

REGISTERED NUMBER: IP28949R

Annual Report and
Financial Statements for the Year Ended 31st December 2022
for
Gravesham Community Leisure Limited



Gravesham Community Leisure Limited

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for the year ended 31st December 2022

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Gravesham Community Leisure Limited

Society Information
for the year ended 31st December 2022

MANAGEMENT BOARD:	Cllr Shane Mochrie-Cox	Chair & Council Representative
	Miss Kathlyn Thomas	Customer Representative
	Mrs Sue Butterfill	Customer Representative
	Mr Robert Swain (resigned 1 July 2022)	Managing Director
	Mr Stephen Wren (appointed 20 July 2022)	Managing Director
	Mrs Sonya Sims	Staff Representative
	Miss Cassie Jackson (appointed 25 April 2022)	Staff Representative
	Cllr Peter Scollard	Council Representative
	Mr David Hopkins	Specialist Skills Representative
	Mr Wayne Pedrick (appointed 25 April 2022)	Staff Representative
	Mrs Helen Lake (appointed 25 April 2022)	Staff Representative

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 2022

The Management Board of Gravesham Community Leisure Limited (“the Society”) presents its report with the Financial Statements for the year ended 31st December 2022.

MANAGEMENT OF THE SOCIETY

The GCLL team have a wealth of experience. Our approach is about bringing forward a “Shared Vision” which is truly sustainable, which creates an inclusive culture, creating a day-to-day working environment that is in sync with the changes and challenges within society and specifically in the local area of benefit. Our goal is to deliver a leisure experience that is socially relevant to the Community, making service our top priority by giving our time, knowledge, and experience.

The Management Team saw the retirement of Mr Robert Swain Managing Director who had served the community as part of GCLL since 2001. We would like to take this opportunity to thank Robert for his service. With 2022 being a challenging year, the Management Board should be applauded for their support and guidance.

		Shares held as at 31/12/2022	Shares held as at 01/01/2022 or date of appointment
Cllr Shane Mochrie-Cox	Chair & Council Representative	-	-
Miss Kathlyn Thomas	Customer Representative	-	-
Mrs Sue Butterfill	Customer Representative	-	-
Mr Robert Swain (resigned 1 July 2022)	Managing Director	-	1
Mr Stephen Wren (appointed 20 July 2022)	Managing Director	-	-
Mrs Sonya Sims	Staff Representative	1	1
Miss Cassie Jackson (appointed 25 April 2022)	Staff Representative	1	1
Cllr Peter Scollard	Council Representative	-	-
Mr David Hopkins	Specialist Skills Representative	-	-
Mr Wayne Pedrick (appointed 25 April 2022)	Staff Representative	1	1
Mrs Helen Lake (appointed 25 April 2022)	Staff Representative	1	1

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

The Leisure Industry is described by Community Leisure UK as a Challenging Landscape for any Leisure company operating in the UK today. That said it never fails to impress, how well GCLL staff have performed in 2022, albeit within a difficult landscape, however, there remains a positive feeling among the team that GCLL has a lot more to offer and there is a real appetite for future growth.

We now have a 'Clear Vision' for Gravesham Community Leisure Limited (GCLL), identifying a new approach to our day-to-day operational model, redefining our Values and Mission statement which will determine both the Structure and Culture of the organisation moving forward.

As part of our recovery post pandemic, we have championed a better way forward, to be more socially relate-able, which in turn will change the way we think about innovation, governance, our people, community, and our purpose – ultimately our reason for being. This new approach will have an emphasis on collaboration, diversity, decentralisation, interconnectedness, trust, and inclusion – mostly it will dissipate the emotion of fear that pervades the Leisure Industry.

Business performance

It is our belief that GCLL is uniquely positioned now, within a disruptive landscape caused by both the pandemic and Economic uncertainty, to deliver "A Shared Vision" which has a powerful focus upon Community inclusion. This Vision identifies and promotes the positive contribution that GCLL can make, operating as an integrated component of the Community.

The return of customers to our swimming pools and sports halls has been very positive, also Health and Fitness members and weekly swimming lessons also returning giving us confidence that our community are reengaging in our Leisure services.

Swimming lessons member numbers have increased as we continue to grow the academy. As at the end of December 2022 there were 1848 swim academy members. Outline Health and Fitness member numbers have increased and as of 31st December 2022, we had 3218 Direct Debit members.

