

KINGS OF WESSEX FITNESS AND LEISURE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 AUGUST 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	5	180,833	98,323
		<u>180,833</u>	<u>98,323</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	107,559	81,073
Current asset investments	7	-	106,504
Bank and cash balances		183,299	587,030
		<u>290,858</u>	<u>774,607</u>
Creditors: amounts falling due within one year	8	(96,711)	(501,476)
NET CURRENT ASSETS		<u>194,147</u>	<u>273,131</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>374,980</u>	<u>371,454</u>
Pension liability		(541,000)	(468,000)
NET LIABILITIES		<u>(166,020)</u>	<u>(96,546)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account		(166,021)	(96,547)
		<u>(166,020)</u>	<u>(96,546)</u>

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr B Kirkup
Director

Date: 14 December 2020

The notes on pages 2 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. GENERAL INFORMATION

Kings of Wessex Fitness and Leisure Limited is a private company limited by shares registered in England and Wales. The registered address is Station Road, Cheddar, Somerset, BS27 3AQ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Wessex Learning Trust as at 31 August 2020 and these financial statements may be obtained from the registered office.

2.3 GOING CONCERN

The company is dependent on its parent company, Wessex Learning Trust for financial support. The Directors have carefully considered the recent Covid-19 events and have taken actions to mitigate the financial impact of the closure of the centre during lockdown and prospectively a reduced operating capacity for the foreseeable future. This assessment has considered resources available and likely future cash flows at the date of approving these financial statements.

Based on the above the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. With this in mind, the Director's believe that the going concern basis remains appropriate for the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

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

2.6 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.9 PENSIONS

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

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

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

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

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

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

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 TANGIBLE FIXED ASSETS

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-
	20% Straight Line
Fixtures and fittings	-
	20% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 14, 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 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Company obtains use of fixed assets as lessee. The classification of such leases as operating or finance leases requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

4. **EMPLOYEES**

The average monthly number of employees, including directors, during the year was 68 (2019: 53).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 September 2019	-	177,485	177,485
Additions	19,494	118,110	137,604
At 31 August 2020	19,494	295,595	315,089
DEPRECIATION			
At 1 September 2019	-	79,162	79,162
Charge for the year on owned assets	3,899	51,195	55,094
At 31 August 2020	3,899	130,357	134,256
NET BOOK VALUE			
At 31 August 2020	15,595	165,238	180,833
At 31 August 2019	-	98,323	98,323

6. DEBTORS

	2020 £	2019 £
Other debtors	7,946	11,246
Prepayments and accrued income	7,989	9,083
Deferred taxation	91,624	60,744
	107,559	81,073

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Fixed term deposits	-	106,504
	<u>-</u>	<u>106,504</u>

Fixed term deposits represent cash funds held in unbreakable interest bearing fixed term accounts redeemable between three months and one year.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Overdrafts owed to credit institutions	126	126
Trade creditors	11,849	25,092
Amounts owed to group undertakings	27,592	300,000
Corporation tax	-	21,700
Taxation and social insurance	4,752	6,169
Other creditors	18,008	16,277
Deferred income	34,384	132,112
	<u>96,711</u>	<u>501,476</u>

9. DEFERRED TAXATION

	2020 £
At beginning of year	60,744
Charged to profit or loss	30,880
AT END OF YEAR	<u>91,624</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Pension deficit	91,624	60,744
	<u>91,624</u>	<u>60,744</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2019: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

11. PENSION COMMITMENTS

The Company operates a Defined Benefit Pension Scheme.

The pension cost and provision for the year ending 31 August 2020 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 August 2016.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	919,000	649,000
Current service cost	97,000	76,000
Interest income	17,000	18,000
Actuarial gains/losses	-	148,000
Contributions	19,000	17,000
Benefits paid	(12,000)	(11,000)
Past service cost	42,000	22,000
AT THE END OF THE YEAR	<u>1,082,000</u>	<u>919,000</u>

Composition of plan liabilities:

TOTAL PLAN LIABILITIES

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	451,000	388,000
Interest income	9,000	12,000
Actuarial gains/losses	33,000	4,000
Contributions	62,000	59,000
Benefits paid	(12,000)	(11,000)
Administration expense	(2,000)	(1,000)
AT THE END OF THE YEAR	<u>541,000</u>	<u>451,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2020 £	2019 £
Equities	379,000	319,000
Bonds	89,000	68,000
Property	44,000	38,000
Cash	29,000	28,000
TOTAL PLAN ASSETS	541,000	453,000
	2020 £	2019 £
Fair value of plan assets	541,000	451,000
Present value of plan liabilities	(1,082,000)	(919,000)
NET PENSION SCHEME LIABILITY	(541,000)	(468,000)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	(97,000)	(76,000)
Interest on obligation	(17,000)	(18,000)
Interest income on plan assets	7,000	11,000
Past service cost	(42,000)	(22,000)
TOTAL	(149,000)	(105,000)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2020 %	2019 %
Discount rate at 31 August	1.7	1.9
Future salary increases	3.15	3.65
Future pension increases	2.15	2.15
Inflation assumption	2.15	2.15
Mortality rates		
- for a male aged 65 now	23.3 years	22.7 years
- at 65 for a male aged 45 now	24.7 years	24.0 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. PENSION COMMITMENTS (CONTINUED)

- for a female aged 65 now	24.7 years	23.8 years
- at 65 for a female member aged 45 now	<u>26.2 years</u>	<u>25.3 years</u>

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained within FRS 102 (section 33.1A) from disclosing transactions with fellow group companies.

At the balance sheet date the company owed £27,592 (2019: £300,000) to Wessex Learning Trust, the ultimate parent company.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Ultimate Parent Undertaking is Wessex Learning Trust, an exempt charity incorporated in England and Wales.

There is no Ultimate Controlling Party.

14. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 August 2020 was unqualified.

The audit report was signed on 17 December 2020 by Simon Morrison FCA (Senior Statutory Auditor) on behalf of Bishop Fleming Bath Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.