
KCC Reconnect grant	7,946	31,784
TMBC telephone replacement	-	35,300
	<u>7,946</u>	<u>228,734</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs	Support costs (see note 6)	Totals
	£	£	£
Operation of leisure/golf centres/country park	<u>7,866,843</u>	<u>2,145,352</u>	<u>10,012,195</u>

6. SUPPORT COSTS

	Management	Governance costs	Totals
	£	£	£
Operation of leisure/golf centres/country park	<u>2,119,992</u>	<u>25,360</u>	<u>2,145,352</u>

7. NET INCOME/(EXPENDITURE)

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

	31.3.23	31.3.22
	£	£
Audit Fee	21,260	9,730
Other non-audit services	4,100	23,244
Depreciation - owned assets	<u>105,149</u>	<u>111,726</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

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) £21,820 (2022: £17,407)

Trustees' expenses

During the period, reimbursed expenses amounting to £nil (2022: £nil) were paid to Trustees.

9. STAFF COSTS

	31.3.23	31.3.22
	£	£
Wages and salaries	4,711,550	3,854,721
Social security costs	318,190	254,296
Other pension costs	382,744	423,389
	<u>5,412,484</u>	<u>4,532,406</u>

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

	31.3.23	31.3.22
Senior management	9	8
Leisure activities	375	336
Support	<u>11</u>	<u>9</u>
	<u>395</u>	<u>353</u>

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

	31.3.23	31.3.22
£60,001 - £70,000	2	1
£110,001 - £120,000	<u>1</u>	<u>1</u>
	<u>3</u>	<u>2</u>

The total amount of employee benefits received by key management personnel (KMP) is £688,783 (2022: £610,832). Those considered to be KMP are listed on page 14 of the Trustees report.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	FRS102 Pension £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	-	-	219,280	219,280
Charitable activities				
Operation of leisure/golf centres/country park	7,192,172	-	31,784	7,223,956
Investment income	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>1,159</u>
Total	<u>7,193,331</u>	<u>-</u>	<u>251,064</u>	<u>7,444,395</u>
EXPENDITURE ON				
Charitable activities				
Operation of leisure/golf centres/country park	<u>6,808,539</u>	<u>187,000</u>	<u>219,280</u>	<u>7,214,819</u>
NET INCOME/(EXPENDITURE)	384,792	(187,000)	31,784	229,576
Other recognised gains/(losses)				
Actuarial gains on defined benefit schemes	<u>-</u>	<u>316,000</u>	<u>-</u>	<u>316,000</u>
Net movement in funds	384,792	129,000	31,784	545,576
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>954,862</u>	<u>(1,706,000)</u>	<u>-</u>	<u>(751,138)</u>
TOTAL FUNDS CARRIED FORWARD	<u>1,339,654</u>	<u>(1,577,000)</u>	<u>31,784</u>	<u>(205,562)</u>

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11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 April 2022	1,048,545	245,071	70,194	1,363,810
Additions	<u>20,452</u>	<u>50,042</u>	<u>2,505</u>	<u>72,999</u>
At 31 March 2023	<u>1,068,997</u>	<u>295,113</u>	<u>72,699</u>	<u>1,436,809</u>
DEPRECIATION				
At 1 April 2022	266,887	143,770	57,652	468,309
Charge for year	<u>71,093</u>	<u>31,303</u>	<u>2,753</u>	<u>105,149</u>
At 31 March 2023	<u>337,980</u>	<u>175,073</u>	<u>60,405</u>	<u>573,458</u>
NET BOOK VALUE				
At 31 March 2023	<u>731,017</u>	<u>120,040</u>	<u>12,294</u>	<u>863,351</u>
At 31 March 2022	<u>781,658</u>	<u>101,301</u>	<u>12,542</u>	<u>895,501</u>

12. STOCKS

	31.3.23	31.3.22
	£	£
Stocks	<u>98,238</u>	<u>80,757</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade debtors	68,370	72,970
Other debtors	4,725	176,717
Prepayments and accrued income	<u>198,179</u>	<u>155,402</u>
	<u>271,274</u>	<u>405,089</u>

