

REGISTERED NUMBER: 28889R

REPORT OF THE MANAGEMENT BOARD AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
FOR  
YOUR LEISURE KENT LIMITED

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

YOUR LEISURE KENT LIMITED  
REGISTERED NUMBER: 28889R

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FOR THE YEAR ENDED 31 MARCH 2018

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**LEISURE KENT LIMITED**  
**REGISTERED NUMBER: 28889R**

**SOCIETY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

The management board present their report with the financial statements of the Society for the year ended 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Companies Act 2006, the Co-Operative and Community Benefit Societies Act 2014, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015) (effective 1 January 2015).

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered number**

28889R

**Trustees**

Mr P Lacamp  
Mr R Stone  
Mr S Gretton  
Mr K Fordham  
Mr L Waddon  
Mr N Taylor  
Mr G Vickers  
Ms R Clifford  
Mr I Baker  
Ms J Foster  
Ms A Noble  
Mr J Ransley

Appointed December 2017

Appointed January 2018

**Society Secretary**

Mrs A Simmons

**Managing Director**

Mr K Fordham

**Registered office**

The Winter Gardens  
Fort Crescent  
Margate  
Kent  
CT9 1HX

**Auditors**

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

**Bankers**

Lloyds Bank  
Faryners House  
25 Monuments Street  
London  
EC3R 8BD

**YOUR LEISURE KENT LIMITED**  
**REGISTERED NUMBER: 28889R**

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

The Management Board present their report with the financial statements of the society for the year ended 31 March 2018.

**OVERVIEW**

As anticipated the 2017/18 financial year presented a range of challenges linked to the need to respond to reductions in Local Authority support funding and the tendering exercise to operate the new Leisure Centre in Dover. Whilst Your Leisure was unable to effectively compete with the significant scale and capacity of the company awarded the contract to manage the new centre I am very proud of the effort and ambition exercised by the Board to maintain our profile in the Dover area.

In preparation for the challenges a new streamlined management structure was introduced and new co-opted Trustees joined the Board. It is really encouraging, that despite, reductions in funding and an escalation of uncontrollable costs the team have been able to improve our operating financial performance. This has been achieved through a focus on introducing new technology, finding ways to work smarter, reviewing our service provision and a re-alignment of resource provision.

Throughout 2017/18 new relationships and future contractual arrangements were developed in order to achieve longer term sustainability. Linked to the surrender of the lease for Dover Leisure Centre we managed to secure an extension to the leases to operate both Dover Town Hall and Tides Leisure and Indoor Tennis Centre in the Dover district. Within the Thanet district the recommendations within the Council commissioned 'Thanet Leisure Review' have progressed and 2018/19 will see the implementation and clarification of our future service delivery.

As a charitable organisation our achievements should be considered in the context of providing community services and as our vision states 'creating opportunities to enjoy life and have fun'. In the last year the Your Leisure team has continued to make a positive difference to the lives of so many local people and visitors to the area. This has only been possible through the dedication and commitment of our employees, the ongoing loyalty from our customers and the funding provided by our key partners including Dover District Council, Thanet District Council, Kent County Council and Social Enterprise Kent. On behalf of the Management Board we thank you for your continued support towards Your Leisure.

Mr P Lacamp - Chairman

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STRUCTURE GOVERNANCE AND MANAGEMENT**

**Board Structure and Management**

According to its rules, the Society shall have a management board which shall manage the business of the Society. The management board shall consist of up to 16 members, 8 employee representatives including the Managing Director and 8 Independent Trustees who should be representative of the local community, users of the service and facilities offered by the Society and have a broad range of skills likely to contribute to the Society's success. The full board of management met on five occasions during the course of the year to consider the business of the Society with executive management representatives and in addition there were nine sub-committee meetings. The day to day management of the Society is delegated to the Managing Director who reports to the management board.

**Appointment of Board Members**

In exercising its powers to nominate, appoint, reappoint, elect, re-elect, approve and dismiss members, the members shall seek to ensure that the board is representative of the local community and also comprises persons with a broad range of skills who are likely to contribute to the Society's success.

**Board Members Induction and Training**

As new members join the board they receive a full induction that is aimed at training them in their statutory responsibilities under charity and company law. This induction is reviewed regularly to ensure that it is up to date with any relevant changes. The induction would normally include:

- meeting with the chairman of the Management Board and Managing Director
- tour of our facilities and Head Office
- receiving copies of the Society rules
- receiving copies of business strategy documents
- receiving copies of corporate policies and documents

**Organisation**

The board members, who meet on average 4 times per year, have delegated the responsibility of administering the Society to the Managing Director and a Corporate Management Team (CMT). The management team meets regularly and is made up as follows:

Managing Director  
Head of Support Services  
Head of Leisure Services and Marketing  
Head of Assets, Safety, Outdoor and Community

**Remuneration policy for key management personnel**

The remuneration of key management personnel and company pay reviews are determined by a Remuneration Sub-committee with all members being Independent Trustees. Benchmarking against other trusts in Kent and SPORTA have been used as a comparison exercise.

**OBJECTIVES AND ACTIVITIES**

**PRINCIPAL ACTIVITY**

The principal activity of the Society in the year under review was that of the management of leisure, hospitality and entertainment facilities and the associated service provision for the local communities in the Dover and Thanet districts. The Society manages the following facilities and services on behalf of Dover District Council and Thanet District Council:

Thanet District

Ramsgate Leisure Centre & Spa  
Hartsdown Leisure Centre and Gymnastics Centre  
The Winter Gardens  
Northdown House  
Chalet and beach hut hire  
Foreshore services  
Sport pitch hire  
The Theatre Royal, Margate (interim management agreement further extended until March 2018)

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**OBJECTIVES AND ACTIVITIES- continued**  
**PRINCIPAL ACTIVITY- continued**

Dover District  
Dover Town Hall  
Dover Leisure Centre  
Tides Leisure Centre and Indoor Tennis Centre  
Walmer Paddling Pool

Your Leisure Kent Ltd also owns and operates the Dover Sea Sports Centre, Secret Jungle and Feelgood Factory in Margate and coordinates community health and fitness outreach work across East Kent in an effort to increase participation in physical activity in our local communities. Specifically, Your Leisure is proud to be delivering the Wellbeing programme of the Big Lottery funded 'Ageless Thanet' Project for Social Enterprise Kent.

