

Sentinel Leisure Trust
Company limited by guarantee
Consolidated annual report and financial statements
For the year ended 31 March 2017

Company Registration Number 07521701

Charity Number 1147896

Sentinel Leisure Trust
Company limited by guarantee
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Year ended 31 March 2017

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Sentinel Leisure Trust

Company limited by guarantee

Trustees' Annual Report

Year ended 31 March 2017

The Trustees present their report and audited consolidated financial statements of the charity and group for the year end 31 March 2017 which are also prepared to meet the requirements for a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, Companies Act 2006, the memorandum & articles of association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Reference and Administrative Details

Charity name	Sentinel Leisure Trust
Company number	07521701
Charity number	1147896
Registered address	Waterlane Leisure Centre Water Lane Lowestoft Suffolk NR32 2NH
Trustees	Mr A Wilson-Sutter (Chairman) Mr J Annis (appointed 8 March 2017) Mr A Cook Mrs K Grant Mr K Ibbetson Mr M Jeal (appointed 9 June 2017) Mrs J Murray Mr J Starling Mr B Williamson (appointed 9 June 2017) Ms K Stenhouse (resigned 11 April 2017) Mr C Walch (resigned 28 March 2017) Mr T Wainwright (resigned 20 May 2016)
Managing Director	Mr S Everett
Bankers	National Westminster Bank Plc 53 London Road North Lowestoft Suffolk NR32 1BJ
Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
Auditor	Lovewell Blake LLP Chartered Accountants & Statutory Auditor Bankside 300 Peachman Way Broadland Business Park Norwich Norfolk NR7 0LB

Sentinel Leisure Trust
Company limited by guarantee
Trustees' Annual Report (continued)
Year ended 31 March 2017

Objectives and activities

The Trust was established for the public benefit, primarily for the community and visitors to Lowestoft and Waveney with the following purposes:

- To provide or assist in the provision of facilities in the interests of social welfare for the recreation or other leisure time occupation in the interest of social welfare; and
- To provide services that promote safe use of facilities and to provide relief to those in need of help where required.
- To provide community participation in all forms of healthy recreation.

During the period the Trust has carried out these objectives through the provision of a range of leisure and recreation services at its main operational facilities of Waterlane Leisure Centre in Lowestoft and Bungay Pool and Gym in Bungay.

The Trustees confirm that they have reviewed the Charity Commission guidelines on public benefit and consider a public benefit is provided through its objects and supported by its vision, aim and objectives.

Objectives

Vision: To ensure that the leisure services delivered contribute directly to:
"Delivering the best quality leisure opportunities for all".

Aim: To provide and maintain financially sustainable, good quality services, that maximise opportunities to participate in leisure activities, across all sectors of the community, whilst balancing the needs of user groups and helping to address health inequalities.

Strategic objectives

1. **Improve performance** by demonstrating value for money to stakeholders, improving service standards and ensuring financial sustainability;
2. **Improve participation** in leisure activities by meeting customer needs;
3. **Promote** services effectively and manage the reputation of the Trust and its partners;
4. **Improve access** to services, providing clear relevant information, effective marketing, appropriate signage and identity that instils a sense of pride;
5. **Develop services** by assisting with new projects, investing in service developments and maintaining good quality services and products.

Sentinel Leisure Trust

Company limited by guarantee

Trustees' Annual Report (continued)

Year ended 31 March 2017

Achievements and Performance

The past twelve months have been a very successful trading period for the Trust.

In 2014/15 the Trust set a 5 year strategic plan to explore new business opportunities to grow income in support of the Trust's 5 year Medium Term Financial Plan. This year's activity has built upon the foundations laid in previous years and continued our success and growth.

This year the Trust has delivered against a number of its key objectives and achieved a significant growth in business activity. This has seen a substantial increase in turnover whilst still ensuring correct control on expenditure.

Key achievements and new business growth include

- Very successful launch of the newly refurbished (£2.1m) Phoenix Pool and Gym in Bradwell. The Trust delivered year 3 financial targets within 6 months of opening.
- successful growth of the new fitness centre and swimming pool in Oulton Broad with strong results in health and fitness and swim lessons
- Achieved growth of contracts within the consultancy business, leading to work within England, Scotland, Ireland and scoping opportunities within Europe
- Commenced the operation of two new pools in Stalham and Waterside.
- Successful in being contracted to Deliver Sports, Leisure and Play services on behalf of Waveney District Council and Great Yarmouth Borough Council. Both represent contracts worth circa £1m over the length of the partnership.
- Developed Sentinel Education to deliver post 16 community education both locally and nationally. Target to deliver education in over 50 sites nationally within 5 years. This target is supported with exciting partnerships to deliver education in Football Association St
- Completion of the beach hut expansion project in Pakefield which is on target to generate a minimum £800k extra revenue over the length of the project.

