

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 2018
FOR

THURROCK COMMUNITY LEISURE LIMITED

THURSDAY



A12 *A7J9CWRC* #108
22/11/2018
COMPANIES HOUSE

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

THURROCK COMMUNITY LEISURE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2018

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THURROCK COMMUNITY LEISURE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2018

TRUSTEES	Derek Stanton (Chair)	Resigned 11th December)
	Chris Seamark (Chair)	
	Laura Miller	Resigned 20th August 2017
	Tunde Ojetola	
	Wayne Warner	
	Charlotte Turnbull	
	Omer Khwaja	
	Joy Redsell	Resigned 21st June 2017
	Mark Couldridge	Resigned 11th July 2017
	Aaron Watkins	Appointed 21st June 2017
		Resigned 13 June 2018
	Carl Black	Appointed 3rd November 2017
	Thanusinthiya Croos	Appointed 23rd April 2018
	Gary Hague	Appointed 23 May 2018
	Thanusinthiya Croos	Appointed 23 April 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 Kent ME10 4AE	
BANKERS	National Westminster Bank PLC 17 High Street Grays Essex RM17 6NP	
SOLICITORS	Wnckworth Sherwood Minerva House, 5 Montague Close LONDON, SE1 9BB	

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2018. 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 the leisure facilities and services primarily for the benefit of the community of Thurrock and its neighbourhood. 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 they 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, increased income and to improve the health and wellbeing of the community.

In shaping objectives and planning activities, the trustees confirm that they have complied with the duties in Section 17 (5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, including 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), 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 2018**

STRATEGIC REPORT

Achievement and performance

Throughout the year there were good increases in membership numbers at Corringham and The Gym Hub, which exceeded expectation. However, membership growth was limited at the other sites largely due to competition from a local 'budget' club operation at Lakeside in West Thurrock. This particularly affected Blackshots where membership declined and also limited previously expected growth at Belhus Park. Extended pool closures at both Blackshots and Belhus Park also effected membership numbers.

Attendance levels have fallen from the highs of previous years and by approximately 80,000 (11%), largely due to fewer fitness visits, particularly at Blackshots, which is wholly attributable to new competition. In addition there was fewer swimming attendances due largely to two refurbishment projects being carried out by Thurrock Council (TC) (see below). Swimming attendances fell by 11,000 (7%). Management and staff did well to work around the disruption of pool closures to ensure swimming lesson numbers were maintained, at similar levels to prior year, by distributing them around the pools that were open. Lesson numbers have dropped off significantly at Belhus Park in the second half year, as the disruption has continued and pool reopening has been delayed. Attendances at the Civic Hall and The Gym Hub were good.

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 improvement most notably–

Blackshots and Civic Hall

- TC replaced the teaching pool water treatment plant during a 16-week teaching pool closure.
- TC have replaced a small amount of the external cladding and work is planned to continue to replace the remainder.
- Aesthetic improvements were made to the teaching pool hall.
- Swimming lessons were introduced successfully to Sunday mornings.
- Security shutters were installed on most low-level doors and windows.
- Walking football was introduced at the Civic Hall with the help of some external funding. This has been well attended.
- The café was opened for longer hours, new menus featuring new and healthy children's options were introduced increasing family spending.

Belhus Park

- TC started work in September 2017 to replace the pool roof, heating, ventilation system and pool related water treatment plant. The pools have been closed whilst this work is carried out and at the end of April 2018 the work is ongoing.
- TCL have made aesthetic improvements to the pool hall.
- The changing rooms have been completely refurbished at the end of the financial year, including new lockers. There was a small contribution to this work from TC section 106 money.
- Security shutters were installed to all front elevation doors and windows.
- Security shutters were installed to both sets of external doors at Capability Brown.
- Additional televisions were installed with the intension of creating a 'sports bar' atmosphere.
- Street Lighting was replaced on Park Lane.
- CCTV was installed on the Park Lane security gate.

Corringham

- The gym was given a 'facelift' at the end of the year. New equipment has been ordered and the ground floor flooring will be replaced when the equipment is installed.

The Gym Hub (Wickford)

- Some new functional kit was installed.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

General

- General Data Protection Regulations (GDPR) – work is being undertaken to ensure that the collection, processing, use, storage and management of personal data (customers and staff) is compliant with GDPR by the deadline in May 2018.
- An agreement with TC to carry out their health improvement initiatives during 2017/18 was agreed late in the year. TCL had carried out the work throughout the year regardless of any agreement. A tender to carry on this work for 2018/2019 and 2019/20 was successful in April 2018.
- New Competition - Yet more new competition is arriving early in 2018. A relatively small budget gym based in Grays town centre and another large budget gym at Lakeside.
- New software which electronically processes supplier payments and staff pay was introduced during November 2017. This software enables us to comply more easily with planned and expected future changes to security around electronic payments (BACS).
- Cyber Essentials accreditation was achieved by the Group and Cybercrime insurance was secured to cover potential losses resulting from cybercrime.
- During the year the Trustee governance manual was migrated to Office 365 Sharepoint. The Company Secretary keeps up to date governance documents on Sharepoint and the trustees have their own secure log in to the information. This has reduced the need for paper based, or USB stick solutions and improves data security.
- New classes, such as Pound Fit, Clubbercise, Les Mills Body Pump & Pound were introduced to the class programme.
- The pools all subscribed to Swimathon encouraging everyone to undertake sponsored swimming for charity, whilst increasing their own physical activity levels.
- During the year a review of marketing and promotion was undertaken with a view to highlighting our unique selling points and differentiate TCL from the increasing competition. In January we Introduced the new branding #JUSTRIGHT, the Impulse Leisure way to all our centres. The vision of the new branding is to show all the different services Impulse Leisure has to offer and also create a new sleek look that would stand out from the crowd. #JUSTRIGHT pulls together all the best parts of Impulse Leisure and shouts about them in a simple way, removing clutter and inconsistency. The campaign will run for the whole of 2018 and the look and feel will remain in all marketing materials throughout the year.
- In its first full year there has been almost 7,000 downloads of our APP, enabling customers to book and pay for classes conveniently online, access their Mywellness portal, swimming lesson portal etc.
- Throughout the year significant preparation work took place to implement a new payroll and Human Resources (HR) system for April 2018. The new payroll system has been implemented in April 2018 and new modules of HR system will be systematically introduced throughout 2018/19.