**Policies and Objectives for the Period April 2017 – March 2018**

**"The objects of the Society shall be to provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation in Kent and the surrounding area of individuals who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances, with the object of improving their conditions of life and to advance the education of the public in leisure activities**

**Vision**

"Creating opportunities to enjoy life and have fun"

**Mission**

To improve the health, wellbeing and lifestyles of our local communities.

Work together to continually improve services and facilities so we become the first choice to 'enjoy life and have fun'.

**Corporate Values**

**Excel in customer service**

"Do the right thing first time"

**You are in safe hands**

"Manage and reduce risk"

**Value our colleagues**

"Attract, develop and keep great people"

**Make every penny count**

"Bring about financial certainty"

**Be charitable**

"Provide opportunities in our communities"

**Invest in our business**

"Improve things for everyone"

**Partnerships will make us stronger**

"Collaboration will help us achieve our goals"

**Lead through innovation**

"Ideas and suggestions are essential"

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**OBJECTIVES AND ACTIVITIES - continued**

**Charitable Objectives**

Contribute to the reduction of health inequality through participation in physical activity by all age groups.

Assist in improving the well-being of the local community through access to high quality and educational leisure time experiences.

Ensure that people in poverty and other disadvantaged groups of the community are not excluded from using our facilities or participating in our services.

Help tackle childhood obesity and local activity levels through a comprehensive programme of sports and arts development and health activities for the whole community.

Assist in promoting and raising standards in sport and the arts through cooperation with a range of local amateur sports clubs and community based arts groups.

Contribute to reducing youth crime and anti-social behaviour by providing accessible, interesting and educational activities for young people.

Help local groups supporting disabled people and to improve opportunity to access our facilities and services.

Promote the role of "arts" in improving the wellbeing and lifestyle of the local community.

**Public benefit statement**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees regularly consider how planned activities will contribute to the charitable aims and objectives they have set. The overarching framework to deliver public benefit is within Your Leisure's vision, mission and corporate values.

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 Commissions general guidance on public benefit.

The trustees acknowledge that the Charitable Company charges a fee for many of the services it provides. It is the opinion of the trustees however that the Charitable Company's pricing strategy, which enables increased access to facilities and services for a wide range of disadvantaged persons, including those on low incomes, coupled with the range of services that it provides for young people, the elderly and the disabled are such that the Charitable Company can demonstrate that it operates for the public benefit of the community that it serves.

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**ACHIEVEMENT AND PERFORMANCE**

**RECOGNITION:**

Your Leisure is proud to have the following recognition demonstrating our commitment to our sector and achieving quality in our delivery of services:

- (i) QUEST – UK Quality Scheme for Sport and Leisure
- (ii) Clubmark – Quality accreditation for sports club programmes
- (iii) Shapemaster UK Toning Suite Operator of the Year
- (iv) Affiliated to Sports and Recreation Trusts Association (Sporta)
- (v) Membership of UK Active (formerly the Fitness Industry Association)
- (vi) Membership of British Institute of Theatre Technicians
- (vii) Licensed Victuallers Association (LVA)
- (viii) Active Member of Kent Association of Leisure Trusts (KALT)

**REVIEW OF BUSINESS**

The results for the year and financial position of the Society are shown in the annexed financial statements.

The table below provides a snapshot of key income and expenditure lines from our management accounts. Overall income across the key lines increased above the rate of inflation which combined with a reduction in direct and indirect overheads expenditure was essential to meet the challenge of a 12% reduction in funding. Despite the increased costs associated with meeting national and minimum wage requirements the labour expenditure has been maintained at levels comparable to the previous year.

Our financial position remains on track with expectations and our trading position in 2017/18 generated a surplus of £250,537 before actuarial re-measurement gains. The unpredictability of the investment markets has seen the pension liability decrease from £2,133,000 (2016/17) to £1,758,000 in 2017/18 increasing our total funds to £1,010,348. This is an accounting requirement determined under FRS 102 (section 28) which provides the calculation to ensure the Local Government Pension Scheme remains or becomes fully funded in the long term.

	2016/17 Actual	2017/18 Actual	Variance %
Food & Beverage Income	£1,404,591	£1,533,411	9.17%
Sporting Income	£4,932,030	£4,934,040	0.04%
Spa & Toning Income	£352,386	£373,603	6.02%
Foreshore Income	£559,279	£587,547	5.05%
Deficit Funding / Management Fees	£945,351	£841,510	-12.34%
Total Labour Expenditure	£4,948,218	£4,965,697	0.35%
Direct Overhead Expenditure	£2,478,578	£2,419,766	-2.43%
Indirect Overhead Expenditure	£1,986,396	£1,946,037	-2.07%



**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**REVIEW OF BUSINESS – continued**

**KEY PERFORMANCE INDICATORS**

YL Objective	Actual 2016/17	Actual 2017/18	Variance %
Labour to Total Income %	54.6%	53.3%	- 1.6%
Marketing and Promotion to Total Income %	1.7%	1.1%	-0.6%
Vending 'cost of sales'	60%	62.3%	+2.3%
Food & Beverage 'cost of sales'	29.2%	30.3%	+1.1%
Membership Attrition Rate	5.88%	5.93%	-0.05%
Year on year % Total Income Increase	1.5%	2.8%	+1.3%
To maintain 'total indirect costs' on Budget	-2%	-6.3%	+4.3%
Year on year % energy consumption reduction	Gas 6% up / Electricity no change	Gas 4% down / Electricity down 3%	N/A
Customer Net Promoter Score (NPS) based on facility visits/services provided. Calculated as average of company-wide scores throughout the year	NPS 46.4%	NPS 45.6%	-0.8%

**Reserves Policy**

The management board have considered the risks and opportunities presented to the Society and identified the level of free reserves it would be prudent to maintain. The board has determined that this level would be 5% of income and will continue to implement the 3-year financial plan to achieve this. At the current level of income the target level of reserves would be £506,763. The current level of free reserves is £290,193. The Society have seen a number of years of difficult trading conditions, but are implementing budgets with the aim to restore reserves to the target.