Operational income has achieved 99% of the budgeted total YTD. Including management fees, Reconnect Grant, and the accrued utility recharge our income YTD totals has exceeded the budget in 2022.

Income

Operational income has shown a considerable increase, achieving an additional 62% above last year. GCLL has also received various grants in 2022, and a utility recharge amount from Gravesham Borough Council.

GCLL was also involved with Kent County Council and was successful in receiving funds for the one-off Reconnect Scheme and received £36,300 across all 3 sites, this post-pandemic scheme enabled us to help fund positive experiences and opportunities for young children and young people in Kent.

GCLL also received £10,000 relating to an economic stimulus grant; this government funded grant was paid to us on completion of a successful grant application with Gravesham Borough Council in 2022.

2022 has seen the beginning of the energy crisis across the UK. Since October 2022 GCLL have recharged £66,267 to Gravesham Borough Council to help towards the increase in utility costs.

Operating income in 2022 has focused on our Swimming Academy and Outline Health and Fitness. These areas have seen good growth in 2022.

Outline Health and Fitness Income received from Annual memberships has significantly increased in 2022, an additional £51,408 income has been deferred into 2023 from this year.

REVIEW OF THE BUSINESS (CONT'D)

Expenditure

Salary costs have been controlled well, with savings in the earlier part of the year due to vacant positions. An additional position of Centre Manager was agreed throughout in 2022 as the business grew faster than expected.

Repairs and maintenance costs in 2022 have been controlled well and even though the age of the buildings requires constant monitoring we have been able to keep the expenditure within budget.

Substantial utility cost increases in 2022 have been challenging. Our goal has been to reduce usage by 10% which will help with substantial savings as we are facing gas cost increases by 72% and electricity by 45%.

The catering department in 2022 has seen growth, with the café at Cascades opening once again offering drinks and snacks. This has been a success and the department including vending across all 3 sites has provided a surplus.

The above performance is encouraging, and although GCLL is reporting a deficit in 2022, this is an improvement on budgeted forecast and sets the business up well for 2023, as we enter our 3rd stage in the post pandemic business recovery plan for GCLL.

SUBSEQUENT EVENTS

Trading period for 2023 will be our 3rd stage of our post pandemic recovery for GCLL, where we will endeavour to re-introduce as many activities as financially viable, improving our dry coaching programme, and offer activities again for all ages.

We will continue to maintain our buildings for our partners Gravesham Borough Council and Swanscombe and Greenhithe Town Council and continue to forge partnerships with our community suppliers, contractors, and external organisations.

Gravesham Borough Council's has now announced that forward planning has started for the next stage of the project to build a new leisure centre for Gravesham, ushering an exciting new era for sport and recreation in the borough. The current Cascades will stay open while the build takes place and GCLL is hugely excited to offer its expertise and experience to help provide a modern leisure facility that will best serve the local community needs. Cygnet Leisure Centre will remain open and will not be affected by the replacement for Cascades.

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.

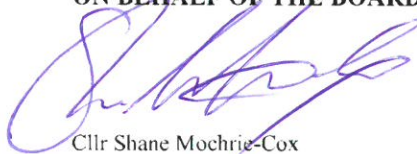
AUDITORS

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.

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

Date: 24/4/23



Mr David Hopkins

Date: 24/4/23



Mrs Sonya Sims

Date: 24/4/23

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

Opinion

We have audited the Financial Statements of Gravesham Community Leisure Limited (the 'Society') for the year ended 31st December 2022 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 2022 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.

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

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: 24 APRIL 2023

Gravesham Community Leisure Limited
Income Statement
for the year ended 31st December 2022

	Note	Results excl pension adjs 31 December 2022 £	Pension adjs 31 December 2022 £	2022 £
TURNOVER		2,978,660	-	2,978,660
Cost of sales		<u>(51,771)</u>	<u>-</u>	<u>(51,771)</u>
GROSS SURPLUS		2,926,889	-	2,926,889
Administrative expenses		<u>(3,078,163)</u>	<u>(91,000)</u>	<u>(3,169,163)</u>
Other operating income	3	<u>(151,274)</u> 112,567	<u>(91,000)</u> -	<u>(242,274)</u> 112,567
OPERATING SURPLUS/(DEFICIT)		<u>(38,707)</u>	<u>(91,000)</u>	<u>(129,707)</u>
Other interest receivable and similar income		4,646	-	4,646
Interest payable and similar expenses	8	<u>-</u>	<u>(56,000)</u>	<u>(56,000)</u>
		<u>4,646</u>	<u>(56,000)</u>	<u>(51,354)</u>
SURPLUS/(DEFICIT) BEFORE TAX		<u>(34,061)</u>	<u>(147,000)</u>	<u>(181,061)</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		<u>(34,061)</u>	<u>(147,000)</u>	<u>(181,061)</u>

