

REGISTERED COMPANY NUMBER: 03782811 (England and Wales)
REGISTERED CHARITY NUMBER: 1080186

REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2019
FOR
THURROCK COMMUNITY LEISURE LIMITED



McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
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Sittingbourne
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ME10 4AE

THURROCK COMMUNITY LEISURE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2019

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THURROCK COMMUNITY LEISURE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2019

TRUSTEES

Chris Seamark (Chair)
Tunde Ojetola Resigned 4 May 2018 and
reappointed 25 June 2018
Wayne Warner (Vice Chair)
Charlotte Turnbull Resigned 18 June 2019
Omer Khwaja Resigned 22 August 2018
Aaron Watkins Resigned 13 June 2018
Carl Black Resigned 1 March 2019
Thanusinthiya Croos Appointed 23 April 2018 and
resigned 18 February 2019
Garry Hague Appointed 23 May 2018
Deborah Huelin Appointed 13 June 2018 and
resigned 20 August 2018
Robert Groves Appointed 20 August 2018
Barry Norrington Appointed 17 December 2018

COMPANY SECRETARY

J N Tatchell

**REGISTERED OFFICE
AND OPERATIONAL ADDRESS**

Blackshots Leisure Centre
Blackshots Lane
GRAYS
Essex
RM16 2JU

REGISTERED COMPANY NUMBER 03782811 (England and Wales)

REGISTERED CHARITY NUMBER 1080186

AUDITORS

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

BANKERS

National Westminster Bank PLC
17 High Street
Grays
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RM17 6NP

SOLICITORS

Winckworth Sherwood
Minerva House, 5 Montague Close
LONDON, SE1 9BB

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

The trustees who are also directors of the group and charity for the purposes of the Companies Act 2006, present their report with the financial statements of the group and charity for the year ended 31 March 2019. 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 2015). Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

OBJECTIVES AND ACTIVITIES

Purposes and aims

The objectives of Thurrock Community Leisure (TCL), as set out in its memorandum of association, are to run leisure facilities and services primarily for the benefit of the general public. TCL operates in a manner that does not discriminate against any person by virtue of their age, colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, or socio-economic status.

TCL aligns its strategy with that of the Group and in pursuit of its mission. The mission is 'Creating active & healthy communities'.

TCL's priorities include -

- Instilling pride in communities through training, education, improving the quality of life, youth engagement and increasing opportunities
- Contributing towards achieving safer communities
- Developing prosperous communities through the attraction of inward investment
- Promoting inclusive and diverse communities
- Promoting community regeneration through environmental and cultural improvements
- Delivering healthier, more active communities.

In order to fulfil its objects TCL manages four leisure centres at Belhus Park (plus the Golf Course), Blackshots (plus the Civic Hall), The Gym Hub (Wickford) and Corringham. TCL trades under an Impulse Leisure Brand. The main source of income is from the sale of, health and fitness (gym and exercise classes) membership, golf, swimming and swimming lessons, a varied programme of events and entertainment at the Civic Hall.

The facilities are managed to maximise financial efficiency and generate surplus wherever possible. When surpluses are generated, 100% of the surpluses are used to maintain, improve and extend the facilities and services provided for the benefit of the local community. Service improvements are used to generate improved efficiency, increase income and to improve the health and wellbeing of the community.

In shaping objectives and planning activities, the trustees considered the Charity Commission's guidance on public benefit, including the guidance on fee charging. TCL relies on external programme funding, but mainly the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the trustees give careful consideration to the accessibility of the services for those on low incomes and those from other disadvantaged groups. As a result, significant pricing discounts are available to concessionary groups. In addition, special programmes and sessions are planned and delivered to help disadvantaged members of the community improve their health and wellbeing, through participating in relevant activities. Specific examples of work undertaken to target public benefit, sometimes at the expense of financial efficiency include – employment of apprentices, management contribution and participation in Thurrock's Next Top Boss (enhancing local student's employability potential), delivery of numerous health improvement programmes (often in partnership with others), offering free taster sessions, attending community events and provision of memberships to community groups working with disadvantaged communities.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRATEGIC REPORT

Achievement and performance

Throughout the year there were increases in membership numbers at Corringham, Belhus Park and The Gym Hub, however, like last year, membership growth was limited at Blackshots largely due to growing competition. Regardless of the increased competition, membership numbers at Blackshots were maintained. Extended and additional pool closures at Belhus Park also affected membership numbers.

Attendance levels fell for the second consecutive year, down 6.5% on prior year, largely due to fitness at Blackshots, aerobics at all sites and due to the previously mentioned pool closure at Belhus Park. Belhus aside, swimming attendances and swimming lesson attendances were good. Swimming lesson attendances were up by 12% on prior year. Management and staff did well to work around the disruption of extended pool closure at Belhus to ensure swimming lesson numbers were maintained.

TCL continued to improve and extend the services provided. In addition to normal planned and preventative maintenance there has been several refurbishment and upgrade projects and general service improvements most notably –

Blackshots and Civic Hall

- TC replaced more external cladding around the teaching pool.
- The café was accredited in the 'Tuck in' scheme recognising healthy options on the menu.
- A number of new ongoing children's activities were added to the Civic Hall programme, these include, Messy Play, Baby Yoga, Parenting Advice and Mighty Mites (play equipment).

Belhus Park

- TC pool roof and plant replacement was completed and pools reopened at the end of May 18. However, defective work in the plant room and the changing room caused further short-term closures and a further 7-week closure in December 18 to relay the defective floor covering.
- Cladding was installed on the Capability Brown building improving the aesthetics whilst adding improved security.
- Extensive arboriculture work was undertaken during the year.
- The golf shop operation was moved to operate from the Bar area at the end of the financial year. The aim is to rationalise staffing and other costs whilst improving profitability. There is also a potential customer advantage in that all services can now be accessed from one point.
- Office space at Capability Brown has been hired on a long-term basis to 'Funky Willows', a group offering fun and engaging activities to young people with learning difficulties, additional needs and disabilities.

Corringham

- Work refurbishing the gym was completed early in the year following replacement flooring on the ground floor.
- New equipment at both Corringham and TGH includes Stairclimbers; the first time TCL have had these machines.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT - continued

Achievement and performance - continued

General

- General Data Protection Regulations (GDPR) – work was completed to ensure that the collection, processing, use, storage and management of personal data (customers and staff) was compliant by the deadline in May 2018. Data management remains an ongoing area of work.
- Cyber Essentials accreditation was renewed by the Group during the year indicating that our ICT policies and procedures follow best practice guidance regarding security and use of data systems.
- During the year TCL has used consultants extensively to cover the absence of a marketing manager. Branded, targeted and themed campaigns have been used across all marketing collateral and socials continuing the promotion of our unique selling points, differentiating TCL from the increasing competition. The #JUSTRIGHT theme, was used throughout 2018. Other themes included a £20.18 membership promotion throughout the summer and 'Save like a Superhero' targeting families in the autumn. Through the winter months the final campaign was 'Be Your Best' promoting a guaranteed 12-week weight loss programme.
- Throughout the year there were targeted promotions to corporates, students, kids' activities, swimming lessons and health awareness. There has now been over 11,000 downloads of our APP, enabling customers to book and pay for classes conveniently online, access their Mywellness portal, swimming lesson portal etc.
- Our Twitter feed was relaunched. The previous Impulse twitter feed for the Group was split into two, one for TCL and one for ACL, to make it more relevant to local users.
- Our first Swim newsletter went out to all those in the swim school in early December. The newsletter contained information about the App, iSwim Portal info, upcoming options for iSwim Payments (DD), Health Benefits of Swimming and general information on sickness and swim safety. The swimming newsletter was well received. The intention is to continue to send out swimming newsletters to keep our swim school participants informed. The newsletter was just one initiative in a whole new approach to the promotion of swimming lessons along with free family swimming open days and swimming assessments. There are over 2500 children on swimming lessons every week.
- A new payroll system was implemented in April 2018. A number of issues were dealt with in the initial months.
- Work on the new HR system was delayed by the payroll issues but continued. Implementation of the HR system is expected in the first quarter of 2019/20.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

The above improvements demonstrate TCL's commitment to continuous improvement, make the facilities and services more attractive to new customers and obviously increase the value for money existing customers receive. Increasing value for money and more attractive facilities improve the likelihood that more of the community will seek to improve their health and wellbeing by using the services. As such TCL succeeds in its mission of Creating Active & Healthy Communities.

With the work recently completed at the facilities, TCL in partnership with the local authority has now invested more than £9,800,000 in leasehold facilities (this excludes the millions of pounds spent on equipment replacements), which have been a great advantage to the community, TC and TCL. This demonstrates the benefit of using the 'charity model' to deliver leisure services, as when using other service delivery models this level of investment is unlikely to have occurred, as there would have been potential other priorities for the money, i.e. shareholder/owner profit, other council services (general fund), or investment in facilities outside of Thurrock.

Services provided by TCL are available to all, both casual pay and play users, as well as members. All prices remain competitive and in addition significant concessions are offered to those most in need, including heavily discounted membership, with 50% discounts on most facility prices.

All the facilities operate quality management systems to ensure the level of service provision is delivered consistently. Our systems have been externally audited and endorsed by the leisure industry quality standard (QUEST). The sites have retained QUEST registration in the Very Good/Good categories following maintenance and or full 2-day audits. The Gym Hub in Wickford only has a 1-day assessment and is registered with QUEST.

Customer satisfaction surveys were carried out in May/June 2018. The overall result saw a slight increase in satisfaction from 75.5 to 77.4% compared to prior year. This reflects an improved score from Belhus Park and Corringham whilst scores at Blackshots have fallen. The overall scores were dragged down by poor results at Blackshots for cleanliness and maintenance of changing areas, with scores as low as 47%. This is unsurprising as we know these are areas that are in need of renovation and this tends to seriously affect scores in these areas, as well as negative effects on all of the other areas within the site. Compared to prior year Belhus Park's overall score increased to 85.9% (70.2% prior year), Blackshots decreased to 72.2% (84.4% prior year) and Corringham increased to 81.4% (80.8% prior year). TCL work to refurbish the dry changing rooms at Blackshots is due to start late April 19 and it is hoped that TC might facilitate works on the pool changing facilities as soon as possible.