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REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

STRATEGIC REPORT

Achievement and performance - continued

The above improvements demonstrate our commitment to continuous improvement, make our facilities and services more attractive to new customers and obviously increase the value for money our 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 has now invested more than £9,500,000 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 category, following maintenance and or full 2-day audits. Due to refurbishment Belhus Park only undertook a one-day assessment this year and retained a QUEST registration. The Gym Hub in Wickford is now registered with QUEST having passed a 1-day audit in May 2017.

Customer satisfaction surveys were carried out in November 2017, which is out of synch with previous surveys which are predominantly around Spring each year. The overall result saw a reduction in overall satisfaction from 83 to 75% compared to prior year. Whilst this is disappointing it remains above target. The overall scores were dragged down by poor results at Belhus Park and Blackshots for cleanliness and maintenance of changing areas (average of 58%). 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. The good news is that Belhus changing facilities are refurbished in March 2018, following a significant investment by TCL. TCL are making representation to TC to facilitate works on changing facilities at Blackshots as soon as possible.

Mystery shopping audits were continued, specifically on the sales process and the reports have been used to identify gaps in our delivery and train staff in a more consistent delivery of our agreed process.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

Achievement and performance - continued

TCL has been delivering the Thurrock Exercise On Referral programme for a number of years now and the outcomes continue to be positive. 2016/17 was the first year in which the programme was jointly funded by Thurrock Public Health (TPH) and Thurrock Clinical Commissioning Group (CCG), and this continued throughout 2017/18. Along with the public health team, TCL presented data and outcomes throughout the year to the CCG, Clinical Excellence Group (CEG) and Education & Quality in Primary Care (EQUIP) to demonstrate the ongoing success of the programme and help get funding approved. The programme aims to use exercise and physical activity to improve the referee's physical and mental health and wellbeing, using a range of settings most suited to the needs of the individual.

The programme consists of (number of referrals in brackets) -

- Cancer Rehabilitation – 70
- Parkinsons – 60
- Stroke Survivors – 79
- Back Pain - 91
- Chronic Obstructive Pulmonary Disease – 73
- Hypertension / Cardiac Rehab – 62
- Diabetes (Types 1 & 2) – 67
- Transient Ischaemic Attack (Mini Stroke) - 5
- Obesity with Co Morbidities – 215
- Mental health – 48

TCL continue to deliver chair based exercise in 31 sheltered housing complexes in the borough. This scheme included exercise, two celebration parties and some nutrition workshops. Unfortunately, the contract to provide the sheltered housing complex class delivery programmes is due to come to an end in July 2018 and we have recently been informed it will not continue. , 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 Co-Chair a Cancer Rehabilitation steering Group consisting of Macmillan, St Lukes, Basildon University Hospital, Active Essex, Brentwood Leisure Trust and Club Kingswood. During the year TCL's Cancer rehabilitation programme was expanded across Basildon, Brentwood, Billericay and Wickford. TCL received funding to qualify instructors and fund an application to Big Lottery and Sport England to fund a 3-year extension of this great work.

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.

Active Essex funding helped TCL to launch walking football in partnership with West Ham United Football Club. TCL has continued this activity post the 12-week funding and is now seeing an average of 12 participants per week.

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 and who would now be classed as physically active by the World Health Organisation (WHO). The 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 from 51.7% to 54.9% during the year, although the figures are statistically weak. TCL has obviously contributed to this improvement.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

Achievement and performance - continued

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 6 times a year to monitor energy use, discuss waste issues and develop improvement projects. Throughout the year TCL has made a Carbon saving of 11% (224 tonnes) compared to prior year, in a continuation of year on year savings. TCL maintained ISO14001 (the international standard for energy management and environmental good practice) accreditation.

Continuous safety and procedural improvements were implemented, mainly attempting to improve service delivery. Accident numbers for the year were exactly the same as prior year at 241. As overall attendance is down the accident rate has increased marginally to 3 accidents/10,000 visits.

TCL experienced high staff turnover which at 30.2 % was again above our 20% maximum target. Staff roles including lifeguards, duty managers, 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 simplified the recruitment process for many of the roles referred to above, expanded the use of apprenticeship schemes and increased the number of staff undertaking apprenticeship industry based career enhancing qualifications. The Apprentice Levy was implemented and paid during the year, but having increased the use of apprentices and related training TCL have recovered value for money from the Levy. At the time of writing TCL have 10 apprentices based in Thurrock and 4 more staff undertaking apprenticeship related training. Sickness absence rates were maintained at low levels (2%) and this includes a number of long-term absentees.

Staff satisfaction increased from 71% to 74% in the most recent survey in Feb 2018. The return rate of the questionnaires also improved dramatically, which improved the statistical accuracy of the result. TCL continue to try to be a good employer aiming to provide above average remuneration rates and good benefits packages to staff. During the year staff received a 4% pay increase, were paid performance related pay attributable to 2016/17 performance and were given access to a new benefits package of discounts and special offers from a whole range of big brand national suppliers, restaurants and service providers.

TCL have had a difficult year from a financial perspective, but at the same time have continued to carry out significant investment (see above) into the facilities at Belhus Park and Corringham, along with significant investments in security improvement.

