

Annual Report and
Financial Statements for the Year Ended 31st December 2020
for
Gravesham Community Leisure Limited

Gravesham Community Leisure Limited

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for the year ended 31st December 2020

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Gravesham Community Leisure Limited

Company Information
for the year ended 31st December 2020

MANAGEMENT BOARD:	Mr David Hubbard Miss Kathlyn Thomas Mrs Sue Butterfill (appointed 01/05/20) Mr Robert Swain Mrs Lynn Jarvis (resigned 2/12/20) Mrs Hannah Glazier (resigned 31/12/20) Mrs Sonya Sims Cllr Shane Mochrie-Cox Cllr Peter Scollard Mr David Hopkins	Chair Customer Representative Customer Representative Managing Director Staff Representative Staff Representative Staff Representative Council Representative Council Representative Specialist Skills Representative
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REGISTERED OFFICE: Cascades Leisure Centre
Thong Lane
Gravesend
Kent
DA12 4LG

REGISTERED NUMBER: IP28949R

AUDITORS: Beak Kemmenoe
Chartered Accountants
& Statutory Auditors
1-3 Manor Road
Chatham
Kent
ME4 6AE

Gravesham Community Leisure Limited

Report of the Management Board
for the year ended 31st December 2020

The Management Board of Gravesham Community Leisure Limited (“the Society”) presents its report with the Financial Statements for the year ended 31st December 2020.

MANAGEMENT OF THE SOCIETY

		Shares held as at 31/12/2020	Shares held as at 01/01/2020 or date of appointment
Mr David Hubbard	Chair	-	-
Miss Kathlyn Thomas	Customer Representative	-	-
Mrs Sue Butterfill (appointed 01/05/20)	Customer Representative	-	-
Mr Robert Swain	Managing Director	1	1
Mrs Lynn Jarvis (resigned 2/12/20)	Staff Representative	-	1
Mrs Hannah Glazier (resigned 31/12/20)	Staff Representative	-	1
Mrs Sonya Sims	Staff Representative	1	1
Cllr Shane Mochrie-Cox	Council Representative	-	-
Cllr Peter Scollard	Council Representative	-	-
Mr David Hopkins	Specialist Skills Representative	-	-

Only employees of Gravesham Community Leisure Limited are entitled to hold shares in the Society.

SOCIETY OBJECTIVES

The Objects of the Society are to provide a wide range of recreation and leisure opportunities in the best interests of social welfare and health, and to advance the education of the public on the benefits of leisure activities. The Society also carries out ad-hoc consultancy work for other leisure trusts when the opportunity arises.

REVIEW OF THE BUSINESS

Having been informed by the UK Government to close its leisure centres from 20 March 2020, and subsequently being able to only partly re-open, GCLL has experienced its most challenging period in terms of remaining a financially viable organisation.

GCLL’s Emergency Action Plan - ‘Procedure to be followed should a major unforeseen eventuality occur’ - has been explicitly implemented by a small team of retained keyworkers, all of whom must be congratulated on moving GCLL from being financially ‘fragile’ during the early months of the Pandemic to being financially ‘stable’ 14-months on.

A comprehensive review of GCLL’s cashflow was carried out with the aim of taking every measure possible to protect its ongoing financial viability. As of 20th March, GCLL’s cash balance was healthy at £1,154,510.

GCLL has received a whole raft of financial support throughout the last 14 months including Gravesham Borough Council agreeing to waive the management fee for the period from April 2020 to March 2021 amounting to approximately £300,000, Swanscombe and Greenhithe Town Council agreeing to continue to pay its monthly management fee of £4,500 and from Central Government through the Furlough scheme.

As part of GCLL’s longer-term recovery plan, it took the difficult decision to implement a redundancy programme which resulted in losing 77 employees, many of them having been with GCLL for many years. The redundancy cost relating to the Gravesham contract employees was covered by Gravesham Borough Council, with £246,170 having been received during the year and further monies received after the year end to cover additional pension costs, amounting to £326,951 in total.