**Risk management**

The trustees have assessed the major risks to which the Charitable Company is exposed, in particular those related to the operations and finances of Your Leisure, and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks. The Risk Register is regularly reviewed by the Risk Audit Sub-committee.

**DISABLED PERSONS**

The Society's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the Society. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

**EMPLOYEE INVOLVEMENT**

The Society has a policy of providing employees with information about the Society through staff meetings, on-line Staff Bulletins and the posting of updates on the staff information boards. Any contracted member of staff who has successfully passed their probationary period can become a Society member. This enables those members of staff who wish to become more involved in the running of the organisation to stand for election onto the management board. Once elected, these members of staff have a direct involvement in the running of the Society. All facilities provide a staff representative to sit on the Our Voice Committee which is a forum for management and staff to discuss health & safety and employment matters.

REPORT OF THE MANAGEMENT BOARD  
FOR THE YEAR ENDED 31 MARCH 2018

**FUTURE DEVELOPMENTS**

The Board adopted (March 2018) a new Corporate Plan with the following key objectives for the year:

1. In the current public funding climate, relying on Local Authority funding in the longer-term is a key business risk. By 2020, Your Leisure will become self-sufficient from Local Authority funding to deliver services. **Interpretation: Self -Sufficient**
2. Traditional markets for leisure trusts are either eroding or being subject to increased competition. By July 2018, Your Leisure will identify new and emerging profitable markets in which to sell our services, either directly or in partnership, and be active in these markets by January 2019. **Interpretation: New Markets**
3. To provide greater scope to deliver our charitable objectives through working smarter and improving performance. By July 2018, we aim to have embedded a performance culture supported by a continuous improvement model to measure and monitor both company and individual performance. **Interpretation: Performance Culture**
4. Longer-term contractual and financial security is required to provide stability for our customers and colleagues. By July 2018, all required contractual arrangements will be properly executed and each year, from April 2018 onwards, an annual trading surplus of £100,000 will be achieved. **Interpretation: Self –Sufficient**

These objectives provide the umbrella for the following key developments planned for 2018/19 and beyond:

1. To work with Dover District Council to bring about much needed plant equipment improvements at Tides Leisure and Indoor Tennis Centre.
2. To work with Thanet District Council to seek external funding to revitalise Margate Winter Gardens and Margate Theatre Royal.
3. To explore collaboration opportunities to drive efficiencies, broaden our customer appeal and provide contractual and financial certainty in the longer term.
4. To develop engagement opportunities with our staff to continually improve performance.
5. To introduce new internal and Local Authority funding related key performance measures.
6. To further embrace the introduction of new technology and streamlining of processes to achieve efficiencies and improve the customer experience.
7. To secure new external funding to deliver our community programmes, maximise energy saving opportunities and improve our facility provision.

2018/19 will present significant challenges and opportunities for Your Leisure. It is the year when a number of external influences will shape our future. The Management Board and Corporate Management Team are closely monitoring progress against a range of strategic priorities which will improve our performance and profile as well as positively influence the outcome of the challenges and opportunities. These priorities will shape our future plans in the context of the outcome of the external influences mentioned above. Our plans will also provide an emphasis on the importance of continuing to deliver our charitable objectives and ensure the organisation maximises financial benefit and increases surpluses which can be used to build up the Society's reserves and contribute to further community investment.

**REPORT OF THE MANAGEMENT BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**STATEMENT OF MANAGEMENT BOARD'S RESPONSIBILITIES**

The Management Board are responsible for preparing the Report of the Management Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Including Financial Reporting Standard 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland).

Society law requires the Management Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the incoming resources and application of resources, including the income and expenditure, of the Society for that period. In preparing these financial statements, the Management Board are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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

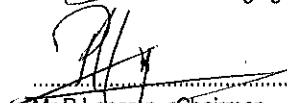
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

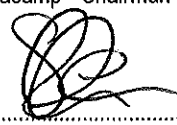
So far as the Management Board are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Society's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

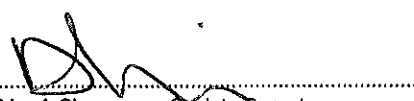
This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr K Fordham - Managing Director

  
.....  
Mr P Lacamp - Chairman

  
.....  
Mr S Gretton - Treasurer

  
.....  
Mrs A Simmons - Society Secretary

Date: 4 September 2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
YOUR LEISURE KENT LIMITED**

We have audited the financial statements of Your Leisure Kent Limited for the year ended 31 March 2018, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 (the financial reporting standard applicable in the UK and R.O.I).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2018 and of 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 Co-operative and Community Benefit Societies Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

- 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 Management Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society'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 Management Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
YOUR LEISURE KENT LIMITED**

**Responsibilities of the Management Board**

As explained more fully in the Management Board's responsibilities statement set out on page 10, the Management Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines 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 Management Board is responsible for assessing the society'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 Management Board either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

**Auditor's 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 an auditor's report 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ashley Phillips FCCA (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: 4 September 2018