Services provided, sometimes in partnership with others to improve health, community engagement and cohesion include

- TCL have completed the first-year delivery of a two-year agreement with TC to deliver their health improvement initiatives. This agreement targets TCL's delivery of the Thurrock Exercise On Referral programme. 293 people were referred to the programme in the 8 months to December 18. The referrals were from a number of agencies, referring patients with existing conditions including cancer, Parkinsons, stroke survivors, back pain, chronic obstructive pulmonary disease, hypertension/cardiac rehab, diabetes (Types 1 & 2), transient ischaemic attack (Mini Stroke), obesity with co morbidities and mental health.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

- A £10,000 grant from Awards for All was accepted towards TCL's leadership of a South Essex based Cancer rehabilitation 'Active for Life' (AFL) programme and associated staff training. The aim of AFL is to help Cancer patients benefit from a more active lifestyle –
 - TCL led the programme to ensure that AFL was launched in Basildon, Brentwood and Thurrock supporting over 200 cancer patients to live healthier, more active lifestyles.
 - AFL sees participants take part in twice-weekly sessions over 12 weeks, including aerobics, gym sessions and regular light exercise.
 - Fitness staff involved with the programme were upskilled to a Level 4 Cancer Rehabilitation qualification, which helped them develop a greater understanding of the disease and create personalised activity plans, adapted to suit the needs and abilities of each individual.
 - 75% of patients involved in the programme moved from being inactive to fairly active, with others benefiting from the social element as well as improving their mental and emotional wellbeing.
 - Harjinder, aged 60 from Grays, was referred to the programme, at Impulse Leisure Blackshots, by her GP consultant following breast surgery, which left her with limited movement in both of her arms. She said: 'Before being diagnosed with breast cancer, my busy lifestyle didn't allow me the time to take part in much physical activity. Following surgery, the activity sessions have not just helped with movement, but have helped me feel stronger, both mentally and physically.'
- TCL delivered chair based exercise throughout the sheltered housing complexes in Thurrock. This scheme included promotion, exercise, two celebration parties and some nutrition workshops. Unfortunately, the contract to provide this programme finished at 31st March 2019 and was not renewed. This is very disappointing as TCL introduced this programme 18 years ago in a small number of sites and expanded it with TC funding over the years to include the whole of Thurrock.
- TCL continue to support Proctor & Gamble, sending gym instructors into their gym to deliver inductions and provide support with their Vibrant Living Campaign, which promotes a healthy workforce.
- TCL provide walking football in the Civic Hall.
- The pools all subscribed to Swimathon encouraging everyone to undertake sponsored swimming for charity, whilst increasing their own physical activity levels.
- Other charitable events and those that support health and wellbeing took place. These included –
- Nuclear Blackout – support for this included enrolling participants, encouraging donations and advice on training. £1,801 was raised for Stroke Rehabilitation work.
- For National Fitness Day TCL promoted 'Fortnite Dance Classes'. Videos of the classes were posted on our social channels supporting National Fitness Day.
- Macmillan Coffee Morning 10 October.
- Recognising World Mental Health Awareness Day – and offering a free Swim Voucher to accompany these posts.
- TCL has now permanently introduced the Technogym Challenge software enabling staff to run tracked challenges with the customers through the Wellness system. This encourages customer engagement and promotes retention. During March all TCL sites took part in Technogym's UK wide 'Let's Move for a Better World' challenge, which encourages increased levels of physical activity. An individual's activity is measured in units of 'moves', calculated by the gym equipment's Wellness system, or assigned through tracked use linked to the system e.g. Strava. Of the 417 sites taking part in the challenge nationally, TCL members making moves propelled all Thurrock sites into the top 40 with Blackshots finishing in the top 10.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Achievement and performance - continued

- TCL monitors the physical activity of most new customers and referrals that present to the facilities with the intention of achieving some form of improvement in their lives. Through its general promotion of physical activity, advice, and encouragement to new customers during the year, TCL has converted many people, who were previously inactive, into regular exercisers who would now be classed as physically active by the World Health Organisation (WHO). WHO classify a person as being physically active if they perform 150 minutes of moderate, or 75 minutes of vigorous activity per week. Sport England's Active lives survey aims to measure the number of people who are physically active against the WHO criteria. Figures for the Thurrock area indicate that the percentage of people classed as physically active has increased in recent years as detailed below, although the figures for November 2018 are statistically weaker than previous years. TCL has contributed to the improvement over time although the figures for active people in Thurrock remains lower than the national average in November 2018 of 62%.

	Nov-16	May-17	May-18	Nov-18
Active	51.7%	52.9%	57.9%	57.0%
Fairly Active	15.1%	14.9%	13.2%	12.6%
Inactive	33.2%	32.2%	28.9%	30.3%

At the end of the year Tilbury Community Association granted a £1000 donation to support the work done in enhancing health and wellbeing that TCL undertake.

Most of the above programmes aim to increase physical activity levels, targeting health improvement in the community. This all fits perfectly with TCL's mission 'creating active and healthy communities'. The staff who deliver these schemes and programmes are often highly praised by the customers.

Senior managers meet regularly throughout the year to monitor energy use, discuss waste issues and develop improvement projects. For the first time in many years TCL has not made a year on year Carbon saving in 2018/19. This is largely due to the lengthy building works at Belhus Park combined with refilling pools and running systems with open doors. TCL maintained ISO14001 (the international standard for energy management and environmental good practice) accreditation up to the end of December 2018. TCL continue to work to all elements of the standard.

Continuous safety and procedural improvements were implemented, mainly attempting to improve service delivery. Accident numbers for 2018 were 251, 10 more than prior year. Overall attendance is marginally down during 2018 (BP pool closure), as such the rate has increased marginally to 3.35 accidents/10,000 visits which is favourable in comparison to industry benchmarks. There were no accidents of note, although there remains a number of public liability claims for minor injuries. STITCH software system for accident reporting, recording and management was introduced in January 2019. This reduces paper based records, provides secure storage and ease of data recovery, along with improved reporting, and interrogation abilities. There is also an element of benchmarking available, as this system is used nationally at over 650 sites around the UK.

TCL has again experienced high staff turnover, which at 29.9% was above our 20% maximum target, but marginally better than prior year. Staff roles including lifeguards, swimming instructors, aerobics instructors, bar and catering staff have been difficult to recruit into and in addition the ongoing recruitment and training of new staff takes up considerable management time. During the year TCL expanded the use of apprenticeship schemes and staff on work-based (apprenticeship related) training. At the time of writing we employ 9 apprentices with a further 5 staff upskilling on work-based training and these figures are increasing. With a view to increasing application numbers the remuneration package for apprenticeships was reviewed at year end, resulting in increased rates being available to apprentices given achievement of various targets after 6 months in the role. TCL promoted National Apprenticeship Week in March 2019.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRATEGIC REPORT

Achievement and performance - continued

IL is an Employer Partner of the Chartered Institute for the Management of Sport and Physical Activity (CIMSPA) with a commitment to ensure relevant staff are members of the professional institute in future. So far, all regular hours fitness, supervisory and management staff have been enrolled as CIMSPA members. Staff have access to over 2000 hours of online training, suitable for undertaking the required CPD relevant to their membership category and an identified career pathway, showing how career progression can be pursued.

Sickness absence rates were maintained at low levels at 2.2%.

Staff satisfaction decreased by 2% to 72% in the most recent survey in Feb 2019. TCL continue to try to be a good employer aiming to provide above average remuneration rates and good benefits packages to staff.

TC's overrunning £1,200,000 maintenance work at Belhus Park Leisure Centre (as outlined above) was completed by the end of May 2018. Since reopening the centre has been busy and good growth was observed in swimming numbers and membership. However, a further closure period to correct defective work has interrupted the progress and as a result TCL has suffered significant loss of income. We know from the Corringham Leisure Centre example of 2012 that following these lengthy disruptions/closures, it can take a number of years to fully recover the resultant income loss.

TC's allocated capital funding for 2017/18, is still yet to be allocated despite, in TCL's view there being a number of high priority areas that need attention. On a positive note, TC commissioned consultants to inform their capital spending commitments over the remaining lease term. Negotiations on the interpretation of the resulting report are ongoing. The overall aim is to ensure that relevant work to maintain the service, in a sustainable way, for customer satisfaction is agreed and procured in the most efficient and effective way, so that maximum benefit is obtained from TC's and TCL's spending commitments. It is imperative that works are agreed and commissioned as soon as possible so that the customer experience is brought back to an acceptable standard.

Financial Review

The budget in 2018/19 was set to achieve a (P&L) loss of £70,000. Allowing for loan repayments and depreciation this budgeted loss was expected to produce an operational cash breakeven for the year.

The opening of yet more gym competition at Lakeside (Everlast) and unplanned/extended pool closures at Belhus Park have made achieving budgeted targets a challenge. Nevertheless, an operational surplus of £62,538 was achieved at year end, significantly better than the loss anticipating budget. Despite the aforementioned issues income targets were surpassed, and this together with good income from funded programmes led to the surplus. Furthermore, a reduction in payments to Impulse Leisure contributed to the surplus.

The surplus produced an operational cash surplus, allowing for TCL loan payment to Natwest (TGH) and depreciation. The operational cash surplus was enhanced by ACL/TCLT loan repayments to TCL (circa £132,000) contributing to increased reserves during the year of approximately £250,000. However, £155,000 of this increase is due to an increase in the pension asset.

There are outstanding payments due to TC (circa £180,000) for the Belhus changing rooms.