Negotiations surrounding TC's obligations under the lease resulted in the spending of approximately £1,200,000 to maintain Belhus Park Leisure Centre as detailed above. The maintenance work has overrun with the planned original 22 week pool closure now expected to be in the region of 33 weeks. During this closure TCL has suffered from the loss of income. We know from the Corringham Leisure Centre example of 2012 that these lengthy closures can take a number of years to fully recover the resultant income loss.

Although TC allocated approximately £900,000 to facility maintenance in 2017/18, little of this was spent as confusion continues over how to release this money towards specific projects, despite TCL giving high priority to a number of issues.

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STRATEGIC REPORT

Financial review

TCL made an operating loss of £161,014 during the year as opposed to the targeted breakeven position. This was worse than last year's breakeven position. This loss was due to income shortfalls resulting from a combination of factors, including pool closures at Blackshots and Belhus Park for plant room refurbishments carried out by TC, but also due to increased competition which negatively affected memberships.

Income at TCL fell by 4.3% (£242,000) during the year and is now more in line with income achieved in 2015/16. All of the income losses were attributable to Belhus Park and Blackshots. Pleasingly there was continued income and membership growth at the Gym Hub (Wickford) and Corringham where there was no pool closures and the influence of competition is lower.

As well as an operational loss, when accounting for depreciation and loan repayments there was also an operating cash loss of £25,000. In addition, TCL made several loans to other Group members at commercial rates. These loans provide significantly better returns than interest that might be achieved from bank deposits. As a result of the operating cash loss, the commercial loans, repayments of a loan to TC, investments in security and the changing rooms at Belhus Park, there is a significant reduction in cash reserves during the year.

The trading company TCLT made a small surplus of approximately £17,774 during the year largely because of savings in expenditure. Income improved at Capability Brown (bar and catering) and costs were well controlled, as a result this area of the business made a great improvement compared to previous years.

Leisure Centres -

Disruptions to service due to TC planned plant replacements at Blackshots and Belhus Park, along with increased competition meant that attendance and membership numbers fell and as a result income was poor in these areas. Conversely Corringham and The Gym Hub performed 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 some asbestos removal and air conditioning replacement at Blackshots.

Office and Cottage Rent -

Cottage rental was down on prior year as one property was void for a few months.

Golf Shop and Bar -

Income from the shop was down on previous years largely as a result of fewer golfers and a change in stock philosophy. The change in stock results in lower income but better profit margins as, less high value low profit hardware is held, with a concentration on lower value higher profitability items. Despite fewer golfers, income from bar and catering was marginally better than prior year reflecting the increase in use by football teams. Better income together with better cost control led to improved profitability in bar and catering.

Civic Hall -

The Civic exceeded income targets, controlled costs well and as a result returned an improved bottom line compared to budget and 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). Following ongoing negotiations with ECC and TC, it was agreed that TCL are not liable for pension valuation prior to transfer (2000). Following the pre-2000 correction of liabilities and the subsequent results of an interim valuation TCL's pension deficit has been recalculated as a surplus. Further work is being commissioned with the actuaries with the aim of reductions in existing deficit payments and or employer pension contribution rates. 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

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. Local politics are likely 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 large local businesses and local sporting groups will be approached with a view to attracting new trustees to the Board.

During the year a review of the levels of Public and Employer Liability Insurance was undertaken. The review resulted in the £10,000,000 limit being increased to £20,000,000. This increase and the addition of Cyber security insurance resulted in a marginal increase in insurance premiums. TCL is aware of increasing threats to businesses from cyber fraud, whether this relates to theft of or loss of data, theft of money and the resulting bad publicity that can result from this. As a result and also in line with GDPR, which is enforceable from May 2018, TCL continues to seek cost effective solutions to strengthen its position. Following internal audit, some expert advice was used with a view to ensuring that changes that were being put in place were compliant with GDPR requirements.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

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 –

Held to ensure TCL can meet expenditure commitments for at least half a year whilst actions are put into place to overcome any 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 is approximately £750,000.

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 this year.

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 2018, TCL was holding approximately £595,000 of cash reserves. TCL have other reserves of approximately £565,000, although a significant amount of 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 close to meeting its reserve policy including some allowance to allow for the facility improvement and opportunity reserve.

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 improvements 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

For the first time, in 2017/18 TCL has fallen behind the financial forecasts in its Corporate Plan 2015/2020. Targets and budgets set in its Annual Plan 2018/2019 maps out the actions required to make continued financial improvements, however an operational loss is expected, although the cash position is expected to be neutral. It is expected that the Corporate Plan will be refreshed during 2018/19 covering the period 2018 to 2023. This plan will map out how TCL will improve operational surplus, and contribute sufficiently to reserves to enable the Objects and future investments to be realised.

TCL plan to improve both the existing facilities and financial performance. TCL will explore the options for investment in changing facilities at Blackshots Leisure Centre and in addition expansion of the Gym Hub model in the South East. Financial improvements will also be required to mitigate the inevitable increases in staff costs that will be experienced due to the National Living Wage (NLW) up to 2020, general pay increases and attempts to improve low pay in line with The Living Wage Foundation increases. There is a 2% pay increase built into the 2018/2019 budget, although some staff

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STRATEGIC REPORT

Plans for the future (continued)

have received increases of just over 4% covering the increase in NLW from £7.50 to £7.83.

All staff, with the exception of apprentices, will earn a minimum of £7.83 from 1st April 2018.

Employees enrolled into TCL's NEST Pension Scheme will benefit from an increase in employer contribution rates to 3% of all earnings with effect from April 2018, which is more than is required under the current pension law obligations (2%).

As employer partners of CIMSPA (the Leisure Industry professional body), TCL will increasingly enrol more staff into CIMSPA membership and use vocational qualifications and career development pathways to improve staff development, training and retention, together with improved pay. These are some of the main actions we are taking to address high staff turnover over the medium term.

TCL will continue to introduce the different elements of the new Human Resources management software package linked to the new payroll system.

Work with TC to get the Belhus Park pools reopened as soon as possible, as a priority.