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME & EXPENDITURE ACCOUNT**  
**AND STATEMENT OF OTHER COMPREHENSIVE INCOME)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 Unrestricted Funds	31.3.18 Restricted Funds	31.3.18 Pension Adjustment Unrestricted	31.3.18 Total Funds	31.3.17 Unrestricted Funds	31.3.17 Restricted Funds	31.3.17 Pension Adjustment Unrestricted	31.3.17 Total Funds
		£	£	£	£	£	£	£	£
<b>INCOME</b>									
Compensation	2	200,000	-	-	200,000	-	-	-	-
<b>Income from charitable activities</b>									
Operation of leisure, recreation sites and health activities	3	9,696,868	238,388	-	9,935,256	9,865,840	12,934	-	9,878,774
Investment income	4	-	-	-	-	118	-	-	118
<b>Total income</b>		<b>9,896,868</b>	<b>238,388</b>	<b>-</b>	<b>10,135,256</b>	<b>9,865,958</b>	<b>12,934</b>	<b>-</b>	<b>9,878,892</b>
<b>EXPENDITURE ON</b>									
<b>Charitable activities</b>									
Operation of leisure, recreation sites and health activities	5	<u>9,621,622</u>	<u>270,097</u>	<u>(7,000)</u>	<u>9,884,719</u>	<u>9,757,342</u>	<u>12,934</u>	<u>239,000</u>	<u>10,009,276</u>
<b>Total expenditure</b>		<b>9,621,622</b>	<b>270,097</b>	<b>(7,000)</b>	<b>9,884,719</b>	<b>9,757,342</b>	<b>12,934</b>	<b>239,000</b>	<b>10,009,276</b>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS</b>		<b>275,246</b>	<b>(31,709)</b>	<b>7,000</b>	<b>250,537</b>	<b>108,616</b>	<b>-</b>	<b>(239,000)</b>	<b>(130,384)</b>
<b>Gross transfers between funds</b>	20	-	-	-	-	-	-	-	-
<b>Net income/(expenditure) for the year before other recognised gains and losses - carried forward</b>		<b>275,246</b>	<b>(31,709)</b>	<b>7,000</b>	<b>250,537</b>	<b>108,616</b>	<b>-</b>	<b>(239,000)</b>	<b>(130,384)</b>

The notes form part of these financial statements

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME & EXPENDITURE ACCOUNT**  
**AND STATEMENT OF OTHER COMPREHENSIVE INCOME)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Notes	31.3.18 Unrestricted Funds	31.3.18 Restricted Funds	31.3.18 Pension Adjustment Unrestricted	31.3.18 Total Funds	31.3.17 Unrestricted Funds	31.3.17 Restricted Funds	31.3.17 Pension Adjustment Unrestricted	31.3.17 Total Funds
	£	£	£	£	£	£	£	£
Net income/(expenditure) for the year before other recognised gains and losses – brought forward	275,246	(31,709)	7,000	250,537	108,616	-	(239,000)	(130,384)
Other recognised gains/(losses):								
Remeasurement gains/(losses) on defined benefit schemes 21	-	-	368,000	368,000	-	-	(463,000)	(463,000)
Net movement in funds	275,246	(31,709)	375,000	618,537	108,616	-	(702,000)	(593,384)
Shares issued	20	-	-	20	10	-	-	10
<b>RECONCILIATION OF FUNDS</b>								
Funds brought forward	<u>14,927</u>	<u>2,509,864</u>	<u>(2,133,000)</u>	<u>391,791</u>	<u>(93,699)</u>	<u>2,509,864</u>	<u>(1,431,000)</u>	<u>985,165</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>290,193</u></u>	<u><u>2,478,155</u></u>	<u><u>(1,758,000)</u></u>	<u><u>1,010,348</u></u>	<u><u>14,927</u></u>	<u><u>2,509,864</u></u>	<u><u>(2,133,000)</u></u>	<u><u>391,791</u></u>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes form part of these financial statements

**BALANCE SHEET**  
**AT 31 MARCH 2018**

		31.3.18 Total Funds £	31.3.18 Total Funds £	31.3.17 Total Funds £	31.3.17 Total Funds £
<b>FIXED ASSETS</b>	Notes				
Tangible assets	12		<u>3,321,437</u>		<u>3,517,878</u>
<b>CURRENT ASSETS</b>					
Stocks	13	103,624		105,269	
Debtors: amounts falling due within one year	14	862,279		570,299	
Cash at bank and in hand		<u>971,294</u>		<u>995,803</u>	
		1,937,197		1,671,371	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>(2,207,070)</u>		<u>(2,304,999)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(269,873)</u>		<u>(633,628)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,051,564		2,884,250
<b>CREDITORS</b>					
Amounts falling due more than one year	16		<u>(283,216)</u>		<u>(359,459)</u>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>2,768,348</u>		<u>2,524,791</u>

The notes form part of these financial statements




**BALANCE SHEET - CONTINUED**  
**AT 31 MARCH 2018**

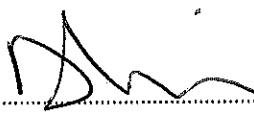
		31.3.18	31.3.18	31.3.17	31.3.17
		Total	Total	Total	Total
		Funds	Funds	Funds	Funds
		£	£	£	£
<b>PENSION LIABILITY</b>	Notes 21		1,758,000		2,133,000
<b>CHARITY FUNDS</b>					
Called up share capital		840		820	
Unrestricted funds		(1,468,647)		(2,118,893)	
Restricted fixed asset funds		6,240		6,240	
Restricted funds		<u>2,471,915</u>		<u>2,503,624</u>	
<b>TOTAL CHARITY FUNDS</b>	20		<u>1,010,348</u>		<u>391,791</u>
			<u>2,768,348</u>		<u>2,524,791</u>