Despite the challenges, income grew over prior year by approximately £314,000 (6%). Blackshots, Corringham, Belhus Park, Café and The Gym Hub (TGH) all contributed to the growth in income over prior year, with Corringham and TGH both continuing their year on year growth to achieve their best ever income results. Despite the disruption Belhus Park also delivered its best ever income results.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Financial review - continued

As expected there were increased costs associated with staffing, pensions, and an increase in maintenance costs.

Capitalised spending included extensive refurbishment works at Belhus Park changing rooms (invoice from TC pending) and cladding at Capability Brown.

The outturn performance was achieved against the backdrop of fluctuating confidence in the UK economy, much of which stemmed from ongoing negotiations in Europe regarding Brexit. However, unemployment remained at its lowest level for many years and interest rates remain low, albeit there has been a marginal increase, reacting to a marginal increase in inflation. Growth continued in the leisure sector across the UK.

All sites (except Golf) have continued to generate a surplus individually and all sites except the Café and the Civic Hall have improved over prior year. Despite a reduction in income, the Civic Hall largely maintained prior year surplus levels, as staff reorganisation and the income mix reduced cost of sales.

Golf (TCL) and golf related areas operated by TCLT suffered reduced attendances and income and as a result reduced surplus during the year. Development of new business through Capability Brown was hampered by the loss of the manager, alongside losing some long-term office hires/bookings. The reduced income was coupled with significant expenditure related to grounds maintenance, including extensive tree remedial works and pest treatment (£45,000). Some of this expenditure was recharged to TCL at a detriment to the golf account, as it is outside of the grounds maintenance service level agreement between TCL and TCLT.

TCLT made a loss of £4,702 (P&L) during the year. Cash reserves at TCLT were depleted by the loss and loan repayments to TCL for the washpad.

Leisure Centres –

Disruptions to service due to extended pool closure at Belhus Park, along with increased competition meant that attendance numbers fell. Nevertheless, there was growth in membership and good swimming lesson income compared to prior year contributing to increased income. Corringham and The Gym Hub continued to perform well in terms of both income and improvements to their individual bottom lines. Costs increased during the year due to, rising staff costs, more facility maintenance and a number of high value one-off costs, including extensive tree works and pavilion heating remedials at Belhus Park.

Office and Cottage Rent –

Cottage rental increased over prior year as both properties were occupied throughout the year.

Golf Shop and Bar –

Income from the shop was down on previous years largely as a result of fewer golfers. Although income is down, bottom line results were comparable to prior year as profitability increased from the continued change in the mix of stock implemented during the prior year along with reduced staff costs. As a consequence of fewer golfers, income from bar and catering was down on prior year and this translated to reduced profitability. As referred to above, the bar, catering and golf shop operations have been integrated at the end of the financial year with a view to making operational efficiencies and creating a one stop shop for customers.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Financial review - continued

Civic Hall –

There was a change in the management structure at the Civic Hall and a change in the programme mix. Largely this is reflected in fewer higher risk shows and performances, but with increased hires. As a result, income has decreased, but a reduction in staff, performer costs and other costs has enabled the bottom line to be largely maintained compared to prior year.

Expert advice has been retained with a view to improving the current position with TCL's admission into the Essex County Council (ECC) Local Government Pension Scheme (LGPS). During the year pension deficit payments were reduced significantly following the pre-2000 correction of liabilities in the prior year. Negotiations continue with TC and ECC regarding changes to TCL's Admission Agreement into the LGPS, with the aim of reducing risks associated with the existing scheme.

Principal risks and uncertainties

The trustees and senior management undertake an annual risk assessment process and report on this to the full board. The main risks identified include building failures, the LGPS deficit including admission agreement issues (see above), health and safety, staff and Trustee shortages and increasing staff costs (see section below), erratic economy denting consumer confidence, local politics and increasing competition. Ongoing negotiations with TC and our own improved maintenance and servicing contracts are used to ensure that buildings and or plant are less likely to fail in such a way as to cause service disruption. Business interruption insurance is also in place. The potential for major health and safety issues to arise is taken seriously and as such TCL have a comprehensive policy and manual covering health and safety, monitored at the highest level, with trustee involvement at bi monthly bespoke meetings and again at Board meetings. Staff are also involved in the risk assessment process and everyone in the organisation is aware of the health and safety mission of 'everyone safe every day'. Constant improvements to service and increasing value for money is the main strategy in use for dealing with competition. Marketing and promoting our unique selling points and differentiating our service from the competition has been an increased focus. Local politics have the potential to change, so developing good relationships with senior staff at TC and working with them to add value to the whole range of council services raises the profile of TCL and its importance to the community. There has been a number of initiatives listed elsewhere regarding staff recruitment and retention. During the coming year TCL's membership will be approached with a view to attracting new trustees to the Board.

The trustees are satisfied that adequate processes are in place to mitigate the key risks faced by the charity..

Reserves policy and going concern

The Reserves policy for TCL is formulated to ensure the continuation and improvement of its services, for the benefit of the community and as a safety net in the event of short-term income shortfall. The services are run from various centres, which need to be regularly maintained and updated to continue to provide excellent standards of service. Therefore, reserves required are allocated into two types –

Operational reserves –

Are held to ensure TCL can meet expenditure commitments for at least half a year whilst actions are put into place to overcome any unexpected income shortfall.

Management risk strategies, insurance and contingency plans are in place to mitigate risks. As centres are all in different locations, it is unlikely that problems in one centre will have a direct impact on the remaining centres. The centre with the largest income and expenditure (Blackshots) is used to calculate the reserves required to meet commitments for half a year. The costs of running Blackshots for 6 months during 2019/20 is approximately £811,000.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Reverses policy and going concern - continued

Facility improvement and unexpected opportunity Reserve –

The day to day operational budget does not set aside any reserve for improvement, or major capital commitment. As such reserves are required to ensure funding is available to continually improve the service (property, equipment and technology) in this very competitive industry, to enable compliance with ever-changing legislation and to take advantage of other unexpected opportunities that may arise during a year. Improvements, to Belhus Park changing rooms, and security improvements are current examples of using these reserves to update and improve efficiency.

To expand the services we can offer to more beneficiaries, TCL may wish to acquire new business either through tender, acquisition or development of new premises. This is made possible when reserves are in place to support the exploitation of such opportunities as they arise.

As at March 2019, TCL was holding approximately £814,000 of cash reserves. TCL have other reserves of approximately £442,000, although this is loaned out to other Group members on commercial terms and as such isn't immediately available as cash. Including all of these reserves TCL is meeting its reserve policy including some allowance to allow for the facility improvement and opportunity reserve.

Although TCL is meeting its reserve policy there are outstanding liabilities for a number of capital projects completed, or committed to, but as yet not expended. These include, Belhus changing rooms, Blackshots dry changing rooms and training room toilets, Corringham health suite replacement and TGH air handling installation. These total circa £485,000 of expenditure which will reduce reserves accordingly.

TCL continue work to increase income by continuous monitoring and strengthening the customer base and customer journey. TCL actively seek new opportunities, funding and income streams to help diversify income in order to facilitate financial robustness and take up opportunities to further its objects.

Considering, the current reserves position, together with the existing financial performance, forecasts for the future, cash flow forecasts and the main risks facing the organisation, the trustees are confident that TCL will continue as a going concern.

Plans for the future

The original Corporate Plan was for the 2019/20 budget to be a surplus of approximately £111,000. Over recent years the increased competition and extended disruptions to service has resulted in this level of surplus being unobtainable. For the same reasons it is difficult to envisage any significant growth in income for 2019/20. Increasing staffing costs due to NLW and the need to attract and retain staff is also a limiting factor. As such the budget set in 2019/20 has been set to achieve a marginal surplus of £7,000, which falls short of the Corporate Plan forecast, but nevertheless is an improvement over the prior years' loss making budget. Allowing for loan repayments and depreciation this will produce an operational cash surplus for the year.

ACL loan repayment to TCL during the year will total £116,000. Whilst this has a positive effect on the free reserves position, there is no net effect on the balance sheet.

Although competition is the major factor affecting income, income projections are also tempered by the continued uncertain nature of the economy, mainly related to Brexit and resulting lack of consumer confidence, ongoing public sector austerity and the perceived inability to increase prices. Headline membership prices have largely been frozen at existing rates for the last 4 years.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRATEGIC REPORT

Plans for the future - continued

In 2019/20 staff costs will increase due to a number of factors including –

- Increased National Living Wage at circa 5% (£8.21)
- General salary increases of 3% have been included.

TCLT has set a breakeven budget, which allowing for depreciation produces a small cash surplus for the year.

The Corporate Plan 2019/25 is in draft format and will be adopted during the coming months. This plan outlines how TCL will improve operational surplus and contribute sufficiently to reserves to enable the Objects and future investments to be realised.

TCL/TCLT will continue to use Apprentices, improving and extending the associated career development learning programmes to as many staff as possible.

More staff will be enrolled into CIMSPA and the CIMSPA career pathway. This will include leisure attendants (lifeguards). Staff will be required to complete the requisite amount of CPD as well as relevant qualifications appropriate to their roles. This ensures more staff are undertaking relevant training to their career aspirations and the business need, which in turn should improve staff retention and customer service.

Community Health and Wellbeing

The more opportunity created for people to be physically active increases the positive impact TCL has on Thurrock's 'health and social issues'. Many of these issues have been proven to be improved by exercise. Indeed, Central Government and Public Health England (Physical Activity Framework – Everyone Active Everyday), supported by UKActive, have been consistently raising the profile of the benefits of physical activity, versus the associated costs of inactivity on the National Health Service (NHS). There are potential opportunities within the new NHS 10-year plan, some of which focusses on prevention of ill health, part of which includes physical activity in promoting physical and mental health. TCL will work with local health commissioners and others to develop new programmes to improve community health. These programmes may also include social and cultural related activities. TCL will consider providing these services without the benefit of external support funding.