TC's commitment to funding to provide sufficient maintenance (landlord related property expenditure) for their leisure service in future years is questionable. As such we will continue to negotiate the maximum expenditure by TC in areas that are crucial to service delivery. As the 2017/18 capital allocation is unspent, it is currently unclear if any new money is allocated to facility maintenance by TC. These issues need to be resolved quickly to prevent increasing customer dissatisfaction and further loss of business.

TCL will introduce membership only access to all customers during 2018/19, although in its most basic form this membership will be free of charge. This new access policy will improve safety and security, whilst providing improved data and new 'insight', which will enable better more targeted services to be provided in future.

TCL will continue to take all opportunities to maximise the customer use of and engagement with its Mobile APP, resulting in improved customer accessibility, convenience and time saving, along with reduced time spent in reception. Improvements to the functionality of the APP and its interaction with the existing booking system will improve the ease of booking and cancelling of classes, along with live updates and communication on places in classes that might become available to book to those on a waiting list.

Using external advice TCL will determine the potential for and exploit increased income from swimming and swimming lessons, following an audit.

TCL will upgrade public WiFi systems to utilise a branded landing page, increasing the company exposure and profile.

TCL will continue to improve its existing services and seek to provide new services either from existing facilities, new facilities, or out in the community. Through Impulse Leisure, TCL will continue to seek to work with other local authorities, although this has continued to prove difficult. Further expansion, or joint work with other like-minded organisations/trusts in future, including schools and the new 'health organisations', acquisitions or new facilities will enable TCL to become more efficient and provide best value to the local area, as well as the new areas in which it may work.

Other short and medium-term facility improvements include:-

Blackshots

- Carry out refurbishment of the dry changing rooms and the health suite facility
- Seeking external/TC funding for a refurbishment of the Blackshots' pool changing rooms and toilets
- Continuous redecoration and facility improvement.

Belhus Park

- Investigate the options around internal reorganisation of the Capability Brown building.

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STRATEGIC REPORT

Plans for the future (continued)

Civic Hall

- Kitchen Floor replacement costing
- Investigate disabled access provision to Green Rooms and stage.

Corringham

- Complete the equipment renewal and install new ground floor flooring.

General

- Improving the external building façades at the sites
- Disabled access improvements during all refurbishment work
- Environmental conservation measures including:
 - Develop a scheme to replace all viable remaining lighting as LED and submit a bid for external funding to support implementation
 - Use of new pool water disinfection technology, reducing the need for chemical additives
 - Further energy management and energy usage reduction opportunities
- Seeking external funds for applicable investments or services
- Further security improvements.

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

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.

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 2018 was 11 (2017 - 11).

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Appointment of trustees (Continued)

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 all 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 updated '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.

Some trustees have carried out some 'spot checks' using internal control procedures and audits developed last year. The trustees aim to carry out checks against a selection of sites across all of the controls 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. Two TCL trustees are trustees of IL. Trustees of IL have no beneficial interest in the Group, TCL or TCL Trading Limited (TCLT).

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 grant aided back to TCL.

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.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel (continued)

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 the Sport and Recreation Trust Association (SPORTA). SPORTA 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 at least the National Living Wage (NLW) of £7.83 with effect from 1st April 2018, 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 at 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 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?
- 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 2018 most staff are benefitting from a minimum 2% pay increase.

THURROCK COMMUNITY LEISURE LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Remuneration policy for key management personnel (continued)

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.

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. In TCL's 3-year cycle of auto-enrolment, staff who are eligible, who were for whatever reason not in NEST, were auto-re-enrolled.

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 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.

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 the 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Diversity

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

TCL takes steps to prevent modern slavery and human trafficking in its business in accordance with the Modern Slavery Act 2015.

TCL's main activity is the supply of leisure services to the public, rather than the supply of goods, but TCL does purchase goods and services from other organisations (supply chain) to enable leisure services to be delivered.

TCL's supply chain mainly consists of the receipt of goods or services from other organisations, all but one of which are based in the United Kingdom. The main areas of supply relate to repairs and maintenance, equipment, cleaning, utilities and catering. As part of the review for this statement TCL has questioned its suppliers about their commitment to preventing modern slavery and new suppliers are vetted prior to their admission to TCL's approved supplier list.

Procurement from these suppliers is a centralised function which requires the formation and use of only pre-approved suppliers. In this way TCL will have control in place for committed expenditure and also the option to complete due diligence and retrospective checks.

Procurement policy is designed to ensure TCL operate in a legal and ethical manner. All suppliers should commit to comply with all laws, regulations and TCL's policies and terms of supply. TCL take a zero-tolerance approach to abuse of human rights, slavery, servitude, forced or compulsory labour and human trafficking. Any supplier that fails to meet these standards will jeopardise their ability to trade with TCL.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Modern Slavery Act 2015 (continued)

TCL work closely with the community at all of its centres and have noted that the most vulnerable groups in the UK for modern slavery could include migrant workers, illegal immigrants, asylum seekers, homeless people, travellers and people suffering from learning difficulties.

TCL already has detailed procedures, operating documents and training for safeguarding and is working on how staff can be educated on modern slavery to help identify anyone in the community that may be at risk of abuse.

IL has strict HR policies and procedures that ensure compliance with legislation and ensures fair and equal treatment, dignity at work and prevents discrimination. IL policies and operating documents are available to all staff. Staff are encouraged to report any activity they believe to be in breach of any operating standards or policies.

TCL is committed to ensuring there is no modern slavery or human trafficking in any part of its business and will –

- Identify and assess risks in the supply chain and ensure compliance from suppliers
- Provide training for staff on these risks
- Protect whistle blowers.

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.

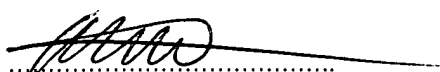
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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 22 August 2018 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 (the 'charitable company') for the year ended 31 March 2018 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 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 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 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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.