The financial statements were approved and authorised by the Management Board on 4 September 2018 and were signed on its behalf by:

  
 .....  
 Mr K Fordham - Managing Director

  
 .....  
 Mr P Lacamp - Chairman

  
 .....  
 Mr S Gretton - Treasurer

  
 .....  
 Mrs A Simmons - Society Secretary

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>199,009</u>	<u>556,891</u>
<b>Net cash provided by operating activities</b>		<u>199,009</u>	<u>556,891</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(217,096)	(239,370)
Sale of tangible fixed assets		62,036	-
Interest received		<u>-</u>	<u>118</u>
<b>Net cash used in investing activities</b>		<u>(155,060)</u>	<u>(239,252)</u>
<b>Cash flows from financing activities:</b>			
New hire purchase in year		48,592	-
Loan repayments in year		(117,070)	(92,674)
Shares issued in year		<u>20</u>	<u>10</u>
<b>Net cash used in financing activities</b>		<u>(68,458)</u>	<u>(92,664)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		(24,509)	224,975
<b>Cash and cash equivalents at the beginning of the reporting period</b>	2	<u>995,803</u>	<u>770,828</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u><u>971,294</u></u>	<u><u>995,803</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
	31.3.18	31.3.17
	£	£
<b>Net income for the reporting period (as per the statement of financial activities)</b>	250,537	(130,384)
<b>Adjustments for:</b>		
Depreciation charges	317,945	266,839
Loss on disposal of fixed assets	33,555	-
Interest received	-	(118)
Notional interest charged	195,000	208,000
Notional interest donated	(140,000)	(156,000)
Decrease in stocks	1,645	4,838
Increase in debtors	(291,980)	(62,602)
(Decrease)/increase in creditors	(105,693)	239,318
Difference between pension charge and cash contributions	(65,000)	184,000
Pension administration expenses	3,000	3,000
<b>Net cash provided by operating activities</b>	<u>199,009</u>	<u>556,891</u>
<b>2. ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
	31.3.18	31.3.17
	£	£
Cash at bank and in hand	<u>971,294</u>	<u>995,803</u>
<b>Total cash and cash equivalents</b>	<u>971,294</u>	<u>995,803</u>

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

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The Society meets its day to day working capital requirements through financial support and management fee support from certain local authorities. The management fee is agreed on an annual basis. The management board expect this financial support to continue for the foreseeable future and therefore consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of its financial support by the local authorities.

Under Financial Reporting Standard 102 the deficit on the Society's pension scheme is included in the financial statements and the Society's reserves have therefore been reduced by the pension deficit creating net assets of £1,010,348 (2017: £391,791) at the year end. The management board continue to ensure that contributions to the pension scheme are made in accordance with the actuaries' recommendations.

The board are confident that the Society will continue to deliver positive cash flows during the new financial year and that the Society will be able to service its liabilities as and when they fall due. Accordingly, the management committee consider that the Society will manage its business risks successfully and therefore continue to adopt the going concern basis in preparing the annual report and accounts.

**Accounting convention**

The Society constitutes a Public Benefit Entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charitable entities preparing their accounts in accordance with the Financial Reporting Standard 102 published on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Co-operative and Community Benefit Society Act 2014. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

**Incoming resources**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. The Society has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Society;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees from Thanet District Council. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates.

**Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Society are recognised at their fair value being a reasonable estimate of the current market value that the Management Board would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**Company status**

The Society is a Co-operative and Community Benefit Society.

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

**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

Freehold property	- 6% on cost
Improvements	- 1% on cost and 5% on cost
Plant and equipment	- 16.67% and 20% on cost
Office equipment	- 20% on cost
Motor vehicles	- 20% on reducing balance

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives.

The interest element of these obligations is charged to the income and expenditure account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

**Stocks**

Inventories have been valued at the lower of cost and estimated selling price less costs to sell, using the FIFO method, after making due allowance for obsolete and slow moving items.

**Pension costs and other post-retirement benefits**

The society operates a pension scheme providing benefits based on final pensionable pay. Contributions to the defined benefit scheme are charged to the income and expenditure account in order to allocate the cost of providing the pensions recognising any actuarial surplus or deficiency (where appropriate), over the working lives of the relevant employees as assessed in accordance with the advice of a professionally qualified actuary.

The assets of the scheme are held separately in an independently administered fund.

**Grants Receivable and Management Fees**

Grants receivable and management fees in respect of a specified period relating to the general activities of the society are recognised in the income and expenditure account in the period in which they become receivable. Capital grants are treated as deferred income and are credited to the income and expenditure account by instalments over the expected useful life of the related asset on a basis consistent with the depreciation policy.

**Service Concession Arrangements**

The society has a service contract with a Local Authority for the maintenance and operation of leisure centres owned by the Authority to which it has lease and management service contracts. The Authority has the rights under the contract to specify the activities offered by the centres and has influence on the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contracts specify minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

The buildings and plant at the centre are leased to the society as part of the overall contractual relationship with the Authority but the Authority maintains ultimate control of these assets. Accordingly the access which the society has in the use of these assets is to enable it to operate the leisure facilities, so that the society can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the society's balance sheet.

*Receipts*

The society, receives an agreed payment from the Authority each year which may in 'certain' cases be adjusted by inflation and can be reduced if the society fails to meet availability and performance standards in any year but which is otherwise fixed.

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

**1. ACCOUNTING POLICIES - continued**

**Fund accounting**

Unrestricted funds are available for use at the discretion of the management board, in furtherance of the general objectives of the Society. All income and expenditure is shown in the Statement of Financial Activities. Restricted funds can only be used in accordance with the donor's instructions for agreed programmes of work and cannot therefore form part of the unrestricted funds that are under the control of the Society's management board.

**Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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 the resources. Resources expended include attributable VAT which can not be recovered.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Society's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management consider the following to be key sources of estimation uncertainty which would have a significant effect on the amounts recognised in the financial statements:

A number of actuarial assumptions are used to quantify the Group's pension liability in respect of defined benefit pension schemes. Further information concerning these assumptions can be found in note 21.

**Financial instruments**

The society 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 on hand.

**c) 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 or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**2. COMPENSATION**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total Funds 2018 £	Total funds 2017 £
Compensation for early termination of contract	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>

£200,000 compensation was received for the early surrender of the lease on Dover Leisure Centre with Dover District Council.

**3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Operation of leisure centres	8,852,858	141,204	8,994,062	8,923,423
Management fees	844,010	-	844,010	955,351
Grants	<u>-</u>	<u>97,184</u>	<u>97,184</u>	<u>-</u>
Total	<u>9,696,868</u>	<u>238,388</u>	<u>9,935,256</u>	<u>9,878,774</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total Funds 2018 £	Total funds 2017 £
Deposit account interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>118</u>

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

**5. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £	
<b>Summary by fund type</b>					
Operation of leisure centres	<u>9,711,806</u>	<u>172,913</u>	<u>9,884,719</u>	<u>10,009,276</u>	
Total	<u>9,711,806</u>	<u>172,913</u>	<u>9,884,719</u>	<u>10,009,276</u>	
	Staff costs 2018 £	Direct costs 2018 £	Support costs 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Summary by expenditure type</b>					
Operation of leisure centres	<u>4,773,400</u>	<u>1,658,939</u>	<u>3,452,380</u>	<u>9,884,719</u>	<u>10,009,276</u>
Total	<u>4,773,400</u>	<u>1,658,939</u>	<u>3,452,380</u>	<u>9,884,719</u>	<u>10,009,276</u>

**6. SUPPORT COSTS**

Included in support costs of £3,452,380 as stated in note 5 above are costs as follows:

	31.3.18 £	31.3.17 £
Premises costs	1,210,515	1,115,285
Hire of equipment	37,668	40,712
Advertising and marketing	161,201	208,837
Legal and professional fees	31,941	9,932
Repairs and renewals	1,021,928	1,037,438
Office administration	113,256	117,849
Irrecoverable VAT	224,934	233,138
Finance costs	47,073	77,246
Licences and insurance	238,054	225,365
Governance costs	12,600	12,600
Other costs	<u>353,210</u>	<u>351,551</u>
	<u>3,452,380</u>	<u>3,429,953</u>

All support costs relate to the sole activity of the Charitable Company, being the provision of leisure, recreation and wellbeing services. Governance costs are made up of auditor's remuneration of £12,600 (2017: £12,600).

**7. NET INCOME/(EXPENDITURE)**

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

	31.3.18 £	31.3.17 £
Auditors' remuneration	12,600	12,600
Depreciation - owned assets	221,130	192,513
Depreciation - assets on hire purchase contracts and finance leases	96,815	74,326
Hire of plant and machinery	<u>37,668</u>	<u>40,712</u>



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

**8. AUDITORS REMUNERATION**

The auditor's remuneration amounts to an audit fee of £12,600 (2017: £12,600).

**9. TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND BENEFITS**

	31.3.18	31.3.17
	£	£
Management board remuneration	<u>234,818</u>	<u>263,005</u>

The number of members of the management board to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>5</u>	<u>2</u>
-------------------------	----------	----------

The members of the management board neither received nor waived any remuneration during the year (2017: £Nil) other than that received as an employee of the society.

The total amount of employee benefits received by key management personnel based on the Corporate Management Team roles is £290,748 (2017: £334,130).

**Trustees' expenses**

Expenses paid for the year ended 31 March 2018 were £430.08 (2017: £921.10.)

**10. STAFF COSTS**

	31.3.18	31.3.17
	£	£
Wages and salaries	4,497,133	4,286,107
Social security costs	237,708	234,076
Pension adjustments	(65,000)	184,000
Other pension costs	<u>103,559</u>	<u>130,990</u>
	<u>4,773,400</u>	<u>4,835,173</u>

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

	31.3.18	31.3.17
Full time	208	212
Part time	<u>245</u>	<u>250</u>
	<u>453</u>	<u>462</u>

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

**10. STAFF COSTS- continued**

Details of employees earning in excess of £60,000 (for the year):

	31.3.18	31.3.17
£60,000 - £70,000	1	1
£70,000 - £80,000	-	1

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing:

	31.3.18	31.3.17
	1	1

No board member received any allowance for attendance. The emoluments shown are the salaries of those board members who are employees of the society.

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.3.18	31.3.17
	£	£
Finance charges payable under finance leases	22,707	21,707
Interest and admin expenses on net defined benefit pension liability	58,000	55,000
Bank charges	47,073	77,246
	<u>127,780</u>	<u>153,953</u>

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

**12. TANGIBLE FIXED ASSETS**

	Freehold Property £	Long Leasehold £	Leasehold Improvements £	Plant and Equipment £
<b>COST</b>				
At 1 April 2017	60,000	2,478,193	250,739	2,195,617
Additions	-	-	-	213,086
Disposals	-	-	(4,669)	(148,607)
At 31 March 2018	<u>60,000</u>	<u>2,478,193</u>	<u>246,070</u>	<u>2,260,096</u>
<b>DEPRECIATION</b>				
At 1 April 2017	-	101,060	136,855	1,268,955
Charge for year	12,000	25,266	12,219	247,836
Eliminated on disposal	-	-	(1,167)	(62,348)
At 31 March 2018	<u>12,000</u>	<u>126,326</u>	<u>147,907</u>	<u>1,454,443</u>
<b>NET BOOK VALUE</b>				
At 31 March 2018	<u>48,000</u>	<u>2,351,867</u>	<u>98,163</u>	<u>805,653</u>
At 31 March 2017	<u>60,000</u>	<u>2,377,133</u>	<u>113,884</u>	<u>926,662</u>