During the next 5 years will TCL develop an increased level of joint work with TC to achieve a positive outcome against the joint objectives to improve community health and wellbeing. Commissioning programmes, events and activities that increase opportunities for people (especially those in hard to reach groups) to take part in beneficial activity to improve their physical and mental health and wellbeing will be a priority. Funding will need to be allocated to this by TCL.

TCL will work with TC to implement a GP referral scheme for general populations, in addition to the targeted programmes for those referees with existing health conditions. TCL will fund this programme and seek endorsement from Public Health, so that the scheme can be promoted to all local GPs. The aim would be to increase referrals and increase revenue from retaining referees as future members. At worst the scheme would be cost neutral in future, but would be an additional method of attracting member prospects from groups unlikely to react to our existing marketing, increase opportunities for doing physical activity in the medium term, and improve community health and wellbeing in line with our mission of creating Active & Healthy Communities.

The need to develop improved relationships with lead TC officers and Councillors is ever greater and more emphasis will be placed on this during the year. This will include ensuring that where possible TC commit to some agreed capital maintenance projects for the capital spend they have set aside for forthcoming years. Linked to this we need to establish some agreement about how the new Leisure Strategy will be integrated into decision making in future, including establishing our place as the operator of choice within that strategy.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRATEGIC REPORT

Plans for the future - continued

TCL intend to arrange, host and deliver a Thurrock Sports Awards during the year in conjunction with TC, involving TC officers and Councillors. We will use part of this event to promote the social and public benefit work undertaken by TCL, emphasising the links to aspirations TC has for its community.

Using the revised condition surveys undertaken by TC in 2018/19 on the existing facilities, the enhanced SIS will include major building, mechanical and electrical replacement requirements and this will be used to plan, prioritise and commit to expenditure to maintain and improve the assets (buildings). TC and TCL will attempt to coordinate projects to maximise positive impact to or prolong the life of the services. Main facility related works will centre around the following improvements or investigations including:

Blackshots

- Refurbishment of the wet changing area in conjunction with TC
- Expansion and refurbishment of the dry changing rooms and health suite relaxation area.

Belhus Park

Work with TC and others to deliver a 3G full size football pitch, and where possible include enhanced or new –

- Bar and catering facilities (Capability Brown)
- Changing provision
- Cricket facilities

Civic Hall

- Aim for approval from TC to change the use of the Civic Hall with a view to increasing young people's physical activity levels
- Kitchen Floor replacement costing
- Investigate disabled access provision to Green Rooms and stage

General

- Gym 'facelifts' when equipment is replaced at each site
- Continuous redecoration, equipment renewal and facility improvement (SIS)
- Further energy conservation measures (reducing costs and protecting the environment)
- Investigating the potential to install electric vehicle charging points in the car parks
- Technical improvements to plant improving water quality and environmental protection
- Security improvements at all sites (Crime Reduction and quality)
- Upgrades to facilities will include the improvement of disabled access
- Apply external funds to applicable investments
- Improving the external building façades at the sites
- Develop remaining viable LED lighting schemes into a project and seek external funding contributions to the costs. If external funding achieved, implement the schemes.
- HMRC requires all organisations to comply with its 'Making Tax Digital' requirements during 2019. As a Group structure Impulse Leisure compliance is required from October 19. This will require tax coding on expenditure and income to be correct at source and digitally sent to HMRC without manual completion of data. There is software alteration and additional work required during the year to enable compliance.

Both the MRM (membership) and Finance servers are reaching the end of their working life. Both are the last of the physical servers owned by TCL/IL, as the others are virtual servers. There is a need to improve the engagement of our IT support and connectivity hosting. Our local support supplier is producing a specification for future hosting that sets out a 5-year support contract and incorporates solutions to the server replacements outlined on a phased basis. Tenders for solutions against TCL's specification will be sought from at least 3 large service providers. The view is to phase in the new service starting in 2019.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRATEGIC REPORT

Plans for the future – continued

TCL will review the performance of the rationalised of golf, bar and catering at Belhus Park to ensure the expected efficiencies are achieved.

Customer satisfaction scores, QUEST, health and safety management will continue to be a priority, constantly reviewing and developing improvements at all applicable sites.

Together with the above activity, action will be taken, to improve understanding, promote the benefits of TCL as a registered charity within the community and within TC, with the ultimate beneficiary being the local community. Increasingly TCL will reflect its charitable status through consistent brand messaging throughout its marketing collateral and throughout the facilities.

The short/medium term aim remains to expand the group through the budget gym model or by acquisition. This benefits TCL as overhead costs are reduced, as they are contributed to by additional group members.

TCL will continue to work on its swimming development action plan with a view to increasing lesson and swimming attendance and income by 10% year on year up to 2022.

TC's draft Leisure Facilities Strategy has yet to be ratified at a political level for a number of reasons. The Strategy correctly focuses on leisure provision in the long term. TCL have indicated a willingness and have provided a verbal example of how it may be able to help implement the Strategy once ratified. Regardless, this draft Strategy clearly identifies the need for investment in the provision of leisure services in the future and this is an opportunity for TCL to be involved in making service improvements for the community.

On another positive note TC have recruited a new Sport and Recreation Manager and there is clearly some opportunities to work together to improve/extend the leisure service and increase opportunity to improve community health and wellbeing.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The charity is controlled by its governing document, a Memorandum and Articles of Association and constitutes a limited company, limited by guarantee as defined by the Companies Act 2006. TCL is a registered charity.

Appointment of Trustees

TCL is governed by a board of trustees. The board of trustees (volunteers) are drawn from all sections of the local community. Once appointed, trustees act in their personal capacity in the best interests of TCL and do not act as representatives of the body that nominated them.

TCL is governed by a board of 11 trustees. The board is made up of the following categories of trustees, which are fixed in the articles:

Independent trustees x 8

Local Authority elected trustees x 2

Employee elected trustees x 1

Thurrock Council nominates two representatives to the board annually, although for continuity TC has in the past proposed that the same councillors continue to be trustees of TCL whenever possible.

Should there be a need to attract new trustees to the board, then the membership of TCL can be consulted to put prospective trustees forward, in addition adverts are placed at the sites and in appropriate media including various websites.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Appointment of Trustees - continued

The trustees appoint new members and trustees at board meetings and may appoint any person willing to be a trustee in seeking to provide a broad range of skills on the board. No decision on such appointments shall be taken unless TC nominated trustees have first been consulted, or reasonable steps have been taken to allow such consultation.

All trustees will hold office for a maximum of three years before retiring. Upon retirement, the other trustees may re-appoint him/her or another person. At each Annual General Meeting (AGM), the greater of three and 33% of the longest serving trustees shall retire but may be re-appointed unless the vacancy is filled.

Each trustee guarantees to contribute an amount not exceeding £1 to the assets of TCL in the event of winding up. The total number of such guarantees at 31 March 2019 was 12 (2018 - 11).

The trustees have no beneficial interest in the Group or TCL. As a charity, TCL is a non-profit distributing organisation. Therefore, members or trustees do not receive any dividend, as 100% of surpluses must be invested to pursue the charitable objectives of the company.

Thurrock Community Leisure (TCL) is a community organisation working with Thurrock Council (TC) and other organisations, to provide leisure and cultural opportunities within the Thurrock area and its neighbourhood. TCL came into existence when TC transferred leisure and cultural services to TCL on 10 January 2000.

The trustees have overall responsibility for the organisation and its efficient operation. However, as volunteers the trustees appoint a Chief Executive (CEO, Mike Baden), to whom they delegate responsibility for undertaking the work that is required to ensure that the organisation is operated efficiently, and in accordance with its objects. The trustees have agreed a delegated authority framework, which sets out the responsibilities of the trustees and management. In addition, the trustees are aware that they have expert advice available to them from their auditors, legal advisors, bank and health and safety advisors. The trustees use the 'Charity Governance Code' as a framework to govern TCL in line with best practice principles.

Trustee Induction and Training

The trustees have agreed a Governance Manual, which provides information about TCL, including its history, structure, governance, legal standing, agreements with related parties, procedures at meetings, shared contact information, information about being a trustee (Charity Commission) and other sources of information.

Once appointed new trustees are inducted by the CEO and Company Secretary using the governance manual as a guide. The updated manual is available to Trustees on an ongoing basis in an electronic format, using a shared protected file.

Occasionally training is provided to the trustees as a group, in the past this has included governance, risk analysis and financial responsibility training. In addition, individual trustees are encouraged to attend training provided by auditors and legal advisors on a range of subjects.

The trustees carry out 'spot checks' using internal control procedures and audits developed to cover the main financial and employment risks identified by the organisation. The trustees aim to carry out all of these checks on an annual basis.

Related parties and relationships with other organisations

TCL is a subsidiary of the Group Parent Impulse Leisure (IL); IL being a non-profit-distributing-organisation. TCL buys its senior management, administration, finance, human resources, support and development function from IL and an Intra-Group Agreement governs this arrangement. TCL appoints two of its own trustees to be trustees of IL. Trustees of IL have no beneficial interest in the Group, TCL or TCL Trading Limited (TCLT).

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties and relationships with other organisations - continued

TCL has a wholly owned subsidiary company known as TCLT. TCLT operates a golf shop, grounds maintenance function, bar and catering operation at Belhus Park. Directors of TCLT are appointed by TCL. The directors have no beneficial interest in TCLT, the Group or TCL. All surpluses generated by TCLT are gift aided back to TCL and this arrangement is governed by a deed of covenant.

Another charitable subsidiary, Adur Community Leisure is also part of the IL Group.

Remuneration policy for key management personnel

TCL have a Remuneration Policy which is a Group policy. This policy is posted on IL's website no more than two clicks away from the home page.

Senior management staff who support the activities of TCL and the Board are employed by the holding company, Impulse Leisure. As these senior managers work indirectly for TCL they are not included in this report because TCL purchase their services as part of a charge made for the whole service IL provide to TCL.