The Council also reimbursed GCLL for the pay of a senior employee to look after the Cascades and Cygnet Leisure Centre buildings whilst they were closed to minimise deterioration.

In addition to the above financial support, GCLL has implemented throughout a comprehensive and stringent spending embargo, other than on absolutely essential costs.

SUBSEQUENT EVENTS

In addition to the continuation of the furlough scheme and the support by Gravesham Borough Council to waive the management fee, other additional funding opportunities have arisen since the year end, the major one being the National Leisure Recovery Fund totalling £270,000. This funding, which GCLL have succeeded in receiving, is being provided to them over a period of time to assist in the reopening of the leisure centres.

GCLL also received £300,000 under its Business Interruption insurance policy.

GCLL prepares and rolls forward its financial projection for one year ahead. GCLL is, therefore, confident that it will remain a going concern throughout its anticipated recovery period to September 2022, subject to any further major catastrophes.

STATEMENT OF MANAGEMENT BOARD RESPONSIBILITIES

The Management Board is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Management Board is required to prepare Financial Statements for each financial year 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” (United Kingdom Accounting Standards and applicable law).

The Co-operative and Community Benefit Societies Act 2014 rules require the Management Board to prepare Financial Statements for each financial year which give a true and fair view of the state of the affairs of the Society and of the income and expenditure of the Society for that period. In preparing these Financial Statements, the Management Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Management Board is responsible for maintaining satisfactory systems of internal control and keeping proper accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is responsible for the maintenance and integrity of the comparative and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each Board Member has taken the steps that they ought to have taken as a Board Member in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information. The Board Members confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

AUDITORS

The auditors, Beak Kemmenoe, will be proposed for re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014.

Gravesham Community Leisure Limited
Report of the Management Board
for the year ended 31st December 2020

STATUS

The Society was registered as an Industrial and Provident Society with Charitable Status (number 28949R) and is now within the Co-operative and Community Benefit Societies Act 2014.

ON BEHALF OF THE BOARD:

Cllr Shane Mochrie-Cox

Mr David Hopkins

Mrs Sonya Sims

Date:

Date:

Date:

Opinion

We have audited the Financial Statements of Gravesham Community Leisure Limited (the 'Society') for the year ended 31st December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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, including Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Society's affairs as at 31st December 2020 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 Society 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 Management Board's 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 Society'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 Management Board with respect to going concern are described in the relevant sections of this report.

Other information

The Society's Management Board is responsible for the other information which comprises the information in the Management Board Report but does not include the Financial Statements and our Report of the 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 there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you, if in our opinion:

- The society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- The revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- We have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of Society's Management Board

As explained more fully in the Statement of Management Board Responsibilities set out on page two, the Society's Board is 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 Society's Board determine 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 Management Board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Management Board either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 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 society through discussion with management, and from our knowledge and experience of both the not for profit sector and the leisure industry;
- 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 society, including the Co-operative and Community Benefit Societies Act 2014, relevant taxation legislation and data protection, antibribery, employment, and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Those laws and regulations identified 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 society'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; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Report of the Independent Auditors to the Members of
Gravesham Community Leisure Limited

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 any unusual transactions;
- Assessed whether judgements and assumptions made in determining any accounting estimates 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 with those charged with governance;
- Enquiring of management as to actual and potential litigation claims; and
- Reviewing correspondence with HMRC.

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 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.