	Note	Results excl pension adjs 31 December 2021 £	Pension adjs 31 December 2021 £	2021 £
TURNOVER		1,884,168	-	1,884,168
Cost of sales		<u>(22,725)</u>	<u>-</u>	<u>(22,725)</u>
GROSS SURPLUS		1,861,443	-	1,861,443
Administrative expenses		<u>(2,377,556)</u>	<u>(184,000)</u>	<u>(2,561,556)</u>
Other operating income	3	<u>(516,113)</u> 987,690	<u>(184,000)</u> -	<u>(700,113)</u> 987,690
OPERATING SURPLUS/(DEFICIT)		<u>471,577</u>	<u>(184,000)</u>	<u>287,577</u>
Other interest receivable and similar income		1,236	-	1,236
Interest payable and similar expenses	8	<u>-</u>	<u>(53,000)</u>	<u>(53,000)</u>
		<u>1,236</u>	<u>(53,000)</u>	<u>(51,764)</u>
(DEFICIT)/SURPLUS BEFORE TAX		<u>427,813</u>	<u>(237,000)</u>	<u>235,813</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u>427,813</u>	<u>(237,000)</u>	<u>235,813</u>

The notes form part of these financial statements

Gravesham Community Leisure Limited
Other Comprehensive Income
for the year ended 31st December 2022

Notes	2022 £	2021 £
SURPLUS/(DEFICIT) FOR THE YEAR INCLUDING PENSION ADJUSTMENT	(181,061)	235,813
OTHER COMPREHENSIVE INCOME		
Actuarial Gain/(Loss) on pension scheme	4,654,000	1,021,000
	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,472,939</u>	<u>1,256,813</u>

The notes form part of these financial statements

Gravesham Community Leisure Limited (Registered number: IP28949R)
Balance Sheet
31st December 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		197,405		255,257
CURRENT ASSETS					
Stocks		11,605		14,528	
Debtors	6	153,403		78,733	
Cash at bank and in hand		<u>1,155,916</u>		<u>1,123,536</u>	
		1,320,924		1,216,797	
CREDITORS					
Amounts falling due within one year	7	<u>389,694</u>		<u>309,338</u>	
NET CURRENT ASSETS			<u>931,230</u>		<u>907,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,128,635		1,162,716
PENSION ASSET/(LIABILITY)	8		<u>1,619,000</u>		<u>(2,888,000)</u>
NET ASSETS/(LIABILITIES)			<u>2,747,635</u>		<u>(1,725,284)</u>
CAPITAL AND RESERVES					
Members Shares			100		120
Accumulated Fund			<u>2,747,535</u>		<u>(1,725,404)</u>
			<u>2,747,635</u>		<u>(1,725,284)</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 24 APR 2023 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 2022

	Members shares £	Accumulated Fund £	Total equity £
Balance at 1st January 2021	120	(2,982,217)	(2,982,097)
Changes in equity			
Surplus for the year	-	235,813	235,813
Other comprehensive income	-	<u>1,021,000</u>	<u>1,021,000</u>
Total comprehensive income	-	1,256,813	1,256,813
Cancellation of members shares	-	-	-
Balance at 31st December 2021	<u>120</u>	<u>(1,725,404)</u>	<u>(1,725,284)</u>
Changes in equity			
Deficit for the year	-	(181,061)	(181,061)
Other comprehensive income	-	<u>4,654,000</u>	<u>4,654,000</u>
Total comprehensive income	-	4,472,939	4,472,939
Cancellation of members shares	<u>(20)</u>	-	<u>(20)</u>
Balance at 31st December 2022	<u><u>100</u></u>	<u><u>2,747,535</u></u>	<u><u>2,747,635</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**

	2022	2021
	£	£
Coronavirus Jobs Retention Scheme	-	212,811
Local Authority Grant from GBC	-	285,484
National Leisure Relief Funding	-	189,395
Business Interruption Claim	-	300,000
Economic Stimulus Grant	10,000	-
Reconnect Scheme Grant	36,300	-
Utility Recharge received from GBC	66,267	-
	<u>112,567</u>	<u>987,690</u>

During the year, the Society received a government funded Economic Stimulus Grant of £10,000 from Gravesham Borough Council (GBC). An additional £66,267, in relation to the Utility recharge, was received from GBC. Finally a one off payment of £36,300 was received from Kent County Council as part of a post pandemic scheme.