	Office Equipment £	Motor Vehicles £	Totals £
<b>COST</b>			
At 1 April 2017	343,152	31,089	5,358,790
Additions	4,010	-	217,096
Disposals	(33,788)	-	(187,064)
At 31 March 2018	<u>313,374</u>	<u>31,089</u>	<u>5,388,822</u>
<b>DEPRECIATION</b>			
At 1 April 2017	304,557	29,485	1,840,912
Charge for year	20,306	318	317,945
Eliminated on disposal	(27,957)	-	(91,472)
At 31 March 2018	<u>296,906</u>	<u>29,803</u>	<u>2,067,385</u>
<b>NET BOOK VALUE</b>			
At 31 March 2018	<u>16,468</u>	<u>1,286</u>	<u>3,321,437</u>
At 31 March 2017	<u>38,595</u>	<u>1,604</u>	<u>3,517,878</u>

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

**12. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and Equipment £	
<b>COST</b>		
At 1 April 2017	416,092	
Additions	143,344	
Disposals	<u>(107,724)</u>	
At 31 March 2017	<u>451,712</u>	
 <b>DEPRECIATION</b>		
At 1 April 2017	92,010	
Charge for year	96,815	
Eliminated on disposal	<u>(41,205)</u>	
At 31 April 2017	<u>147,620</u>	
 <b>NET BOOK VALUE</b>		
At 31 March 2017	<u>304,092</u>	
At 31 March 2017	<u>324,082</u>	
 <b>13. STOCKS</b>		
	31.3.18	31.3.17
	£	£
Goods for resale	<u>103,624</u>	<u>105,269</u>
 <b>14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	31.3.18	31.3.17
	£	£
Trade debtors	447,961	124,060
Other debtors	17,727	43,592
Prepayments	<u>396,591</u>	<u>402,647</u>
	<u>862,279</u>	<u>570,299</u>
 <b>15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	31.3.18	31.3.17
	£	£
Loan (see notes 17 and 19)	18,182	18,182
Hire purchase (see note 18)	87,767	80,003
Trade creditors	362,047	551,160
Other taxes and PAYE	172,199	165,876
Other creditors	55,384	65,082
Accruals and deferred income	<u>1,511,491</u>	<u>1,424,696</u>
	<u>2,207,070</u>	<u>2,304,999</u>

Details of leasing arrangements are provided in note 18.

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

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred income	31.3.18	31.3.17
	£	£
Deferred income brought forward	1,312,025	1,293,947
Resources deferred in the year	1,284,875	1,312,025
Amounts released from previous years	<u>(1,312,025)</u>	<u>(1,293,947)</u>
Deferred income carried forward	<u>1,284,875</u>	<u>1,312,025</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.18	31.3.17
	£	£
Other loans - 1-2 years (see notes 17 and 19)	18,182	18,182
Other loans - 2-5 years (see notes 17 and 19)	90,909	109,091
Hire purchase (see note 18)	<u>174,125</u>	<u>232,186</u>
	<u>283,216</u>	<u>359,459</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	31.3.18	31.3.17
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>18,182</u>	<u>18,182</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>18,182</u>	<u>18,182</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>90,909</u>	<u>109,091</u>

**18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

Hire purchase contracts primarily relate to gym equipment.

	31.3.18	31.3.17
	£	£
Net obligations repayable:		
Within one year	80,003	80,003
Between one and five years	<u>152,183</u>	<u>232,186</u>
	<u>232,186</u>	<u>312,189</u>

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

**19. CONCESSIONARY LOANS PAYABLE**

	31.3.18	31.3.17
	£	£
Thanet District Council	<u>127,273</u>	<u>145,455</u>

The Thanet District Council Loan terms of repayment are yearly payments of £18,182 and is interest free.

**20. MOVEMENT IN FUNDS**

	At 1.4.17	Net movement	Transfers	At 31.3.18
	£	in funds	between funds	£
		£	£	
<b>Unrestricted funds</b>				
General fund	(13,493)	275,246	(4,800)	256,953
Pension liability	(2,133,000)	375,000	-	(1,758,000)
Tennis Court Sinking Fund	27,600	-	4,800	32,400
Share Capital	820	20	-	840
	<u>(2,118,073)</u>	<u>650,266</u>	<u>-</u>	<u>(1,467,807)</u>
<b>Restricted fixed asset funds</b>				
Cycle Club	6,240	-	-	6,240
<b>Restricted funds</b>				
Centenary Fund	843	-	-	843
Cycle Club	10,559	-	-	10,559
Dover Sea Sports Centre	2,393,826	(31,709)	-	2,362,117
Secret Jungle	72,431	-	-	72,431
Ageless Thanet	23,885	-	-	23,885
Streetgames	2,080	-	-	2,080
	<u>2,503,624</u>	<u>(31,709)</u>	<u>-</u>	<u>2,471,915</u>
<b>TOTAL FUNDS</b>	<u>391,791</u>	<u>618,557</u>	<u>-</u>	<u>1,010,348</u>

Net movement in funds, included in the above are as follows:

	Incoming	Resources	Gains and	Movement in
	resources	expended	losses	funds
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	9,896,868	(9,621,622)	-	275,246
Pension liability	-	7,000	368,000	375,000
Share Capital	20	-	-	20
	<u>9,896,888</u>	<u>(9,614,622)</u>	<u>368,000</u>	<u>650,266</u>
<b>Restricted funds</b>				
Ageing Better Project	141,204	(141,204)	-	-
Bikeability	23,450	(23,450)	-	-
Get Out Get Active	25,521	(25,521)	-	-
Specialist Holidays	48,213	(48,213)	-	-
Dover Sea Sports Centre	-	(31,709)	-	(31,709)
	<u>238,388</u>	<u>(270,097)</u>	<u>-</u>	<u>(31,709)</u>
<b>TOTAL FUNDS</b>	<u>10,135,276</u>	<u>(9,884,719)</u>	<u>368,000</u>	<u>618,557</u>

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

**20. MOVEMENT IN FUNDS- continued**

**RESTRICTED FUND – CENTENARY FUND**

The Centenary Fund was set up to provide additional revenues for refurbishment of the Winter Gardens and raise awareness of the venues centenary in August 2011. The remaining balance was spent on further roof repairs and updating the current sound system until the refurbishment project is finalised and confirmed.