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 Auditors.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Natalie Harrison ACA FCCA CTA TEP (Senior Statutory Auditor)
for and on behalf of Beak Kemmenoe
Chartered Accountants
& Statutory Auditors
1-3 Manor Road
Chatham
Kent
ME4 6AE

Date:

Gravesham Community Leisure Limited
Income Statement
for the year ended 31st December 2020

	Note	Results excl pension adjs 31 December 2020 £	Pension adjs 31 December 2020 £	2020 £
TURNOVER		1,729,003	-	1,729,003
Cost of sales		<u>(42,439)</u>	<u>-</u>	<u>(42,439)</u>
GROSS SURPLUS		1,686,564	-	1,686,564
Administrative expenses		<u>(3,328,810)</u>	<u>(87,000)</u>	<u>(3,415,810)</u>
Other operating income	3	<u>(1,642,246)</u>	<u>(87,000)</u>	<u>(1,729,246)</u>
		1,193,701	-	1,193,701
OPERATING SURPLUS/(DEFICIT)		<u>(448,545)</u>	<u>(87,000)</u>	<u>(535,545)</u>
Other interest receivable and similar income		5,354	-	5,354
Interest payable and similar expenses	8	<u>-</u>	<u>(41,000)</u>	<u>(41,000)</u>
		5,354	(41,000)	(35,646)
(DEFICIT)/SURPLUS BEFORE TAX		<u>(443,191)</u>	<u>(128,000)</u>	<u>(571,191)</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u>(443,191)</u>	<u>(128,000)</u>	<u>(571,191)</u>

	Note	Results excl pension adjs 31 December 2019 £	Pension adjs 31 December 2019 £	2019 £
TURNOVER		4,480,314	-	4,480,314
Cost of sales		<u>(175,446)</u>	<u>-</u>	<u>(175,446)</u>
GROSS SURPLUS		4,304,868	-	4,304,868
Administrative expenses		<u>(4,233,270)</u>	<u>(142,000)</u>	<u>(4,375,270)</u>
OPERATING SURPLUS/(DEFICIT)		<u>71,598</u>	<u>(142,000)</u>	<u>(70,402)</u>
Other interest receivable and similar income		6,058	-	6,058
Interest payable and similar expenses	8	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>
		6,058	(45,000)	(38,942)
(DEFICIT)/SURPLUS BEFORE TAX		<u>77,656</u>	<u>(187,000)</u>	<u>(109,344)</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u>77,656</u>	<u>(187,000)</u>	<u>(109,344)</u>

The notes form part of these financial statements

Gravesham Community Leisure Limited
Other Comprehensive Income
for the year ended 31st December 2020

Notes	2020 £	2019 £
DEFICIT FOR THE YEAR INCLUDING PENSION ADJUSTMENT	(571,191)	(109,344)
OTHER COMPREHENSIVE INCOME Actuarial (Loss)/Gain on pension scheme	(1,678,000)	(113,000)
	—————	—————
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,249,191)	(222,344)

The notes form part of these financial statements

Gravesham Community Leisure Limited (Registered number: IP28949R)
Balance Sheet
31st December 2020

	Notes	2020	2019
		£	£
FIXED ASSETS			
Tangible assets	5	326,474	420,289
CURRENT ASSETS			
Stocks		11,658	19,421
Debtors	6	57,670	113,010
Cash at bank and in hand		<u>522,985</u>	<u>975,434</u>
		592,313	1,107,865
CREDITORS			
Amounts falling due within one year	7	<u>228,884</u>	<u>394,700</u>
NET CURRENT ASSETS		<u>363,429</u>	<u>713,165</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		689,903	1,133,454
PENSION LIABILITY	8	<u>(3,672,000)</u>	<u>(1,866,000)</u>
NET LIABILITIES		<u>(2,982,097)</u>	<u>(732,546)</u>
CAPITAL AND RESERVES			
Called up share capital		120	480
Accumulated Fund		<u>(2,982,217)</u>	<u>(733,026)</u>
		<u>(2,982,097)</u>	<u>(732,546)</u>

The Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The Financial Statements were approved by the Board on 2021 and were signed on its behalf by:

Cllr Shane Mochrie-Cox

The notes form part of these financial statements

Gravesham Community Leisure Limited
Statement of Changes in Equity
for the year ended 31st December 2020