In 2021, the Society 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 2020 and further into 2021. Funding was also received from National Leisure Relief Funding (NLRF) assisting the society in the costs to re-open. In addition, the society was also successful in their claim for loss of income as a result of the pandemic.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 132 (2021 - 112).

Gravesham Community Leisure Limited
Notes to the Financial Statements - continued
for the year ended 31st December 2022

5. **TANGIBLE FIXED ASSETS**

	Land and buildings £	Other property, plant and machinery etc £	Totals £
COST			
At 1st January 2022	942,896	786,522	1,729,418
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2022	<u>942,896</u>	<u>786,522</u>	<u>1,729,418</u>
DEPRECIATION			
At 1st January 2022	708,255	765,906	1,474,161
Charge for year	<u>45,691</u>	<u>12,161</u>	<u>57,852</u>
At 31st December 2022	<u>753,946</u>	<u>778,067</u>	<u>1,532,013</u>
NET BOOK VALUE			
At 31st December 2022	<u>188,950</u>	<u>8,455</u>	<u>197,405</u>
At 31st December 2021	<u>234,641</u>	<u>20,616</u>	<u>255,257</u>

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

	2022 £	2021 £
Trade debtors	37,076	35,237
Other debtors and prepayments	<u>116,327</u>	<u>43,496</u>
	<u>153,403</u>	<u>78,733</u>

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

	2022	2021
	£	£
Trade creditors	146,117	96,729
Taxation and social security	16,196	19,836
Other creditors and accruals	<u>227,381</u>	<u>192,773</u>
	<u>389,694</u>	<u>309,338</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 £9,279 (2021 - £18,076).

Contributions totalling £2,158 (2021 - £1,807) 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 2022, the actuary has rolled forward the value of the Employer's liabilities calculated for the latest full funding valuation, 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 2022 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation date to 31 December 2022 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.

As required under FRS 102 accounting standards, we have used the projected unit credit method of valuation.

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.

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**

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	
	2022	2021
	£	£
Current service cost	168,000	338,000
Net interest from net defined benefit asset/liability	52,000	49,000
Administration expenses	4,000	4,000
	<u>224,000</u>	<u>391,000</u>

	Defined benefit pension plans	
	2022	2021
	£	£
Defined benefit obligations	(4,514,000)	(9,112,000)
Fair value of scheme assets	6,133,000	6,224,000
Pension Liability	<u>1,619,000</u>	<u>(2,888,000)</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Opening defined benefit obligation	9,112,000	9,585,000
Current service cost	168,000	185,000
Contributions by scheme participants	22,000	23,000
Interest cost	167,000	126,000
Benefits paid	(168,000)	(162,000)
Past service costs, including curtailments	-	153,000
Remeasurements:		
Actuarial (gains)/losses from experience	-	(162,000)
Actuarial (gains)/losses from changes in demographic assumptions	-	(125,000)
Actuarial (gains)/losses from changes in financial assumptions	(4,787,000)	(511,000)
	<u>4,514,000</u>	<u>9,112,000</u>

Gravesham Community Leisure Limited
Notes to the Financial Statements - continued
for the year ended 31st December 2022

8. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2022	2021
	£	£
Opening fair value of scheme assets	6,224,000	5,913,000
Assets interest on assets	115,000	77,000
Contributions by employer	77,000	154,000
Contributions by scheme participants	22,000	23,000
Assets administrative expenses	(4,000)	(4,000)
Other actuarial gains/(losses)	-	-
Benefits paid	(168,000)	(162,000)
Return on plan assets (excluding interest income)	(133,000)	223,000
	<u>6,133,000</u>	<u>6,224,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	-	125,000
Actuarial (gains)/losses from changes in financial assumptions	4,787,000	511,000
Actuarial (gains)/losses from experience	-	162,000
Return on plan assets (excluding interest income)	(133,000)	223,000
Other actuarial gains/(losses) on assets	-	-
	<u>4,654,000</u>	<u>1,021,000</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Equities	4,124,000	4,027,000
Gilts	37,000	43,000
Other bonds	808,000	864,000
Property	619,000	684,000
Cash	92,000	161,000
Absolute return fund	453,000	445,000
	<u>6,133,000</u>	<u>6,224,000</u>

8. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	2022	2021
Discount rate	4.80%	1.85%
Future salary increases	3.80%	3.85%
Future pension increases	2.80%	2.85%

Post retirement mortality assumptions:

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	21.70	21.60
Current UK pensioners at retirement age – female	23.80	23.70
Future UK pensioners at retirement age - male	23.00	22.90
Future UK pensioners at retirement age - female	25.20	25.10

9. **FINANCIAL COMMITMENTS**

Operating leases

At 31 December 2022, the Society had total commitments under non-cancellable operating leases over the remaining life of those leases of £584,208 (2021 - £840,526).

While the Society has commitments, detailed above, during the coming year they will be receiving support from Gravesham Borough Council (GBC) in relation to the increased energy costs. This support will equal the management fee that the Society usually pays to GBC.

Gravesham Community Leisure Limited
Trading and Income and Expenditure Account
for the year ended 31st December 2022

	2022		2021	
	£	£	£	£
Turnover				
Sales and membership fees	2,920,660		1,812,668	
Management Fee	<u>58,000</u>		<u>71,500</u>	
		2,978,660		1,884,168
Cost of sales				
Opening finished goods	14,528		11,658	
Purchases	33,606		15,858	
Retail Sales Expenses	<u>15,242</u>		<u>9,737</u>	
	63,376		37,253	
Closing finished goods	<u>(11,605)</u>		<u>(14,528)</u>	
		51,771		22,725
GROSS SURPLUS		2,926,889		1,861,443
Other income				
Government Grants		46,300		687,690
Business Interruption		-		300,000
Utility Recharge		66,267		-
Bank interest receivable		<u>4,646</u>		<u>1,236</u>
		3,044,102		2,850,369
Expenditure				
Wages and Salaries	1,489,900		1,232,287	
Pensions	177,071		265,806	
Water and Sewerage Services	40,019		42,933	
Light, heat and power	481,532		263,666	
Telephone	30,706		28,885	
Printing, post and stationery	9,557		4,597	
Advertising	34,496		10,629	
Travelling and subsistence	1,681		1,703	
Motor expenses	22,041		21,734	
Insurance	54,414		62,204	
Equipment repairs and maintenance	33,713		9,459	
Repairs and replacement of equipment	9,321		4,119	
Maintenance contracts	111,805		98,661	
Cleaning	28,966		24,984	
Refuse collection	13,732		12,661	
Property Repairs	50,313		43,452	
VAT non-recoverable	202,097		110,695	
Computer costs	6,380		4,960	
Sundry expenses	4,476		2,495	
Uniform	533		2,466	
Staff recognition awards	-		(420)	
Staff training and recruitment	12,626		5,724	
	<u>2,815,379</u>	<u>3,044,102</u>	<u>2,253,700</u>	<u>2,850,369</u>
Carried forward	2,815,379	3,044,102	2,253,700	2,850,369

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 2022

	2022		2021	
	£	£	£	£
Brought forward	2,815,379	3,044,102	2,253,700	2,850,369
Trade subscriptions	3,867		2,116	
Legal and professional fees	43,106		26,110	
GBC Management fee	142,372		132,184	
Auditors' remuneration – audit services	3,785		3,750	
Auditors' remuneration – non audit services	1,205		1,190	
Depreciation of tangible fixed assets				
Short leasehold	45,691		45,691	
Plant and machinery	12,161		25,526	
Other operating leases	<u>46,729</u>		<u>40,601</u>	
		<u>3,114,295</u>		<u>2,530,868</u>
		(70,193)		319,501
Finance costs				
Bank charges		<u>54,868</u>		<u>30,688</u>
		(125,061)		288,813
Other finance (income)/costs				
Pension scheme finance (income) /costs		<u>56,000</u>		<u>53,000</u>
NET SURPLUS/(DEFICIT)		<u><u>(181,061)</u></u>		<u><u>235,813</u></u>