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: 22 August 2018

THURROCK COMMUNITY LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Unrestricted funds £	Restricted funds £	31.03.18 Total funds £	Unrestricted funds £	Restricted funds £	31.03.17 Total funds £
INCOME							
Charitable activities							
Leisure Centres	2	4,831,526	97,199	4,928,725	5,072,315	87,422	5,159,737
Civic Hall	2	402,819	-	402,819	389,397	-	389,397
Office and Cottage Rent	2	49,470	-	49,470	52,104	-	52,104
Other trading activities	3	221,799	-	221,799	220,587	-	220,587
Investments	4	46,937	-	46,937	17,209	-	17,209
Other income	5	15,988	-	15,988	665,000	-	665,000
Total income		5,568,539	97,199	5,665,738	6,416,612	87,422	6,504,034
EXPENDITURE							
Raising funds	7	137,707	-	137,707	123,798	-	123,798
Charitable activities							
Leisure Centres	7	4,569,572	96,404	4,665,976	4,524,593	123,430	4,648,023
Civic Hall	7	448,598	-	448,598	477,602	-	477,602
Office and Cottage Rent	7	15,572	-	15,572	16,620	-	16,620
Trading activities	6	541,125	-	541,125	579,334	-	579,334
Total resources expended		5,712,574	96,404	5,808,978	5,721,947	123,430	5,845,377
Net income/(expenditure) for the year before other recognised gains and losses		(144,035)	795	(143,240)	694,665	(36,008)	658,657
Transfers between funds	20	-	-	-	100	(100)	-
Actuarial gains/(losses) on defined benefit pension scheme	21	1,862,000	-	1,862,000	(527,000)	-	(527,000)
Net movement in funds		1,717,965	795	1,718,760	167,765	(36,108)	131,657
RECONCILIATION OF FUNDS							
Total funds brought forward	20	1,398,352	6,888	1,405,240	1,230,587	42,996	1,273,583
TOTAL FUNDS CARRIED FORWARD	20	3,116,317	7,683	3,124,000	1,398,352	6,888	1,405,240

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

BALANCE SHEETS
AT 31 MARCH 2018

	Note	The Group		The Charitable Company	
		31.03.18	31.03.17	31.03.18	31.03.17
		£	£	£	£
FIXED ASSETS					
Tangible assets	11	2,484,538	2,725,551	2,402,388	2,625,073
Investments	12	-	11,763	10,000	21,763
		<u>2,484,538</u>	<u>2,737,314</u>	<u>2,412,388</u>	<u>2,646,836</u>
CURRENT ASSETS					
Stocks	14	39,933	42,717	28,858	27,236
Debtors	15	633,990	545,418	689,233	577,403
Short term deposits		448,547	405,000	448,547	405,000
Cash at bank and in hand		191,795	635,580	148,078	595,075
		<u>1,314,265</u>	<u>1,628,715</u>	<u>1,314,716</u>	<u>1,604,714</u>
CREDITORS					
Amounts due <1 year	16	<u>(575,076)</u>	<u>(835,241)</u>	<u>(542,055)</u>	<u>(783,742)</u>
NET CURRENT ASSETS		<u>739,189</u>	<u>793,474</u>	<u>772,661</u>	<u>820,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,223,727	3,530,788	3,185,049	3,467,808
CREDITORS					
Amounts due >1 year	17	(251,727)	(484,548)	(225,049)	(434,578)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>2,972,000</u>	<u>3,046,240</u>	<u>2,960,000</u>	<u>3,033,230</u>
PENSION ASSET / (LIABILITY)	21	152,000	(1,641,000)	152,000	(1,641,000)
TOTAL NET ASSETS		<u><u>3,124,000</u></u>	<u><u>1,405,240</u></u>	<u><u>3,112,000</u></u>	<u><u>1,392,230</u></u>
FUNDS	20				
Restricted funds		7,683	6,888	7,683	6,888
Unrestricted funds:					
Designated funds		-	1,641,000	-	1,641,000
General funds		2,951,407	1,385,442	2,952,317	1,385,342
Non charitable trading funds		12,910	12,910	-	-
Pension reserve		152,000	(1,641,000)	152,000	(1,641,000)
Total unrestricted funds		<u>3,116,317</u>	<u>1,398,352</u>	<u>3,104,317</u>	<u>1,385,342</u>
TOTAL FUNDS		<u><u>3,124,000</u></u>	<u><u>1,405,240</u></u>	<u><u>3,112,000</u></u>	<u><u>1,392,230</u></u>

The financial statements were approved by the Board of Trustees on 22 August 2018 and were signed on its behalf by:



C Seamark (Chair)

THURROCK COMMUNITY LEISURE LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31.03.18 £	31.03.17 £
Cash flows from operating activities	1	93,016	668,710
Cash flows from investing activities			
Dividends, interest and rent from investments		46,937	17,209
Purchase of tangible fixed assets		(60,701)	(442,287)
Cash used on investing activities		(13,764)	(425,078)
Cash flows from financing activities			
Repayment of borrowing		(479,490)	(230,773)
New finance leases		-	169,557
Cash used in financing activities		(479,490)	(61,216)
Increase / (decrease) in cash and cash equivalents in the year		(400,238)	182,416
Cash and cash equivalents at the beginning of the year		1,040,580	858,164
Total cash and cash equivalents at the end of the year		640,342	1,040,580

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 2018

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

	31.03.18	31.03.17
	£	£
Net incoming resources before other recognised gains and losses	(143,240)	658,657
Depreciation charges	301,714	301,585
Amortisation on investments	11,763	11,763
Actuarial pension scheme charges	69,000	14,000
Dividends, interest and rent from investments	(46,937)	(17,209)
(Increase) / decrease in stocks	2,784	15,427
(Increase) / decrease in debtors	(88,572)	(374,396)
Increase / (decrease) in creditors	(13,496)	58,883
	<u>93,016</u>	<u>668,710</u>
Net cash inflow from operating activities	<u>93,016</u>	<u>668,710</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 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 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 2018