	Called up share capital £	Accumulated Fund £	Total equity £
Balance at 1st January 2019	540	(510,682)	(510,142)
Changes in equity			
Deficit for the year	-	(109,344)	(109,344)
Other comprehensive income	-	(113,000)	(113,000)
Total comprehensive income	-	(222,344)	(222,344)
Cancellation of members shares	(60)	-	(60)
Balance at 31st December 2019	<u>480</u>	<u>(733,026)</u>	<u>(732,546)</u>
Changes in equity			
Deficit for the year	-	(571,191)	(571,192)
Other comprehensive income	-	(1,678,000)	(1,678,000)
Total comprehensive income	-	(2,249,191)	(2,249,191)
Cancellation of members shares	(360)	-	(360)
Balance at 31st December 2020	<u><u>120</u></u>	<u><u>(2,982,217)</u></u>	<u><u>(2,982,097)</u></u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Gravesham Community Leisure Limited was registered as an Industrial and Provident Society with charitable status and is now within the Co-operative and Community Benefit Societies Act 2014 and is incorporated in England. The Society's registered number and registered office address can be found on the Society Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Society is a public benefit entity.

Turnover

The turnover shown in the income and expenditure account represents income generated by the facilities operated by the Society during the year exclusive of Value Added Tax. This includes management charge income from Swanscombe and Greenhithe Town Council received by the Society during the financial year.

The Society recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the Society's activities.

Other grants

Grants received are reflected in the year of receipt and shown in full in the income and expenditure account.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Society assesses whether there is any indication of impairment. If such indication exists, the determined recovery amount of the asset which is (i) the higher of its fair value less costs to sell and (ii) its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Society capitalises assets which carry a value of £3,000 or more.

Depreciation is applied at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|-------------------------|--------------------------------|
| Land and buildings | - over the period of the lease |
| Plant and machinery etc | - 20%-50% straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Society has been accepted by HM Revenue & Customs as an exempt charity for taxation purposes. Accordingly no provision has been made for Corporation Tax on exempt income in the year.

Taxation for the year comprises the current tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2. **ACCOUNTING POLICIES - continued**

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Share capital

Only employees of Gravesham Community Leisure Limited are entitled to hold shares in the Society.

Dividends

The Management Board does not declare dividends in the Society.

Pension costs and other post-retirement benefits

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Society has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense in the Income and Expenditure account when they are due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment. The assets of the plan are held separately from the Society in independently administered funds.

Defined benefit pension obligation

The Society operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Society's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the income or expenditure as employee costs, except where included in the cost of an asset comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

2. **ACCOUNTING POLICIES - continued**

Defined benefit pension obligation - continued

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in income or expenditure as a 'finance expense'.

3. **OTHER OPERATING INCOME**

	2020	2019
	£	£
Coronavirus Jobs Retention Scheme	913,531	-
Local Authority Grant	<u>280,170</u>	<u>-</u>
	<u>1,193,701</u>	<u>-</u>

The Society has received grants from the government in relation to the Coronavirus Jobs Retention Scheme in order to assist in keeping staff employed during the current pandemic.

The Society also received grants from Gravesham Borough Council in order to assist with the redundancy packages towards the end of the year.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 241 (2019 - 276).

Gravesham Community Leisure Limited
Notes to the Financial Statements - continued
for the year ended 31st December 2020

5. **TANGIBLE FIXED ASSETS**

	Land and buildings £	Other property, plant and machinery etc £	Totals £
COST			
At 1st January 2020	942,896	786,522	1,729,418
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2020	<u>942,896</u>	<u>786,522</u>	<u>1,729,418</u>
DEPRECIATION			
At 1st January 2020	596,306	712,823	1,309,129
Charge for year	<u>66,258</u>	<u>27,557</u>	<u>93,815</u>
At 31st December 2020	<u>662,564</u>	<u>740,380</u>	<u>1,402,944</u>
NET BOOK VALUE			
At 31st December 2020	<u>280,332</u>	<u>46,142</u>	<u>326,474</u>
At 31st December 2019	<u>346,590</u>	<u>73,699</u>	<u>420,829</u>

