

KINGS OF WESSEX FITNESS AND LEISURE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 AUGUST 2019

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	5	98,323	96,723
		98,323	96,723
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	81,073	93,061
Current asset investments	7	106,504	104,365
Bank and cash balances		587,030	456,100
		774,607	653,526
Creditors: amounts falling due within one year	8	(501,476)	(472,895)
NET CURRENT ASSETS		273,131	180,631
TOTAL ASSETS LESS CURRENT LIABILITIES		371,454	277,354
Pension liability		(468,000)	(261,000)
NET (LIABILITIES)/ASSETS		(96,546)	16,354
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account		(96,547)	16,353
		(96,546)	16,354

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 August 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 2019**

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 judgment 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 2019 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. Wessex Learning Trust holds a designated reserve within unrestricted funds of £872,615 (2018: £872,615) which represents the historic funds generated by the Leisure Centre prior to becoming a separate company.

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 2019

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 the Statement of comprehensive income 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 the Statement of comprehensive income 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 the Statement of comprehensive income using the effective interest method.

2.8 BORROWING COSTS

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019

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 the Statement of comprehensive income, 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:

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 the Statement of comprehensive income.

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 2019

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 the Statement of comprehensive income 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. 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 the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 the Statement of comprehensive income.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3.

JUDGMENTS 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 53 (2018: 45).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST OR VALUATION	
At 1 September 2018	140,388
Additions	37,097
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At 31 August 2019	177,485
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DEPRECIATION	
At 1 September 2018	43,665
Charge for the year on owned assets	35,497
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At 31 August 2019	79,162
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NET BOOK VALUE	
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At 31 August 2019	98,323
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At 31 August 2018	96,723
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6. DEBTORS

	2019 £	2018 £
Other debtors	11,246	23,234
Prepayments and accrued income	9,083	9,083
Deferred taxation	60,744	60,744
	<hr/>	<hr/>
	81,073	93,061
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Fixed term deposits	106,504	104,365
	<u>106,504</u>	<u>104,365</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

	2019 £	2018 £
Overdrafts owed to credit institutions	126	126
Trade creditors	25,092	36,206
Amounts owed to group undertakings	300,000	358,183
Corporation tax	21,700	-
Taxation and social insurance	6,169	5,448
Other creditors	16,277	16,773
Deferred income	132,112	56,159
	<u>501,476</u>	<u>472,895</u>

9. DEFERRED TAXATION

	2019 £
At beginning of year	60,744
Charged to other comprehensive income	-
AT END OF YEAR	<u>60,744</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Pension surplus	60,744	60,744
	<u>60,744</u>	<u>60,744</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2018: 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 2019 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 August 2019.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	650,000	663,000
Current service cost	76,000	76,000
Interest income	18,000	17,000
Actuarial gains/losses	148,000	(72,000)
Contributions	17,000	15,000
Benefits paid	(11,000)	(49,000)
Past service cost	<u>22,000</u>	<u>-</u>

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	389,000	361,000
Interest income	12,000	9,000
Actuarial gains/losses	4,000	16,000
Contributions	59,000	53,000
Benefits paid	(11,000)	(49,000)
Administration expense	<u>(1,000)</u>	<u>(1,000)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2019 £	2018 £
Equities	319,000	278,000
Bonds	68,000	57,000
Property	38,000	34,000
Cash	28,000	21,000
TOTAL PLAN ASSETS	453,000	390,000

	2019 £	2018 £
Fair value of plan assets	452,000	389,000
Present value of plan liabilities	(920,000)	(650,000)
NET PENSION SCHEME LIABILITY	(468,000)	(261,000)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Current service cost	(76,000)	(76,000)
Interest on obligation	(18,000)	(17,000)
Interest income on plan assets	11,000	8,000
Past service cost	(22,000)	-
TOTAL	(105,000)	(85,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate at 31 August	1.9	2.8
Future salary increases	3.65	3.75
Future pension increases	2.15	2.25
Inflation assumption	2.15	2.25
Mortality rates		
- for a male aged 65 now	22.7 years	24.0 years
- at 65 for a male aged 45 now	24.0 years	25.1 years
- for a female aged 65 now	23.8 years	26.2 years
- at 65 for a female member aged 45 now	25.3 years	27.4 years

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 £300,000 (2018: £358,183) 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 2019 was unqualified.

The audit report was signed on 17 August 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.