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 2018

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 2018

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 2018

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 2018. 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 2018****2. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted £	Restricted £	31.03.18 Total £	31.03.17 Total £
Funding income	-	97,199	97,199	87,422
Leisure centres income	4,831,526	-	4,831,526	5,072,315
Sub-total for leisure centres	4,831,526	97,199	4,928,725	5,159,737
Civic Hall income	402,819	-	402,819	389,397
Sub-total for Civic Hall	402,819	-	402,819	389,397
Office and cottage rent	49,470	-	49,470	52,104
Total income from charitable activities	5,283,815	97,199	5,381,014	5,601,238

3. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	31.03.18 Total £	31.03.17 Total £
Golf club, shop and bar	221,799	-	221,799	220,587
	221,799	-	221,799	220,587

4. INCOME FROM INVESTMENTS

	Unrestricted £	Restricted £	31.03.18 Total £	31.03.17 Total £
Solar panel investment income	10,175	-	10,175	10,802
Interest receivable	36,762	-	36,762	6,407
	46,937	-	46,937	17,209

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

5. OTHER INCOME

	Unrestricted	Restricted	31.03.18 Total	31.03.17 Total
	£	£	£	£
Sundry receipts	15,988	-	15,988	-
Exceptional items	-	-	-	665,000
	<u>15,988</u>	<u>-</u>	<u>15,988</u>	<u>665,000</u>

Other income in 2017 related to sale of land for £665,000.

6. TRADING ACTIVITY COSTS

	Unrestricted	Restricted	31.03.18 Total	31.03.17 Total
	£	£	£	£
Staff costs	267,057	-	267,057	280,843
Other trading costs	274,068	-	274,068	298,491
	<u>541,125</u>	<u>-</u>	<u>541,125</u>	<u>579,334</u>

7. ANALYSIS OF EXPENDITURE

	Cost of raising funds	Charitable activities				Governance costs	Support costs	31.03.18 Total	31.03.17 Total
	£	Leisure centres £	Civic hall £	Office and cottage rent £		£	£	£	£
Staff costs	-	1,885,553	120,429	-	-	-	215,531	2,221,513	2,184,345
Promotion and publicity	122,135	-	-	-	-	-	-	122,135	107,178
Premises costs	-	959,999	52,770	-	-	-	355,542	1,368,311	1,295,472
Purchases for resale	-	164,581	130,784	-	-	-	-	295,365	307,018
Office administration costs	-	254,354	20,038	-	-	-	968,945	1,243,337	1,277,011
Audit and accountancy	-	-	-	-	8,244	-	-	8,244	8,000
Legal and professional	-	-	-	-	-	-	8,948	8,948	87,019
	<u>122,135</u>	<u>3,264,487</u>	<u>324,021</u>	<u>-</u>	<u>8,244</u>	<u>1,548,966</u>	<u>5,267,853</u>	<u>5,266,043</u>	
Support costs	15,490	1,394,069	123,917	15,490	-	(1,548,966)	-	-	-
Governance costs	82	7,420	660	82	(8,244)	-	-	-	-
Total expenditure 2018	<u>137,707</u>	<u>4,665,976</u>	<u>448,598</u>	<u>15,572</u>	<u>-</u>	<u>-</u>	<u>5,267,853</u>		
Total expenditure 2017	<u>123,798</u>	<u>4,648,023</u>	<u>477,602</u>	<u>16,620</u>	<u>-</u>	<u>-</u>		<u>5,266,043</u>	

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018****8. NET INCOME/(EXPENDITURE)**

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

	31.03.18	31.03.17
	£	£
Depreciation	301,714	301,586
Interest payable	8,370	12,791
Operating lease rentals	30,214	56,920
Auditors' remuneration		
- Audit	9,000	9,000
- Other services	<u>2,844</u>	<u>2,500</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:

J Muggeridge:

Remuneration	2018: £nil	2017: £1,134
Employer's pension	2018: £nil	2017: £nil

M Couldridge: (resigned 11/07/17)

Remuneration	2018: £6,974	2017: £11,991
Employer's pension	2018: £63	2016: £118

C Black (appointed 03/11/17)

Remuneration	2018: £37,250	2017: £nil
Employer's pension	2018: £6,613	2017: £nil

No charity trustee received payment in the year for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses

Following payment or reimbursement of travel and subsistence costs were paid in the year ended 2018.

Nature of expenses	No of trustees	2018	2017
Travel	1	£181	£nil

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2018**10. STAFF COSTS**

	31.03.18	31.03.17
	£	£
Wages and salaries	2,169,745	2,212,971
Social security costs	125,528	115,425
Employer's contribution to defined contribution pension schemes	12,087	11,792
Employer's contribution to defined benefit pension schemes	111,000	111,000
Operating cost of defined benefit pension schemes	<u>70,210</u>	<u>14,000</u>
	<u>2,488,570</u>	<u>2,465,188</u>

The total employee benefits including pension contributions of the key management personnel was £265,721 (2017: £281,051). The Trustees consider the key management personnel to be

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

	31.03.18	31.03.17
Leisure centres	149	150
Civic hall	19	19
Other trading activities	19	18
Support	<u>8</u>	<u>8</u>
	<u>195</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 2017	4,230,945	830,487	5,061,432
Additions	<u>60,701</u>	<u>-</u>	<u>60,701</u>
At 31 March 2018	<u>4,291,646</u>	<u>830,487</u>	<u>5,122,133</u>
DEPRECIATION			
At 1 April 2017	2,012,005	323,876	2,335,881
Charge for year	<u>138,540</u>	<u>163,174</u>	<u>301,714</u>
At 31 March 2018	<u>2,150,545</u>	<u>487,050</u>	<u>2,637,595</u>
NET BOOK VALUE			
At 31 March 2018	<u>2,141,101</u>	<u>343,437</u>	<u>2,484,538</u>
At 31 March 2017	<u>2,218,940</u>	<u>506,611</u>	<u>2,725,551</u>