The Group is committed to ensuring a proper balance between paying staff and others who work for it so that only the best people are recruited and retained.

Whilst TCL remuneration is generally competitive within the leisure industry, it does not compete on pay with other industries. Leisure remains a low pay industry.

When determining the salary for a post, IL will collect information about comparable roles where possible, preferably within the Leisure sector. This information will be used to benchmark TCL salaries, normally aiming to set them at a level that appears to represent the market / local area. IL will also seek advice from peers within other organisations where they employ people in similar roles. To this end IL benchmark with other south east leisure centre operators (SELCO) and Community Leisure UK (CLUK) the sport and recreation trust association. CLUK represent charitable organisations who provide leisure and cultural services.

All posts meet the minimum requirements in respect of the National Minimum Wage, which is reviewed and amended where required in April each year. All employees (except apprentices) working for TCL will be paid above the National Living Wage (NLW) of £8.21 with effect from 1st April 2019, this is regardless of age. This action is designed to help improve, the current poor staff turnover, recruitment and retention.

Salaries for the majority of posts will comprise a band made up of a series of salary points. Other posts have a flat rate salary. All salaries are openly stated in job adverts.

Post-holders will progress up to the next salary point within their band around the beginning of each new financial year, subject to having received a satisfactory annual appraisal (Development and Review Time (DART) and performance assessment) and having achieved their key performance indicators for the year. Following the annual appraisal (DART), an employee's manager will make a recommendation to the Chief Executive as to whether a progression up to the next band has been merited.

'Annual' Pay Award and Adjustments - During the budget setting process (in around November/December) each year, for implementation in the following new financial year (April), the IL management team will consider whether the salary points for all staff should be adjusted for the forthcoming financial year beginning 1st April, to reflect changes in the cost of living.

The considerations will begin with an assumption that salaries should be adjusted to match inflation (specifically the Consumer Price Index) over the preceding 12-months. Further consideration will then determine whether this is appropriate in the context of:-

- i. TCL's financial situation – can it afford the CPI linked increase and is it sustainable?
- ii. TCL's performance – have KPIs been met?

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel - continued

- iii. Previous pay awards made in recent years
- iv. Pay reviews elsewhere – how might a failure to follow wider trends be perceived amongst staff, within peer organisations
- v. Overall affordability and sustainability – can TCL realistically afford it now and can it sustain it moving forwards?
- vi. TCL's ability to attract and retain suitable staff in sufficient numbers to deliver a consistent service level.

Based on the above, the management team will make a recommendation to the trustees to approve any annual pay award. If approved, annual pay awards will normally be applied equally to all staff including senior managers. In April 2019 most staff are benefitting from a minimum 3% pay increase.

In order to close (and or maintain the gap) to the Living Wage (Living Wage Foundation) some lower paid posts may receive a larger pay increase, where affordable and sustainable, whilst having regard to maintain a level of positive pay differential for those in more senior positions.

The Chief Executive has the responsibility to make any adhoc decisions regarding salary changes for any position/post holder. Any decision/s regarding the salary of the Chief Executive and senior managers is made by the Impulse Leisure trustees. The Senior Management Team does not have delegated authority in matters relating to their own remuneration, and any recommendations or decisions must be ratified by the trustees prior to implementation.

By nature of previous arrangements (TUPE transfers), some staff have previously opted to join the Local Government Pension Scheme (LGPS) in accordance with the respective Admission Agreement with Essex County Council. The TCL LGPS scheme is currently closed to new members as dictated by the Admission Agreement.

For those staff who are not members of the LGPS, the Group complies with its statutory auto-enrolment duties in accordance with Part 1 of the Pensions Act 2008, where employees will be automatically enrolled into a defined contribution pension scheme from the date required by the Pensions Act 2008. Details are notified to each individual separately, including what he/she would need to do should they wish to opt out of membership. In this regard, the Group uses NEST to fulfil auto-enrolment obligations.

All staff, regardless of whether entitled/not entitled/eligible have the opportunity to join NEST on request. Furthermore, Impulse Leisure (and the employee) pay contributions on total earnings, irrespective of age or earnings level. Employees can only be a member of one pension scheme.

Private Health Care - Historically some of the senior management team have private health care arrangements, to ensure that any ill-health is treated promptly, enabling the individual to continue/return to work with minimum absence. All private health care is declared on a P11D and subject to tax in accordance in HMRC guidelines.

Use of Facilities by Employees - In order to promote health, fitness and wellbeing, employees may use the facilities free of charge, provided a paying member of the public is not prohibited from use because of an employee taking up space.

Impulse Leisure/TCL/TCLT trustees are not paid for their work as a trustee.

Trustees can be reimbursed for reasonable out of pocket expenses. They may also be paid for undertaking special work for the charity, provided that this meets with the Charity Commission guidance 'Payments to Charity Trustees – What the Rules Are'. However, Impulse Leisure will generally avoid engaging its trustees for work and will only do so where there is no suitable alternative supplier of that work.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Diversity

The board's approach to diversity supports its effectiveness and leadership, as such TCL wholeheartedly supports the principle of equal opportunities and diversity in employment and service provision and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, age or disability.

It is in TCL's best interests, and those of all who represent or work within it, to ensure the human resources, talents and skills available throughout the organisation and community are considered when employment and or training opportunities arise or when the service based decisions are made.

Statistical reports are compiled once a whole recruitment and selection process is complete, these show the ethnic/national background, gender, age, religion/religious belief and disability (if any) of all applications; those short-listed, and those offered employment. TCL monitor the declared diversity of its workforce.

TCL aims to have trustees and staff from different backgrounds, abilities, cultures and genders as the inherent diversity of life experience is more likely to encourage debate, resulting in better decision making. The aim is that the workforce and Board reflect the community it serves.

The Board and staff undertake equal opportunity and diversity training.

Policy for employment of disabled persons

TCL is 'positive about disability', and operates a Guaranteed Interview Scheme (GIS).

TCL recognises that during employment a person's capability to carry out their duties may deteriorate. This can be for several reasons, the most common ones being that either the job changes over a period, or because of health changes (including developing a disability). Should this be the case, TCL will make every effort to ensure staff receive adequate training and supervision to reduce any impact. Informal meetings are used in the first instance with a view to resolving any issues. TCL will also consider the possibility of a transfer to more suitable work, if this is possible. If issues persist TCL will normally seek a medical diagnosis and prognosis and with the benefit of this professional medical advice, consult with the employee to enable a decision to be made about the future, either in the current role or, where circumstances permit, in a more suitable role.

Where concerns about work arise due to the nature of a disability as defined under the Act, TCL will endeavour to make reasonable adjustments to work and/or working pattern wherever possible.

Employee information

Employees are provided with information in a number of ways including, general electronic communication to personal email addresses, staff notice boards, staff newsletters, staff forums (2 times per annum per site), team briefings, staff satisfaction survey (once per annum) and one to one meetings where appropriate. These communications are used to provide employees with relevant information on matters of concern to them, common awareness of the financial and economic factors affecting TCL's performance and seek the employees' views about the business and how it might be improved. In 2017 staff were paid Performance Related Pay (PRP) for the outcomes of the 2016/17 financial year and are aware that PRP may be applicable to future years should the financial performance of TCL be sufficient.

TCL recognise the trade union Unite and staff can seek their advice and support where applicable. TCL consult with Unite in line with the recognition agreement in place.

Modern Slavery Act 2015

By virtue of its size TCL is not required to comply with all of the duties within the Act. However, TCL takes steps to prevent modern slavery and human trafficking in its business in accordance with the ACT. TCL publishes its policy regarding modern slavery on its website.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2019**

FUNDRAISING

Thurrock Community Leisure Limited Group do not use professional fundraisers in order to raise funds. All of the income is derived from main sources being sales for use and grants.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Thurrock Community Leisure Limited 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).

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.

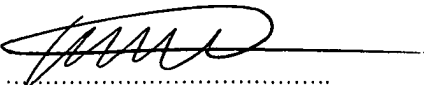
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting. Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19 August 2019 and signed on the board's behalf by:



.....
C Seamark (Chair)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THURROCK COMMUNITY LEISURE LIMITED

Opinion

We have audited the financial statements of Thurrock Community Leisure Limited Group for the year ended 31 March 2019 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as at 31 March 2019 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; 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 group and 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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, 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.

Opinion 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
THURROCK COMMUNITY LEISURE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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 group and 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 group and 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.

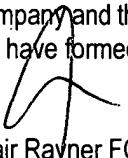
Our responsibilities for the audit of the financial statements

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.