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FOR THE YEAR ENDED 31 MARCH 2023

14. CURRENT ASSET INVESTMENTS

	31.3.23	31.3.22
	£	£
Unlisted investments	<u>252,783</u>	<u>2,579</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	159,211	264,096
Social security and other taxes	78,874	79,703
VAT	131,622	65,622
Other creditors	59,875	160,584
Deferred income	512,704	449,357
Accrued expenses	<u>411,039</u>	<u>235,766</u>
	<u>1,353,325</u>	<u>1,255,128</u>

16. LEASING AGREEMENTS

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

	31.3.23	31.3.22
	£	£
Within one year	54,986	52,745
Between one and five years	<u>31,375</u>	<u>22,354</u>
	<u>86,361</u>	<u>75,099</u>

The charitable company holds a lease of £35,000 per annum for office rental which ends 31 March 2024, however this lease can be cancelled with 12 months notice.

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17. MOVEMENT IN FUNDS

	At 1.4.22 £	Net movement in funds £	At 31.3.23 £
Unrestricted funds			
General fund	1,155,151	(119,953)	1,035,198
IT Replacement Fund	149,203	(20,563)	128,640
FRS102 Pension	(1,577,000)	1,626,000	49,000
Telephone replacement	35,300	(14,123)	21,177
	(237,346)	1,471,361	1,234,015
Restricted funds			
KCC Reconnect	31,784	(22,542)	9,242
TOTAL FUNDS	<u>(205,562)</u>	<u>1,448,819</u>	<u>1,243,257</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	9,692,068	(9,812,021)	-	(119,953)
IT Replacement Fund	-	(20,563)	-	(20,563)
FRS102 Pension	-	(135,000)	1,761,000	1,626,000
Telephone replacement	-	(14,123)	-	(14,123)
	9,692,068	(9,981,707)	1,761,000	1,471,361
Restricted funds				
KCC Reconnect	7,946	(30,488)	-	(22,542)
TOTAL FUNDS	<u>9,700,014</u>	<u>(10,012,195)</u>	<u>1,761,000</u>	<u>1,448,819</u>

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17. MOVEMENT IN FUNDS - continued

Comparatives for 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	-	35,300	35,300
	(751,138)	513,792	(237,346)
Restricted funds			
KCC Reconnect	-	31,784	31,784
TOTAL FUNDS	(751,138)	545,576	(205,562)

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	7,158,031	(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	7,444,395	(7,214,819)	316,000	545,576

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17. MOVEMENT IN FUNDS - continued

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

	At 1.4.21 £	Net movement in funds £	At 31.3.23 £
Unrestricted funds			
General fund	805,377	229,821	1,035,198
IT Replacement Fund	149,485	(20,845)	128,640
FRS102 Pension	(1,706,000)	1,755,000	49,000
Telephone replacement	-	21,177	21,177
	(751,138)	1,985,153	1,234,015
Restricted funds			
KCC Reconnect	-	9,242	9,242
TOTAL FUNDS	<u>(751,138)</u>	<u>1,994,395</u>	<u>1,243,257</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	16,850,099	(16,620,278)	-	229,821
IT Replacement Fund	-	(20,845)	-	(20,845)
FRS102 Pension	-	(322,000)	2,077,000	1,755,000
Telephone replacement	35,300	(14,123)	-	21,177
	16,885,399	(16,977,246)	2,077,000	1,985,153
Restricted funds				
Coronavirus job retention scheme	219,280	(219,280)	-	-
KCC Reconnect	39,730	(30,488)	-	9,242
	259,010	(249,768)	-	9,242
TOTAL FUNDS	<u>17,144,409</u>	<u>(17,227,014)</u>	<u>2,077,000</u>	<u>1,994,395</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 2023 were £128,640 (2022: £149,203).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

17. MOVEMENT IN FUNDS - continued

Telephone System Replacement Fund

During the year 31 March 2023 an amount of £35,300 was received from TMBC in respect of the replacement costs of the telephone system. Unspent funds at 31 March 2023 were £21,177 (2022: £35,300).