**RESTRICTED FUND – CYCLE CLUB**

The monies were received on the condition that Your Leisure Kent Limited continues a disability cycle service.

**RESTRICTED FUND – DOVER SEA SPORTS CENTRE**

The lease and operations of the Dover Sea Sports Centre was transferred to the society on 31 March 2013. The restricted fund represents the assets and liabilities transferred at that date.

**RESTRICTED FUND – CHILDREN IN NEED**

This fund is to operate the Inspirations Inclusive Youth Theatre Group which is linked to the Theatre Royal and provides weekly drama sessions for the disabled and young people with special needs

**RESTRICTED FUND – SECRET JUNGLE**

This Big Lottery funded project was previously managed by the Children's Society and transferred to Your Leisure in December 2014. The garden is situated in Northdown Park and provides a safe play environment for young persons with special needs and their families - workshops and fun days are provided throughout the year

**RESTRICTED FUND – AGELESS THANET**

This fund is to run a range of activities (cultural, physical and artistic) to improve the physical and mental wellbeing of vulnerable older people in Thanet.

**RESTRICTED FUND – STREET GAMES**

This fund is to make sport more widely available for disadvantaged young people and to maximize the power of sport to change young lives and to change disadvantaged communities.

**RESTRICTED FUND – SPORTIVATE**

This fund is to encourage semi sporty 11-25 year olds to participate in more fitness activities.

**UNRESTRICTED FUND – TENNIS COURT SINKING FUND**

Following the provision of the new tennis courts at Tides Leisure Centre, Dover District Council requires a sinking fund to be established of £4,800 per annum from the date of completion of the courts. A transfer has been made from unrestricted general funds to the Tennis Court Sinking Fund during the current year for this purpose.

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

**21. EMPLOYEE BENEFIT OBLIGATIONS**

The Charitable Company operates a defined benefit pension scheme which is funded. The pension scheme is administered by Kent County Council.

The pension costs and provision for the year ending 31 March 2018 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2016.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Present value of funded obligations	(7,115,000)	(7,299,000)
Fair value of plan assets	<u>5,357,000</u>	<u>5,166,000</u>
Deficit in the scheme	<u>(1,758,000)</u>	<u>(2,133,000)</u>
Net liability	<u>(1,758,000)</u>	<u>(2,133,000)</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Current service cost	84,000	265,000
Interest cost	195,000	208,000
Interest on assets	(140,000)	(156,000)
Administrative expenses	<u>3,000</u>	<u>3,000</u>
	<u>142,000</u>	<u>320,000</u>
Actual return on plan assets	<u>179,000</u>	<u>881,000</u>



**NOTES TO THE 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	
	31.3.18	31.3.17
	£	£
Defined benefit obligation	7,299,000	5,604,000
Current service cost	84,000	94,000
Contributions by scheme participants	15,000	74,000
Interest cost	195,000	208,000
Change in financial assumptions	(329,000)	1,354,000
Estimated benefits paid net of transfers in	(149,000)	(64,000)
Experience loss/(gain)	-	(58,000)
Change in demographic assumptions	-	(84,000)
Past service costs	-	171,000
	<u>7,115,000</u>	<u>7,299,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Fair value of scheme assets	5,166,000	4,173,000
Contributions by employer	149,000	81,000
Contributions by scheme participants	15,000	74,000
Interest on assets	140,000	156,000
Return on assets less interest	39,000	725,000
Benefits paid	(149,000)	(64,000)
Administrative expenses	(3,000)	(3,000)
Other actuarial gains/(losses)	-	24,000
	<u>5,357,000</u>	<u>5,166,000</u>

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

	Defined benefit pension plans	
	31.3.18	31.3.17
	£	£
Actuarial gains/(losses)	<u>368,000</u>	<u>(463,000)</u>
Cumulative amount of actuarial gains/(losses)	<u>(1,192,000)</u>	<u>(1,560,000)</u>

**NOTES TO THE 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	
	31.3.18	31.3.17
Equities	67%	71%
Gilts	1%	1%
Bonds	10%	10%
Property	13%	12%
Cash	3%	3%
Target return portfolio	7%	4%

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

	31.3.18	31.3.17
Discount rate	2.55%	2.70%
Future salary increases	3.80%	4.20%
Future pension increases	2.30%	2.70%
Price increases	2.30%	2.70%

Amounts for the current and previous periods are as follows:

	31.3.18	31.3.17	31.3.16	31.3.15	31.3.14
<b>Defined benefit obligation</b>					
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(7,115,000)	(7,299,000)	(5,604,000)	(5,812,000)	(4,302,000)
Fair value of scheme assets	5,357,000	5,166,000	4,173,000	4,090,000	3,643,000
Deficit	(1,758,000)	(2,133,000)	(1,431,000)	(1,722,000)	(659,000)

**22. RELATED PARTY DISCLOSURES**

There was one related party transaction for the year ended 31 March 2018. Following Board approval Simon Gretton (Treasurer) was commissioned through his company Powerful Outcomes Ltd to provide accountancy support for the business and more significantly work with the management team to compile a tender bid for the management of the Dover Leisure Centre Management Contract. Powerful Outcomes Ltd were paid £12,120 including Vat.

**23. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the management board.