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 group and 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 group and 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 group and charitable company and the group and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 19 August 2019

THURROCK COMMUNITY LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted funds £	Restricted funds £	31.03.19 Total funds £	Unrestricted funds £	Restricted funds £	31.03.18 Total funds £
INCOME							
Charitable activities							
Leisure Centres	2	5,143,032	154,242	5,297,274	4,831,526	97,199	4,928,725
Civic Hall	2	387,882	-	387,882	402,819	-	402,819
Office and Cottage Rent	2	56,940	-	56,940	49,470	-	49,470
Other trading activities	3	194,490	-	194,490	221,799	-	221,799
Investments	4	42,926	-	42,926	46,937	-	46,937
Other income	5	-	-	-	15,988	-	15,988
Total income		5,825,270	154,242	5,979,512	5,568,539	97,199	5,665,738
EXPENDITURE							
Raising funds	7	148,816	-	148,816	137,707	-	137,707
Charitable activities							
Leisure Centres	7	4,666,713	151,324	4,818,037	4,569,572	96,404	4,665,976
Civic Hall	7	438,758	-	438,758	448,598	-	448,598
Office and Cottage Rent	7	15,872	-	15,872	15,572	-	15,572
Trading activities	6	495,491	-	495,491	541,125	-	541,125
Total resources expended		5,765,650	151,324	5,916,974	5,712,574	96,404	5,808,978
Net income/(expenditure) for the year before other recognised gains and losses		59,620	2,918	62,538	(144,035)	795	(143,240)
Transfers between funds	20	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	21	181,000	-	181,000	1,862,000	-	1,862,000
Net movement in funds		240,620	2,918	243,538	1,717,965	795	1,718,760
RECONCILIATION OF FUNDS							
Total funds brought forward	20	3,116,317	7,683	3,124,000	1,398,352	6,888	1,405,240
TOTAL FUNDS CARRIED FORWARD	20	3,356,937	10,601	3,367,538	3,116,317	7,683	3,124,000

CONTINUING OPERATIONS

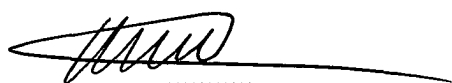
All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

BALANCE SHEETS
AT 31 MARCH 2019

	Note	The Group		The Charitable Company	
		31.03.19	31.03.18	31.03.19	31.03.18
		£	£	£	£
FIXED ASSETS					
Tangible assets	11	2,562,831	2,484,538	2,509,874	2,402,388
Investments	12	-	-	10,000	10,000
		<u>2,562,831</u>	<u>2,484,538</u>	<u>2,519,874</u>	<u>2,412,388</u>
CURRENT ASSETS					
Stocks	14	44,776	39,933	34,428	28,858
Debtors	15	611,111	633,990	625,704	689,233
Investments		87,921	86,967	87,921	86,967
Short term deposits		601,506	361,580	601,506	361,580
Cash at bank and in hand		166,191	191,795	155,251	148,078
		<u>1,511,505</u>	<u>1,314,265</u>	<u>1,504,810</u>	<u>1,314,716</u>
CREDITORS					
Amounts due <1 year	16	<u>(870,076)</u>	<u>(575,076)</u>	<u>(831,275)</u>	<u>(542,055)</u>
NET CURRENT ASSETS		<u>641,429</u>	<u>739,189</u>	<u>673,535</u>	<u>772,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,204,260</u>	<u>3,223,727</u>	<u>3,193,409</u>	<u>3,185,049</u>
CREDITORS					
Amounts due >1 year	17	<u>(143,722)</u>	<u>(251,727)</u>	<u>(141,078)</u>	<u>(225,049)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>3,060,538</u>	<u>2,972,000</u>	<u>3,052,331</u>	<u>2,960,000</u>
PENSION ASSET / (LIABILITY)	21	<u>307,000</u>	<u>152,000</u>	<u>307,000</u>	<u>152,000</u>
TOTAL NET ASSETS		<u><u>3,367,538</u></u>	<u><u>3,124,000</u></u>	<u><u>3,359,331</u></u>	<u><u>3,112,000</u></u>
FUNDS	20				
Restricted funds		10,601	7,683	10,601	7,683
Unrestricted funds:					
Designated funds		250,000	-	250,000	-
General funds		2,791,730	2,951,407	2,791,730	2,939,407
Non charitable trading funds		8,207	12,910	-	12,910
Pension reserve		<u>307,000</u>	<u>152,000</u>	<u>307,000</u>	<u>152,000</u>
Total unrestricted funds		<u>3,356,937</u>	<u>3,116,317</u>	<u>3,348,730</u>	<u>3,104,317</u>
TOTAL FUNDS		<u><u>3,367,538</u></u>	<u><u>3,124,000</u></u>	<u><u>3,359,331</u></u>	<u><u>3,112,000</u></u>

The financial statements were approved by the Board of Trustees on 19 August 2019 and were signed on its behalf by:



 C Seamark (Chair)

THURROCK COMMUNITY LEISURE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	31.03.19 £	31.03.18 (as restated) £
Cash flows from operating activities	1	<u>681,623</u>	<u>93,016</u>
Cash flows from investing activities			
Dividends, interest and rent from investments		42,926	46,937
Interest on 1 year bank accounts		(954)	-
Charity Bank account investment		-	(86,967)
Purchase of tangible fixed assets (Including HP)		<u>(417,064)</u>	<u>(60,701)</u>
Cash used on investing activities		<u>(375,092)</u>	<u>(100,731)</u>
Cash flows from financing activities			
Repayment of borrowing		(255,531)	(479,490)
Purchase of HP tangible fixed assets		<u>163,322</u>	<u>-</u>
Cash used in financing activities		<u>(92,209)</u>	<u>(479,490)</u>
Increase / (decrease) in cash and cash equivalents in the year		214,322	(487,205)
Cash and cash equivalents at the beginning of the year		553,375	1,040,580
Total cash and cash equivalents at the end of the year		<u><u>767,697</u></u>	<u><u>553,375</u></u>

The notes form part of these financial statements

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

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

	31.03.19	31.03.18
	£	£
Net incoming resources before other recognised gains and losses	62,538	(143,240)
Depreciation charges	338,771	301,714
Amortisation on investments	-	11,763
Actuarial pension scheme charges	26,000	69,000
Dividends, interest and rent from investments	(42,926)	(46,937)
(Increase) / decrease in stocks	(4,843)	2,784
(Increase) / decrease in debtors	22,879	(88,572)
Increase / (decrease) in creditors	279,204	(13,496)
	<hr/>	<hr/>
Net cash inflow from operating activities	681,623	93,016
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the group and 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 2015)', 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 with the exception of investments which are included at market value.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary TCL Trading Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes to the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of Companies Act 2006.

The presentational currency of the financial statements is the Pound Sterling (£). Amounts included in the financial statements are rounded to the nearest Pound Sterling (£). The charity is an incorporated private company limited by guarantee without share capital and is registered with Companies House and Charity Commission. The charitable company's registered office and place of business are listed on Reference and Administrative Details page.

Going concern

The trustees consider that there are no material uncertainties about the group and charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

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

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES - continued

Expenditure

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

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to the activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following bases which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives, and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- Cost of raising funds	1%
- Leisure centres	90%
- Civic Hall	8%
- Office and cottage rental	1%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £30,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Leasehold improvements	10-40 years
Assets on finance lease	over the length of the lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES - continued

Investment in subsidiary

Investment in the subsidiary is stated at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In general, cost is determined on a first in first out basis and includes transport and handling costs.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Hire purchase and leasing commitments

Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charge. Finance charges are written off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

Operating lease rental charges are charged on a straight line basis over the term of the lease.

Pension costs and other post-retirement benefits

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102. The Charitable Company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016.

The Charitable Company provides pension benefits for eligible staff through an Essex County Council administered pension scheme. The Essex County Council administered scheme is a multi-employer scheme which provides benefits based upon final pensionable pay. For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Contributions made by the Charitable Company to defined contribution pension schemes are charged to the Statement of Financial Activities as they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

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 CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES - continued

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group'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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019****2. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted	Restricted	31.03.19 Total	31.03.18 Total
	£	£	£	£
Funding income	-	154,242	154,242	97,199
Leisure centres income	5,143,032	-	5,143,032	4,831,526
Sub-total for leisure centres	5,143,032	154,242	5,297,274	4,928,725
Civic Hall income	387,882	-	387,882	402,819
Sub-total for Civic Hall	387,882	-	387,882	402,819
Office and cottage rent	56,940	-	56,940	49,470
Total income from charitable activities	5,587,854	154,242	5,742,096	5,381,014

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted	Restricted	31.03.19 Total	31.03.18 Total
	£	£	£	£
Golf club, shop and bar	194,490	-	194,490	221,799
	194,490	-	194,490	221,799

4. INCOME FROM INVESTMENTS

	Unrestricted	Restricted	31.03.19 Total	31.03.18 Total
	£	£	£	£
Solar panel investment income	5,970	-	5,970	10,175
Interest receivable	36,956	-	36,956	36,762
	42,926	-	42,926	46,937

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 MARCH 2019**

5. OTHER INCOME

	Unrestricted	Restricted	31.03.19 Total	31.03.18 Total
	£	£	£	£
Sundry receipts	-	-	-	15,988
	-	-	-	15,988

6. TRADING ACTIVITY COSTS

	Unrestricted	Restricted	31.03.19 Total	31.03.18 Total
	£	£	£	£
Staff costs	250,245	-	250,245	267,057
Other trading costs	245,246	-	245,246	274,068
	495,491	-	495,491	541,125

7. ANALYSIS OF EXPENDITURE

	Cost of raising funds	Leisure centres	Civic hall	Charitable activities Office and cottage rent	Governance costs	Support costs	31.03.19 Total	31.03.18 Total
	£	£	£	£	£	£	£	£
Staff costs	-	1,901,895	104,795	-	-	198,567	2,205,257	2,221,513
Promotion and publicity	132,944	-	-	-	-	-	132,944	122,135
Premises costs	-	997,322	58,089	-	-	384,838	1,440,249	1,368,311
Purchases for resale	-	203,098	122,677	-	-	-	325,775	295,365
Office administration costs	-	273,600	26,216	-	-	1,002,020	1,301,836	1,243,337
Audit and accountancy	-	-	-	-	7,440	-	7,440	8,244
Legal and professional	-	-	-	-	-	7,982	7,982	8,948
	132,944	3,375,915	311,777	-	7,440	1,593,407	5,421,483	5,267,853
Support costs	15,798	1,435,426	126,385	15,798	-	(1,593,407)	-	-
Governance costs	74	6,696	596	74	(7,440)	-	-	-
Total expenditure 2019	148,816	4,818,037	438,758	15,872	-	-	5,407,891	
Total expenditure 2018	137,707	4,665,976	448,598	15,572	-	-		5,267,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

8. NET INCOME/(EXPENDITURE)

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

	31.03.19	31.03.18
	£	£
Depreciation	338,771	301,714
Interest payable	6,149	8,370
Operating lease rentals	27,481	30,214
Auditors' remuneration		
- Audit fee (parent)	6,500	6,500
- Other services (parent)	940	1,744
- Audit fee (subsidiary)	2,600	2,500
- Other services	<u>1,108</u>	<u>1,100</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

Trustees only receive remuneration in respect of the services they provide undertaking the roles of staff and not in respect of their services as Trustees. The value of Trustees' remuneration was as follows:

M Couldridge: (resigned 11/07/17)		
Remuneration	2019: £nil	2018: £6,974
Employer's pension	2019: £nil	2018: £63
C Black (resigned 01/03/19)		
Remuneration	2019: £37,356	2018: £37,250
Employer's pension	2019: £6,596	2018: £6,613

No charity trustee received payment in the year for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses

There were no payments or reimbursements of travel and subsistence costs paid in the year ended 2019.