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	9,833	46,078
Other debtors and prepayments	<u>47,837</u>	<u>66,932</u>
	<u>57,670</u>	<u>113,010</u>

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	130,645	181,234
Taxation and social security	38,546	24,889
Other creditors and accruals	<u>59,693</u>	<u>188,577</u>
	<u>228,884</u>	<u>394,700</u>

8. **EMPLOYEE BENEFIT OBLIGATIONS**

Defined contribution pension scheme

The Society operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Society to the scheme and amounted to £12,785 (2019 - £14,092).

Contributions totalling £1,928 (2019 - £3,307) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension scheme

Local Government Pension Scheme (LGPS)

The Society participates in a pension scheme, the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended.

The valuation is based on the valuation as at 31 March 2019 for funding purposes with the following adjustments being made:

To assess the value of the Employer's liabilities at 31 December 2020, the actuary has rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with FRS 102.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 December 2020 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation date to 31 December 2020 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of liabilities is substantially the same as the latest formal valuation. From the information received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share the actuary has rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and employees.

An adjustment has been made this year in relation to the estimated impact of the McCloud/Sargeant judgement. This is recorded as a past service cost adjustment within the benefit obligations.

A set of demographic assumptions consistent with those used for the most recent fund valuation, which was carried out as at 31 March 2019 has been used.

8. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Consideration has been made on the Guaranteed Minimum Pension (GMP) equalisation in the valuation this year, with the assumption being that the fund will pay limited increases for members that have reached state pension age by 6 April 2016, with the government providing the remainder of the inflationary increases.

The LGPS closed to new members on 31 October 2013 as a result of the auto-enrolment pension starting from 1 April 2014.

The amounts recognised in the Income Statement are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	179,000	246,000
Net interest from net defined benefit asset/liability	38,000	43,000
Administration expenses	3,000	2,000
	<u>220,000</u>	<u>291,000</u>

	Defined benefit pension plans	
	2020	2019
	£	£
Defined benefit obligations	(9,585,000)	(7,112,000)
Fair value of scheme assets	5,913,000	5,246,000
Pension Liability	<u>(3,672,000)</u>	<u>(1,866,000)</u>

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

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	7,112,000	6,107,000
Current service cost	179,000	183,000
Contributions by scheme participants	30,000	35,000
Interest cost	149,000	176,000
Benefits paid	(57,000)	(78,000)
Past service costs, including curtailments	-	63,000
Remeasurements:		
Actuarial (gains)/losses from experience	225,000	-
Actuarial (gains)/losses from changes in demographic assumptions	-	(499,000)
Actuarial (gains)/losses from changes in financial assumptions	1,947,000	1,125,000
	<u>9,585,000</u>	<u>7,112,000</u>

8. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	5,246,000	4,541,000
Assets interest on assets	111,000	133,000
Contributions by employer	92,000	104,000
Contributions by scheme participants	30,000	35,000
Assets administrative expenses	(3,000)	(2,000)
Other actuarial gains/(losses)	47,000	-
Benefits paid	(57,000)	(78,000)
Return on plan assets (excluding interest income)	447,000	513,000
	<u>5,913,000</u>	<u>5,246,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	-	499,000
Actuarial (gains)/losses from changes in financial assumptions	(1,947,000)	(1,125,000)
Actuarial (gains)/losses from experience	(225,000)	-
Return on plan assets (excluding interest income)	447,000	513,000
Other actuarial gains/(losses) on assets	47,000	-
	<u>(1,678,000)</u>	<u>(113,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Equities	3,686,000	3,516,000
Gilts	37,000	38,000
Other bonds	818,000	460,000
Property	600,000	616,000
Cash	341,000	209,000
Absolute return fund	431,000	407,000
	<u>5,913,000</u>	<u>5,246,000</u>

8. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.30%	2.10%
Future salary increases	3.50%	3.80%
Future pension increases	2.50%	2.30%

Post retirement mortality assumptions:

	2020	2019
	Years	Years
Current UK pensioners at retirement age - male	21.90	21.80
Current UK pensioners at retirement age – female	23.80	23.70
Future UK pensioners at retirement age - male	23.30	23.20
Future UK pensioners at retirement age - female	25.30	25.20

9. **FINANCIAL COMMITMENTS**

Operating leases

At 31 December 2020, the Society had total commitments under non-cancellable operating leases over the remaining life of those leases of £1,024,828 (2019 - £1,358,292).

Gravesham Community Leisure Limited
Trading and Income and Expenditure Account
for the year ended 31st December 2020

	2020		2019	
	£	£	£	£
Turnover				
Sales and membership fees	1,658,003		4,395,984	
Other revenue	-		27,330	
Management Fee	<u>71,000</u>		<u>57,000</u>	
		1,729,003		4,480,314
Cost of sales				
Opening finished goods	19,421		27,814	
Purchases	27,006		140,998	
Retail Sales Expenses	<u>7,670</u>		<u>26,055</u>	
	54,097		194,867	
Closing finished goods	<u>(11,658)</u>		<u>(19,421)</u>	
		42,439		175,446
GROSS SURPLUS		1,686,564		4,304,868
Other income				
Government Grants		1,193,701		-
Bank interest receivable		<u>5,354</u>		<u>6,058</u>
		2,885,619		4,310,926
Expenditure				
Wages and Salaries	2,151,863		2,366,061	
Pensions	189,711		259,581	
Water and Sewerage Services	37,414		71,262	
Light, heat and power	237,552		392,559	
Telephone	24,338		31,777	
Printing, post and stationery	10,459		33,753	
Advertising	30,507		67,215	
Travelling and subsistence	1,569		1,704	
Motor expenses	23,421		23,319	
Insurance	85,095		54,076	
Equipment repairs and maintenance	9,317		29,536	
Repairs and replacement of equipment	14,636		34,705	
Maintenance contracts	98,164		98,948	
Cleaning	28,408		26,650	
Refuse collection	15,077		22,735	
Property Repairs	18,897		60,369	
VAT non-recoverable	124,931		217,095	
GBC Profit Share	-		-	
Computer costs	2,412		3,836	
Sundry expenses	1,054		6,394	
Uniform	1,464		8,988	
Staff recognition awards	772		3,530	
Staff training and recruitment	2,708		12,506	
Carried forward	<u>3,109,769</u>	2,885,619	3,826,679	4,310,926

This page does not form part of the statutory financial statements

Gravesham Community Leisure Limited
Trading and Income and Expenditure Account
for the year ended 31st December 2020

	2020		2019	
	£	£	£	£
Brought forward	3,109,769	2,885,619	3,826,679	4,310,926
Trade subscriptions	3,888		6,331	
Legal and professional fees	81,376		75,123	
GBC Management fee	61,849		255,785	
Auditors' remuneration – audit services	3,750		3,750	
Auditors' remuneration – non audit services	1,190		1,190	
Donations	-		-	
Depreciation of tangible fixed assets				
Short leasehold	66,258		79,355	
Plant and machinery	27,557		28,825	
Profit/loss on sale of tangible fixed assets	-		-	
Hire of other assets	-		-	
Other operating leases	42,043		54,994	
		3,397,680		4,332,032
		(512,061)		(21,106)
Finance costs				
Bank charges		18,130		43,238
		(530,191)		(64,344)
Other finance (income)/costs				
Pension scheme finance income				
/costs		41,000		45,000
NET DEFICIT		(571,191)		(109,344)