However one area of business growth that was expected to be achieved within the financial year was Health and Fitness at Waterlane. This has been reduced due to the opening of a number of low cost gyms within the area and restrictions to access to the site. However we have developed a retention and marketing plan which we are confident will reverse the reduction coupled with anticipated £330k investment to improve access to and the quality of the facility.

Making the most of our charitable position the Trust has continued to grow its delivery of health improvement initiatives and developed partnerships with key local health organisations. This has resulted in over 1000 health based activities being delivered in the local community. Noticeably the Trust has developed its Changing Lives and Making memories scheme, which support local residents in need.

This Trust has continued to deliver a key Sport England programme which will see over £300,000 of investment in local community based exercise programmes. This again shows the Trusts commitment to improving the health and wellbeing of its local communities.

Financial Review

The Trust had a very successful trading period and recorded a profit of £259,929. This position was achieved through a growth in income across all areas of the business.

The Trust recorded significant growth in both Charitable and non-Charitable income sources which covers areas of the business including, Health and fitness, Swimming, Soft play, Sports facility hire, Moorings, Beach services and consultancy. The Trust achieved a £497,206 growth in income, from £5,376,311 in 2015/16 to £5,873,517 in 2016/17

The Trust has continued to support our key partners to achieve their medium term plans by either reducing the management fee payable to SLT or increasing the fee payable to the Authority. This position reflects our stance as a partner who continues to support.

Sentinel Leisure Trust

Company limited by guarantee

Trustees' Annual Report (continued)

Year ended 31 March 2017

Financial review (continued)

Expenditure has increased but in line with expectations to support the projected growth in business. Overall expenditure increased by £405,023.

Salary expenditure was controlled and in line with expectation despite the launch of the Phoenix Pool and Gym and its successful growth in income. Salary costs currently sits at 50.7% of turnover which is very favourable when compared to industry standards.

Reserves policy

The Trust's reserve policy is set to achieve three times the monthly salary commitment. This currently sits at £750,000. As at the 31 March 2017 the Trust had unrestricted net liabilities in excess of net assets, including designated funds, of £39,257 (2016: £297,395).

Restricted funds totalled £6,458 (2016: £10,361) at the year end.

The Trust medium term financial plan predicts this will be achieved within 4 years.

Plans for the Future

As planned, 2016/17 has seen successful growth and diversification by the Trust to improve resilience, group profits and balance sheet. The continued focus for the future is to ensure these business opportunities continue to grow and develop to ensure maximum potential.

The Trust focus will be on delivering major projects in partnership with our contracting Local Authorities which will see major growth and development in our existing leisure sites. It's anticipated that this focus will support both authorities with their increasing budget challenges.

In addition to these projects the Trust's aim is to work on the following key areas over the coming months:

- Deliver of our education courses, apprentices and football scholarships throughout the country, with specific reference to adult learning and SGP FA sites
- Expand on our community health and charity work locally to ensure we deliver our key corporate objectives.
- Develop our consultancy business to deliver new contracts both locally and nationally to ensure income growth that will support local investment
- Look to significantly reduce the cost of Leisure to our Local Authority partners by exploring the option of asset transfer
- Look to acquire local leisure assets to increase our portfolio
- Lead on the operation and support the development of new sports facilities in Halesworth.

Structure, Governance and Management

Governing document

Sentinel Leisure Trust was incorporated on 8 February 2011 and registered with the Charity Commission on 29 June 2012. Sentinel Leisure Trust is a company limited by guarantee and governed by its Memorandum and Articles of Association.

Recruitment and appointment of trustees

Trustees shall be persons through residence, occupation, employment or otherwise have special knowledge of the area of benefit or who are otherwise able by virtue of their personal or professional qualifications to make a contribution to the pursuit of the objects of the charity.

Under the Memorandum and Articles of Association the Board shall consist of at least four individuals and up to eleven. The Board should be comprised of up to nine Community Trustees plus two individuals nominated by the Local Authority.

Trustees are directors of the company for the purpose of company law. All trustees as at the date of this report and whom held office throughout the year are shown on page 1.