Nature of expenses	No of trustees	2019	2018
Travel	1	-	£181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

10. STAFF COSTS

	31.03.19	31.03.18
	£	£
Wages and salaries	2,180,484	2,169,745
Social security costs	123,203	125,528
Employer's contribution to defined contribution pension schemes	37,814	12,087
Employer's contribution to defined benefit pension schemes	88,000	111,000
Operating cost of defined benefit pension schemes	26,000	70,210
	<u>2,455,501</u>	<u>2,488,570</u>

The total employee benefits including pension contributions of the key management personnel was £231,222 (2018: £265,721).

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

	31.03.19	31.03.18
Leisure centres	162	149
Civic hall	17	19
Other trading activities	14	19
Support	9	8
	<u>202</u>	<u>195</u>

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

The Group	Improvements to leasehold property £	Plant and machinery on finance lease £	Totals £
COST			
At 1 April 2018	4,291,646	830,487	5,122,133
Additions	253,742	163,322	417,064
Disposals	<u>(92,405)</u>	<u>-</u>	<u>(92,405)</u>
At 31 March 2019	<u>4,452,983</u>	<u>993,809</u>	<u>5,446,792</u>
DEPRECIATION			
At 1 April 2018	2,150,545	487,050	2,637,595
Charge for year	156,543	182,228	338,771
Disposal	<u>(92,405)</u>	<u>-</u>	<u>(92,405)</u>
At 31 March 2019	<u>2,214,683</u>	<u>669,278</u>	<u>2,883,961</u>
NET BOOK VALUE			
At 31 March 2019	<u>2,238,300</u>	<u>324,531</u>	<u>2,562,831</u>
At 31 March 2018	<u>2,141,101</u>	<u>343,437</u>	<u>2,484,538</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS - continued

The Charitable Company	Improvements to leasehold property £	Plant and Machinery on finance lease £	Totals £
COST			
At 1 April 2018	4,140,980	696,867	4,837,847
Additions	253,742	163,322	417,064
Disposals	(92,405)	-	(92,405)
At 31 March 2019	<u>4,302,317</u>	<u>860,189</u>	<u>5,162,506</u>
DEPRECIATION			
At 1 April 2018	2,029,752	405,707	2,435,459
Charge for year	151,151	158,427	309,578
Disposals	(92,405)	-	(92,405)
At 31 March 2019	<u>2,088,498</u>	<u>564,134</u>	<u>2,652,632</u>
NET BOOK VALUE			
At 31 March 2019	<u>2,213,819</u>	<u>296,055</u>	<u>2,509,874</u>
At 31 March 2018	<u>2,111,228</u>	<u>291,160</u>	<u>2,402,388</u>

12. FIXED ASSET INVESTMENTS

The Group	Solar Panels £	Totals £
COST		
At 1 April 2016 and 31 March 2019	<u>58,813</u>	<u>58,813</u>
AMORTISATION		
Amortisation b/f	58,813	58,813
Amortisation for year	-	-
At 31 March 2019	<u>58,813</u>	<u>58,813</u>
NET BOOK VALUE		
At 31 March 2019	<u>-</u>	<u>-</u>
At 31 March 2018	<u>-</u>	<u>-</u>

TCL investments relates to investment by TCL in solar panels installed on the roof of WCRA, which is operated by Adur Community Leisure Limited, another subsidiary of Impulse Leisure. TCL have the rights to the asset, and future economic benefits will flow to TCL in the form of electricity feed in tariffs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

12. FIXED ASSET INVESTMENTS - continued

The Charitable Company

	Solar Panels	Shares in group undertakings £	Totals £
COST			
At 1 April 2018 as restated	58,813	10,000	68,813
Additions	-	-	-
At 31 March 2019	<u>58,813</u>	<u>10,000</u>	<u>68,813</u>
AMORTISATION			
Amortisation b/f	58,813	-	58,813
Amortisation for year	-	-	-
At 31 March 2019	<u>58,813</u>	<u>-</u>	<u>58,813</u>
NET BOOK VALUE			
At 31 March 2019	<u>-</u>	<u>10,000</u>	<u>10,000</u>
At 31 March 2018 as restated	<u>-</u>	<u>10,000</u>	<u>10,000</u>

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019****12. FIXED ASSET INVESTMENTS - continued**

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary**TCL Trading Limited**

Nature of business: Golf shop, bar, catering, maintenance services

Class of share:	% holding
Ordinary share capital	100

The charitable company owns the whole of the issued shares of TCL Trading Limited, a company registered in England which became operable from 1 October 2003. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line bases in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	31.03.19 £	31.03.18 £
Turnover	500,788	552,911
Cost of sales	(189,718)	(209,467)
Gross profit	311,070	343,444
Administrative expenses	(315,522)	(341,358)
Operating profit / (loss)	(4,452)	2,086
Other income	-	15,988
Interest payable	(250)	(300)
Profit / (loss) on ordinary activities	(4,702)	17,774
Deed of covenant to parent undertaking	-	(17,774)
Profit / (loss) for the financial year	(4,702)	-

The aggregate of the assets, liabilities and funds was:

Assets	81,250	144,876
Liabilities	(63,042)	(121,966)
Share Capital	(10,000)	(10,000)
Funds	8,208	12,910

13. PARENT CHARITABLE COMPANY

The parent charitable company's gross income and the results for the year are disclosed as follows:

	31.03.19 £	31.03.18 £
Gross income	5,781,430	5,455,723
Net result for the year	<u>248,240</u>	<u>1,718,760</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

14. STOCKS

	The group		The charitable company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
Stocks	<u>44,776</u>	<u>39,933</u>	<u>34,428</u>	<u>28,858</u>

15. DEBTORS

	The group		The charitable company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	-	-	-	-
Other debtors	102,587	19,437	102,587	19,437
Amounts due from other group members	143,370	143,760	157,963	199,603
Prepayments	<u>35,309</u>	<u>26,686</u>	<u>35,309</u>	<u>26,086</u>
	<u>281,266</u>	<u>189,883</u>	<u>295,859</u>	<u>245,126</u>

	The group		The charitable company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
<i>Amounts falling due after more than one year:</i>				
Amounts due from other group members	<u>329,845</u>	<u>444,107</u>	<u>329,845</u>	<u>444,107</u>
	<u>329,845</u>	<u>444,107</u>	<u>329,845</u>	<u>444,107</u>
	<u>611,111</u>	<u>633,990</u>	<u>625,704</u>	<u>689,233</u>

The charity has extended loans to Adur Community Leisure Limited (part of Impulse Leisure Group). One loan is repayable over a term of 7 years at an interest rate of 7% fixed with the first capital repayment being in April 2018. The other two loans are repayable over 5 years at an interest rate of 5% fixed.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The charitable company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
Trade creditors	51,949	22,535	47,291	18,480
Loans	72,824	68,895	72,824	68,895
Accruals and deferred income	499,834	259,379	483,599	252,201
VAT payable	21,176	18,926	25,506	22,739
Thurrock Council loan	-	-	-	-
Lease liability	176,941	164,974	154,703	139,373
Social Security and other taxes	32,526	29,796	32,526	29,796
Other creditors	<u>14,826</u>	<u>10,571</u>	<u>14,826</u>	<u>10,571</u>
	<u>870,076</u>	<u>575,076</u>	<u>831,275</u>	<u>542,055</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The charitable company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
Bank loans	-	73,365	-	73,365
Lease liabilities due 2 – 5 years	143,722	178,362	141,078	151,684
	<u>143,722</u>	<u>251,727</u>	<u>141,078</u>	<u>225,049</u>

The charity has a loan with National Westminster Bank PLC which is secured on charity's assets and commenced in March 2015. The loan is repayable over 5 years in instalments. Interest is chargeable at 5% over base rate.