KCC Reconnect Fund

During the year 31 March 2023 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. During the year 31 March 2023 an additional amount of £7,946 was received. Unspent funds at 31 March 2023 were £9,242 (2022: 31784).

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 2023.

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 2023 show a pension asset of £49,000 (2022: Deficit £1,577,000).

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.3.23	31.3.22
	£	£
Present value of funded obligations	(1,527,000)	(3,083,000)
Fair value of plan assets	<u>1,576,000</u>	<u>1,506,000</u>
	49,000	(1,577,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Surplus/(Deficit)	<u>49,000</u>	<u>(1,577,000)</u>
Net asset/(liability)	<u>49,000</u>	<u>(1,577,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.23	31.3.22
	£	£
Current service cost	164,000	223,000
Net interest from net defined benefit asset/liability	39,000	34,000
Past service cost	-	-
Administrative expenses	1,000	1,000
	<u>204,000</u>	<u>258,000</u>
Actual return on plan assets	<u>(2,000)</u>	<u>29,000</u>

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

	Defined benefit pension plans	
	31.3.23	31.3.22
	£	£
Opening defined benefit obligation	3,083,000	3,084,000
Current service cost	164,000	223,000
Contributions by scheme participants	24,000	27,000
Interest cost	79,000	63,000
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(65,000)	-
Actuarial (gains)/losses from changes in financial assumptions	(1,837,000)	(323,000)
Experience loss/(gain) on defined benefit obligation	79,000	9,000
	<u>1,527,000</u>	<u>3,083,000</u>

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18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.23	31.3.22
	£	£
Opening fair value of scheme assets	1,506,000	1,378,000
Interest on assets	(1,000)	(1,000)
Contributions by employer	69,000	71,000
Contributions by scheme participants	24,000	27,000
Expected return	40,000	29,000
Actuarial gains/(losses)	(42,000)	-
Return on plan assets (excluding interest income)	(20,000)	2,000
	<u>1,576,000</u>	<u>1,506,000</u>

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

	Defined benefit pension plans	
	31.3.23	31.3.22
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	65,000	-
Actuarial (gains)/losses from changes in financial assumptions	1,837,000	323,000
Actuarial (gains)/losses from changes in demographic assumptions	(79,000)	(9,000)
Return on plan assets (excluding interest income)	(20,000)	2,000
Other actuarial gains/(losses)	(42,000)	-
	<u>1,761,000</u>	<u>316,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.3.23	31.3.22
Equities	64%	64%
Gilts	1%	1%
Other Bonds	13%	14%
Infrastructure	3%	-
Property	10%	12%
Cash	2%	2%
Absolute Return Fund	7%	7%
	<u>100%</u>	<u>18.</u>

Sensitivity analysis	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
	1,159,000	1,527,000	2,063,000
Present value of total obligation			
Projected service cost	34,000	55,000	87,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
	1,552,000	1,527,000	1,505,000
Present value of total obligation			
Projected service service cost	56,000	55,000	55,000
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
	2,043,000	1,527,000	1,172,000
Present value of total obligation			
Projected service cost	87,000	55,000	33,000
Adjusted to life expectancy assumptions	1 Year	None	-1 Year
	1,571,000	1,527,000	1,485,000
Present value of total obligation			
Projected service cost	57,000	55,000	53,000

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

	31.3.23	31.3.22
Discount rate	4.80%	2.55%
Future salary increases	3.90%	4.05%
Future pension increases	2.90%	3.05%

Pension supporting information

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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 2022 and new rates set for 3 years from April 2023. The employer contribution rates have been set at 18.6% for the next 3 years.

19. RELATED PARTY DISCLOSURES

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

The Trust made sales of £4,634 (2022: £2,159) to Tonbridge Juddians Rugby Football Club, where M Davis, a Trustee, is vice-president. There were no amounts due to the Trust at 31 March 2023 (2022: £nil).

The Trust made purchases of £10,872 to CP Digital for social media services. The spouse of W Parker, a member of Key Management Personnel, is a director of CP Digital. There was a balance of £864 owed by the Trust at 31 March 2023.

The spouse of D Sayle, a member of Key Management Personnel, was employed by the Trust on a temporary basis and was paid £897.

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.