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018****11. TANGIBLE FIXED ASSETS - continued**

The Charitable Company	Improvements to leasehold property £	Plant and Machinery on finance lease £	Totals £
COST			
At 1 April 2017	4,091,144	696,867	4,788,011
Additions	<u>49,836</u>	<u>-</u>	<u>49,836</u>
At 31 March 2018	<u>4,140,980</u>	<u>696,867</u>	<u>4,837,847</u>
DEPRECIATION			
At 1 April 2017	1,896,604	266,334	2,162,938
Charge for year	<u>133,148</u>	<u>139,373</u>	<u>272,521</u>
At 31 March 2018	<u>2,029,752</u>	<u>405,707</u>	<u>2,435,459</u>
NET BOOK VALUE			
At 31 March 2018	<u>2,111,228</u>	<u>291,160</u>	<u>2,402,388</u>
At 31 March 2017	<u>2,194,540</u>	<u>430,533</u>	<u>2,625,073</u>

12. FIXED ASSET INVESTMENTS

The Group	Solar Panels £	Totals £
COST		
At 1 April 2016 and 31 March 2018	<u>58,813</u>	<u>58,813</u>
AMORTISATION		
Amortisation b/f	47,050	47,050
Amortisation for year	<u>11,763</u>	<u>11,763</u>
At 31 March 2018	<u>47,050</u>	<u>47,050</u>
NET BOOK VALUE		
At 31 March 2018	<u>-</u>	<u>-</u>
At 31 March 2017	<u>11,763</u>	<u>11,763</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.

THURROCK COMMUNITY LEISURE LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**
FOR THE YEAR ENDED 31 MARCH 2018**12. FIXED ASSET INVESTMENTS - continued**

The Charitable Company	Solar Panels	Shares in group undertakings £	Totals £
COST			
At 1 April 2017	58,813	10,000	68,813
Additions	-	-	-
At 31 March 2018	58,813	10,000	68,813
AMORTISATION			
Amortisation b/f	47,050	-	47,050
Amortisation for year	11,763	-	11,763
At 31 March 2018	58,813	-	58,813
NET BOOK VALUE			
At 31 March 2018	-	10,000	10,000
At 31 March 2017	11,763	10,000	21,763

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

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:

	31.03.18 £	31.03.17 £
Turnover	552,911	596,097
Cost of sales	<u>(209,467)</u>	<u>(251,964)</u>
Gross profit	343,444	344,133
Administrative expenses	<u>(341,358)</u>	<u>(337,369)</u>
Operating profit / (loss)	2,086	6,764
Other income	15,988	-
Interest payable	<u>(300)</u>	<u>-</u>
Profit / (loss) on ordinary activities	17,774	6,764
Deed of covenant to parent undertaking	<u>(17,774)</u>	<u>(6,764)</u>
Profit / (loss) for the financial year	<u>-</u>	<u>-</u>

The aggregate of the assets, liabilities and funds was:

Assets	144,876	170,299
Liabilities	(121,966)	(147,389)
Share Capital	<u>(10,000)</u>	<u>(10,000)</u>
Funds	12,910	12,910

13. PARENT CHARITABLE COMPANY

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

	31.03.18 £	31.03.17 £
Gross income	5,455,723	6,300,210
Net result for the year	<u>1,718,760</u>	<u>131,657</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 MARCH 2018**

14. STOCKS

	The group		The charitable company	
	31.03.18	31.03.17	31.03.18	31.03.17
	£	£	£	£
Stocks	<u>39,933</u>	<u>42,717</u>	<u>28,858</u>	<u>27,236</u>

15. DEBTORS

	The group		The charitable company	
	31.03.18	31.03.17	31.03.18	31.03.17
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	-	71,339	-	65,022
Other debtors	19,437	-	19,437	38,302
Amounts due from other group members	143,760	80,553	199,603	80,553
Prepayments	<u>26,686</u>	<u>33,526</u>	<u>26,086</u>	<u>33,526</u>
	<u>189,883</u>	<u>185,418</u>	<u>245,126</u>	<u>217,403</u>

	The group		The charitable company	
	31.03.18	31.03.17	31.03.18	31.03.17
	£	£	£	£
<i>Amounts falling due after more than one year:</i>				
Amounts due from other group members	<u>444,107</u>	<u>360,000</u>	<u>444,107</u>	<u>360,000</u>
	<u>444,107</u>	<u>360,000</u>	<u>444,107</u>	<u>360,000</u>
	<u>633,990</u>	<u>545,418</u>	<u>689,233</u>	<u>577,403</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 falling due 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	
	31.03.18	31.03.17	31.03.18	31.03.17
	£	£	£	£
Trade creditors	22,535	88,449	18,480	60,941
Loans	68,895	65,057	68,895	65,057
Accruals and deferred income	259,379	263,740	252,201	258,240
VAT payable	18,926	-	22,739	7,518
Thurrock Council loan	-	250,000	-	250,000
Lease liability	164,974	165,481	139,373	139,373
Social Security and other taxes	29,796	-	29,796	-
Other creditors	<u>10,571</u>	<u>2,514</u>	<u>10,571</u>	<u>2,613</u>
	<u>575,076</u>	<u>835,241</u>	<u>542,055</u>	<u>783,742</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

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

	The group		The charitable company	
	31.03.18	31.03.17	31.03.18	31.03.17
	£	£	£	£
Bank loans	73,365	143,418	73,365	143,418
Lease liabilities due 2 – 5 years	<u>178,362</u>	<u>341,130</u>	<u>151,684</u>	<u>291,160</u>
	<u>251,727</u>	<u>484,548</u>	<u>225,049</u>	<u>434,578</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	31.03.18	31.03.17
	£	£
Within one year	23,514	25,652
Between one and five years	<u>-</u>	<u>23,514</u>
	<u>23,514</u>	<u>49,166</u>