18. OPERATING LEASE COMMITMENTS

The group's minimum lease payments under non-cancellable operating leases fall due as follows:

Equipment		
	31.03.19	31.03.18
	£	£
Within one year	4,458	23,514
Between one and five years	<u>1,682</u>	<u>-</u>
	<u>6,140</u>	<u>23,514</u>

The charitable company's minimum lease payments under non-cancellable operating leases fall due as follows:

Equipment		
	31.03.19	31.03.18
	£	£
Within one year	4,458	23,514
Between one and five years	<u>1,682</u>	<u>-</u>
	<u>6,140</u>	<u>23,514</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.03.19 Total funds	31.03.18 Total funds (as restated)
	£	£	£	£
Fixed assets	2,562,831	-	2,562,831	2,484,538
Investments	87,921	-	87,921	86,967
Current assets	1,412,983	10,601	1,423,584	1,227,298
Current liabilities	(870,076)	-	(870,076)	(575,076)
Long term liabilities	(143,722)	-	(143,722)	(251,727)
Pension asset / (liability)	<u>307,000</u>	<u>-</u>	<u>307,000</u>	<u>152,000</u>
	<u>3,356,937</u>	<u>10,601</u>	<u>3,367,538</u>	<u>3,124,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued

Analysis of net assets between funds – previous year

	Unrestricted funds £	Restricted funds £	31.03.18 Total funds (as restated) £	31.03.17 Total funds £
Fixed assets	2,484,538	-	2,484,538	2,725,551
Investments	-	-	86,967	11,763
Current assets	1,306,582	7,683	1,227,298	1,628,715
Current liabilities	(575,076)	-	(575,076)	(835,241)
Long term liabilities	(251,727)	-	(251,727)	(484,548)
Pension asset / (liability)	152,000	-	152,000	(1,641,000)
	<u>3,116,317</u>	<u>7,683</u>	<u>3,124,000</u>	<u>1,405,240</u>

20. MOVEMENT IN FUNDS

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers and gains £	At the end of the year £
Restricted funds:					
Leisure Centre	7,683	154,242	(151,324)	-	10,601
Total restricted funds	<u>7,683</u>	<u>154,242</u>	<u>(151,324)</u>	<u>-</u>	<u>10,601</u>
Unrestricted funds:					
Designated funds	-	-	-	250,000	250,000
General funds of TCL	2,951,407	5,324,482	(5,234,159)	(250,000)	2,791,730
General funds of TCL Trading	12,910	500,788	(505,491)	-	8,207
Total general funds	<u>2,964,317</u>	<u>5,825,270</u>	<u>(5,739,650)</u>	<u>-</u>	<u>3,049,937</u>
Pension fund	152,000	-	-	155,000	307,000
Total unrestricted funds	<u>3,116,317</u>	<u>5,825,270</u>	<u>(5,739,650)</u>	<u>155,000</u>	<u>3,356,937</u>
Total funds including pension fund	<u>3,124,000</u>	<u>5,979,512</u>	<u>(5,890,974)</u>	<u>155,000</u>	<u>3,367,538</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

20. MOVEMENT IN FUNDS - continued

Purposes of restricted funds

Restricted fund balance consists of £700 National Lottery Funding and £5,000 Essex County Council Funding both for Cancer Rehab programme, £3,100 received from various funders for exercise referral programme and £1,801 for the Stroke Programme received from various funders.

Purposes of designated funds

The pension fund covers the actuarial valuation of the pension scheme.

Movement in Funds – Previous year

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers and gains £	At the end of the year £
Restricted funds:					
Leisure Centre	6,888	97,199	(96,404)	-	7,683
Total restricted funds	6,888	97,199	(96,404)	-	7,683
Unrestricted funds:					
Designated pension fund	1,641,000	-	-	(1,641,000)	-
General funds of TCL	1,385,442	4,999,640	(5,092,449)	1,658,774	2,951,407
General funds of TCL Trading	12,910	568,899	(551,125)	(17,774)	12,910
Total general funds	3,039,352	5,568,539	(5,643,574)	-	2,964,317
Pension fund	(1,641,000)	-	(69,000)	1,862,000	152,000
Total unrestricted funds	1,398,352	5,568,539	(5,712,574)	1,862,000	3,116,317
Total funds including pension fund	1,405,240	5,665,738	(5,808,978)	1,862,000	3,124,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

21. EMPLOYEE BENEFIT OBLIGATIONS

Employees of Thurrock Community Leisure are admitted to the Essex County Council Pension Fund, a defined benefit scheme which is administered by Essex County Council under the regulations governing the Local Government Pension Scheme. The deficit on the pension scheme does not represent a liability that will crystallise at any single point in time. 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 last full actuarial valuation of the fund carried out by Mercer Human Resource Consulting Ltd as at 31 March 2016.

The actuaries have received confirmation from Thurrock Council (TC) that the council is responsible for benefits accrued prior to 10 January 2000 in respect of TCL scheme members. Management believes that the transfer of pre January 2000 liability to TC mean TCL has overpaid pension contributions over past 18 years resulting in significant decline in pension obligation. As the overpayments will be taken into account in setting future contributions when the next actuarial valuation will be carried out in March 2019, the excess of plan asset over defined benefit obligation represent economic benefits available as reductions in contributions and is therefore recognised as defined benefit pension asset.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.03.19	31.03.18
	£	£
Present value of funded obligations	(3,701,000)	(3,700,000)
Fair value of plan assets	<u>4,008,000</u>	<u>3,852,000</u>
	<u>307,000</u>	<u>152,000</u>
Surplus / (Deficit)	<u>307,000</u>	<u>152,000</u>
Asset / (Liability)	<u><u>307,000</u></u>	<u><u>152,000</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.03.19	31.03.18
	£	£
Current service cost	117,000	133,000
Net interest from net defined benefit asset/liability	<u>(30,000)</u>	<u>(120,000)</u>
	<u>87,000</u>	<u>13,000</u>
Actual return on plan assets	<u><u>128,000</u></u>	<u><u>(702,000)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.03.19	31.03.18
	£	£
Opening defined benefit obligation	3,700,000	6,002,000
Current service cost	117,000	133,000
Contributions by scheme participants	24,000	26,000
Interest cost	98,000	168,000
Obligation experience	-	(2,437,000)
Actuarial losses/(gains)	151,000	(127,000)
Change in demographic assumptions	(204,000)	-
Benefits paid	(185,000)	(65,000)
Actuarial (gains)/losses from changes in demographic assumptions	-	-
	<u>3,701,000</u>	<u>3,700,000</u>

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

	Defined benefit pension plans	
	31.03.19	31.03.18
	£	£
Opening fair value of scheme assets	3,852,000	4,361,000
Interest on assets	103,000	123,000
Administration expenses	(2,000)	(2,000)
Contributions by employer	88,000	111,000
Contributions by scheme participants	24,000	26,000
Expected return	128,000	288,000
Actuarial gains/(losses)	-	(990,000)
Benefits paid	(185,000)	(65,000)
	<u>4,008,000</u>	<u>3,852,000</u>

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

	Defined benefit pension plans	
	31.03.19	31.03.18
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	204,000	-
Actuarial gains/(losses)	<u>(23,000)</u>	<u>1,862,000</u>
	<u>181,000</u>	<u>1,862,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.03.19	31.03.18
Equities	62%	66%
Gilts	5%	7%
Other bonds	6%	4%
Property	9%	9%
Cash	3%	4%
Other managed funds	5%	4%
Alternative assets	10%	7%
 Asset breakdown	 31.03.19	 31.03.18
	£000s	£000s
Equities	2,495	2,535
Gilts	213	262
Other bonds	234	141
Property	356	356
Cash	106	141
Other managed funds	213	154
Alternative assets	391	263
	4,008	3,852

Projected employer contributions for the year ending 31 March 2020 are £69,000.

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

	31.3.19	31.3.18
Discount rate	2.6%	2.7%
Future salary increases	2.0%	2.2%
Future pension increases	2.35%	2.2%

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

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,626,000	3,701,000	3,778,000
Projected service cost	117,000	120,000	123,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,709,000	3,701,000	3,694,000
Projected service cost	120,000	120,000	120,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,771,000	3,701,000	3,633,000
Projected service cost	123,000	120,000	117,000
 Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	3,827,000	3,701,000	3,580,000
Projected service cost	124,000	120,000	116,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

An asset has been recognised in respect of the local government pension scheme despite there being no mechanism in the local government pension fund for refunds of assets because a reduction in plan deficit reduction payments has been negotiated on the basis of the asset calculated under FRS 102.

In addition to the projected employer contributions, the deficit reduction planned payments for 2019/20 are £17,144.

22. ULTIMATE PARENT COMPANY

The ultimate parent company is Impulse Leisure Limited, company registration number 05220291. The parent's principal purposes relate to the management of its charitable subsidiaries. The parent exercises control through its right to appoint or remove a majority of the board of trustees of the charitable company. The consolidated accounts of Impulse Leisure group are available from the Companies House and the parent company's registered office at: Blackshots Leisure Centre, Blackshots Lane, Grays, RM16 2JU.

23. RELATED PARTY TRANSACTIONS

Thurrock Community Leisure Limited (TCL) owns 100% shares of TCL Trading Ltd (TCLT). Impulse Leisure is a parent company of TCL and Adur Community Leisure (ACL). During the year following transactions occurred between the group companies:

TCLT:

During the year, TCL paid commission of £38,135 (2018: £41,412) and management charge of £268,163 (2018: £289,700) to TCLT for management of golf club and shop. TCL charged a management fee of £10,000 to TCLT (2018: £10,000).

During the year TCLT donated an amount of £nil (2018: £17,774) to TCL.

At the year end, TCLT owed £14,593 (2018: £55,843) to TCL.

ACL:

During the year, ACL paid interest of £34,833 (2018: £36,225) to TCL.

At the year end, ACL owed £452,724 (2018: £557,393) to TCL. £442,762 (2018: £552,667) of this balance relates to loans which are payable over 5 to 7 years with fixed interest rates of 5% and 7%.

Impulse Leisure:

During the year, TCL paid management fee of £557,739 (2018: £570,752) and charged rent of £30,000 to Impulse Leisure.

At the year end, Impulse Leisure owed £20,497 (2018: £30,474) to TCL.

Trustees' remuneration and expenses are disclosed in note 9.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

24. LEGAL STATUS OF THE CHARITY

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

25. CONTINGENT LIABILITIES

Local Government Pension Schemes

Government reforms to public sector pensions introduced in 2015 included 'transitional protection' to some members of the schemes. In December 2018 the Court of Appeal ruled that this treatment amounted to unlawful discrimination on the basis of age.

At the end of June 2019 the Government was denied its right to appeal from the Supreme Court.

The ruling makes it probable that local government pension schemes will have to compensate and account for payments on behalf of those who did not benefit from the transitional protection.

The impact of this to individual pension schemes is not currently known, with actuaries only able to estimate the potential impact to employers until schemes are officially revalued.

It is anticipated that the impact on Local Government Pension Schemes will be less severe than other unfunded public sector pension schemes, with reported potential increases in liabilities of 0.5%-1%.

No adjustment has been made to the pension liability disclosed within note 21 as a result of the above.

Once the impact to the Local Government Pension Scheme is known it will be reflected within the pension fund as a past service cost.