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

Equipment	31.03.18	31.03.17
	£	£
Within one year	23,514	25,652
Between one and five years	<u>-</u>	<u>23,514</u>
	<u>23,514</u>	<u>49,166</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.03.18 Total funds	31.03.17 Total funds
	£	£	£	£
Fixed assets	2,484,538	-	2,484,538	2,725,551
Investments	-	-	-	11,763
Current assets	1,306,582	7,683	1,314,265	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	6,888	97,199	(96,404)	-	7,683
Total restricted funds	<u>6,888</u>	<u>97,199</u>	<u>(96,404)</u>	<u>-</u>	<u>7,683</u>
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	<u>3,039,352</u>	<u>5,568,539</u>	<u>(5,643,574)</u>	<u>-</u>	<u>2,964,317</u>
Pension fund	(1,641,000)	-	(69,000)	1,862,000	152,000
Total unrestricted funds	<u>1,398,352</u>	<u>5,568,539</u>	<u>(5,712,574)</u>	<u>1,862,000</u>	<u>3,116,317</u>
Total funds including pension fund	<u>1,405,240</u>	<u>5,665,738</u>	<u>(5,808,978)</u>	<u>1,862,000</u>	<u>3,124,000</u>

Purposes of restricted funds

Restricted fund balance consists of £5,583 marketing rebate received from Technogym for Corringham refurbishment and £2,100 received from various funders for exercise referral programme.

Purposes of designated funds

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

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	
	31.03.18	31.03.17
	£	£
Present value of funded obligations	(3,700,000)	(6,002,000)
Fair value of plan assets	<u>3,852,000</u>	<u>4,361,000</u>
	<u>152,000</u>	<u>(1,641,000)</u>
Surplus / (Deficit)	<u>152,000</u>	<u>(1,641,000)</u>
Asset / (Liability)	<u>152,000</u>	<u>(1,641,000)</u>

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

	Defined benefit pension plans	
	31.03.18	31.03.17
	£	£
Current service cost	133,000	83,000
Net interest from net defined benefit asset/liability	<u>(120,000)</u>	<u>(409,000)</u>
	<u>13,000</u>	<u>(326,000)</u>
Actual return on plan assets	<u>(702,000)</u>	<u>435,000</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.03.18	31.03.17
	£	£
Opening defined benefit obligation	6,002,000	4,811,000
Current service cost	133,000	83,000
Contributions by scheme participants	26,000	26,000
Interest cost	168,000	182,000
Obligation experience	(2,437,000)	(279,000)
Actuarial losses/(gains)	(127,000)	1,278,000
Benefits paid	(65,000)	(62,000)
Actuarial (gains)/losses from changes in demographic assumptions	-	(37,000)
	<u>3,700,000</u>	<u>6,002,000</u>

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

	Defined benefit pension plans	
	31.03.18	31.03.17
	£	£
Opening fair value of scheme assets	4,361,000	3,711,000
Interest on assets	123,000	142,000
Administration expenses	(2,000)	(2,000)
Contributions by employer	111,000	111,000
Contributions by scheme participants	26,000	26,000
Expected return	288,000	591,000
Actuarial gains/(losses)	(990,000)	(156,000)
Benefits paid	(65,000)	(62,000)
	<u>3,852,000</u>	<u>4,361,000</u>

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

	Defined benefit pension plans	
	31.03.18	31.03.17
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	-	37,000
Actuarial gains/(losses)	<u>1,862,000</u>	<u>(564,000)</u>
	<u>1,862,000</u>	<u>(527,000)</u>

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

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	
	31.03.18	31.03.17
Equities	66%	68%
Gilts	7%	4%
Other bonds	4%	4%
Property	9%	10%
Cash	4%	3%
Other managed funds	4%	4%
Alternative assets	7%	7%
Asset breakdown	31.03.18	31.03.17
	£000s	£000s
Equities	2,535	2,979
Gilts	262	165
Other bonds	141	177
Property	356	424
Cash	141	131
Other managed funds	154	194
Alternative assets	263	291
	3,852	4,361

Projected employer contributions for the year ending 31 March 2019 are £77,000.

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

	31.3.18	31.3.17
Discount rate	2.7%	2.8%
Future salary increases	2.2%	3.3%
Future pension increases	2.2%	2.3%

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	3,625,000	3,700,000	3,777,000
Projected service cost	130,000	133,000	136,000
Adjustment to long term salary increase			
	+0.1%	0.0%	-0.1%
Present value of total obligation	3,710,000	3,700,000	3,690,000
Projected service cost	133,000	133,000	133,000
Adjustment to pension increases and deferred revaluation			
	+0.1%	0.0%	-0.1%
Present value of total obligation	3,767,000	3,700,000	3,634,000
Projected service cost	136,000	133,000	130,000
Adjustment to life expectancy assumptions			
	+1 year	None	-1 year
Present value of total obligation	3,824,000	3,700,000	3,581,000
Projected service cost	137,000	133,000	129,000

THURROCK COMMUNITY LEISURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31 MARCH 2018**

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 £41,412 (2017: £45,170) and management charge of £289,700 (2017: £330,340) to TCLT for management of golf club and shop. TCL charged a management fee of £10,000 to TCLT (2017: £10,000).

During the year TCLT donated an amount of £17,774 (2017: £6,764) to TCL.

At the year end, TCLT owed £55,843 (£38,302) to TCL.

ACL:

During the year, ACL paid interest of £36,225 (2017: £3,384) to TCL.

At the year end, ACL owed £557,393 (£417,624) to TCL. £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 £570,752 (2017: £524,768) and charged rent of £30,000 to Impulse Leisure.

At the year end, Impulse Leisure owed £30,474 (2017: £22,929) 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.