Trustee induction and training

On appointment the trustees are provided with:

- The charity's Memorandum and Articles of Association
- 5 year strategy plan and annual business plan
- Key roles in the Company structure
- Trustee person specification

Sentinel Leisure Trust

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Trustees' Annual Report (continued)

Year ended 31 March 2017

Risk Management

The Trustees have reviewed the major risks to which the Trust is exposed, in particular those associated with its operation and sustainability. This Corporate Risk Register is reviewed monthly by the management team and quarterly by the Board. The Trust is satisfied that there are systems in place or being developed to effectively mitigate those risks.

Organisational Structure

The Trust has a board of trustees who meet monthly and are responsible for the strategic direction and policy of the charity.

Each Trustee has a corporate responsibility and speciality which is aligned to a key area of the business. These areas of responsibility are: Finance, Legal, HR, Operations, Business Development, H&S, Major Projects and Audit and Risk. Each Trustee supports the organisation by offering strategic direction and management with the relevant member of the senior management team responsible for their area of specialism.

The day to day operations of the Trust are managed by the Managing Director with the support of a senior management team comprising the Head of Resources, Head of Operations, Business Development Manager, Sports and Leisure Development Manager and Consultancy Director.

Related parties

Waveney District Council provides funding and facilities to the Trust under the provisions of a lease in conjunction with a funding and management agreement.

Waveney District Council appoint two trustees as set out in the Memorandum and Articles of Association.

The Trust has a wholly owned trading subsidiary, Sentinel Enterprises Limited, which carries out the group's trading activities. All proceeds arising from these activities are donated to the Trust.

Pulse Fitness (T/A Rock Merchants Ltd) are partnered with the two Councils as preferred leisure development partners. Pulse have contracts at Waterlane Leisure Centre, Bungay Pool and Gym, Marina Leisure Centre and Phoenix Pool and Gym which give them an interest in the financial performance of these facilities in relation to fitness memberships and sales. The Trust benefits from marketing and sales support and lifecycle costs under these contracts.

Suffolk County Council own the Road bridge operated by Sentinel Leisure Trust as part of their Oulton Broad Yacht Station operation. They also own Barnard's Centre Point which Sentinel Leisure Trust operate under a partnership agreement with local colleges.

Great Yarmouth Borough Council provides funding and facilities to the Trust under the provisions of a lease in conjunction with a funding and management agreement and have the ability to appoint trustees.

Policy in connection with ensuring employee involvement in matters of concern to them

The Trust ensures employees are involved in matters of their concerns through a number of methods. Such as monthly team meetings, one to one meetings, PDP's and quarterly staff forums.

Policy regarding the employment of disabled persons, continued employment, promotion and training of persons who become disabled

The Trust currently addresses these issues within its policies for equal opportunities, and equalities and diversity. We would ensure that the requirements of a prospective employee who was able to do the job but was otherwise disabled was afforded equal treatment at appointment. For staff who became disabled, we would take positive action of seeing whether it were possible to adapt their job if necessary or, if not, looking for other tasks they could do.

Setting of remuneration for key management personnel

Remuneration for members of the Senior Management Team is set and agreed by the Managing Director and Chairman of the trust in consultation with the Trustee with responsibility for HR or Finance.

Remuneration for the Managing Director is set by the Chairman of the Trust in consultation with the Vice Chairman and either the Trustee with responsibility for HR and Finance.

All posts are determined by comparisons within the industry and local market demands.

Sentinel Leisure Trust
Company limited by guarantee
Trustees' Annual Report (continued)
Year ended 31 March 2017

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Sentinel Leisure Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Account Practice).

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Trustees 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Lovewell Blake LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Small company provisions

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

Signed on behalf of the Trustees on
24 August 2017

Mr A Wilson-Sutter (Chairman)
Chairman

Sentinel Leisure Trust

Company limited by guarantee

Independent Auditor's Report to the members and trustees of Sentinel Leisure Trust

Year ended 31 March 2017

We have audited the financial statements of Sentinel Leisure Trust for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and the Parent Charitable Company Balance Sheet, the Group and Parent Charitable Company 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 Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained fully in the Trustees Responsibilities Statement set out on page 6, the trustees (who are also directors of the charitable company for the purpose of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standard for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the financial statements:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Sentinel Leisure Trust

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Independent Auditor's Report to the members and trustees of Sentinel Leisure Trust (continued)

Year ended 31 March 2017

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report

- the parent charitable company has not kept adequate accounting records have not been kept and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Mark Proctor FCA DChA (Senior Statutory Auditor)

For and on behalf of

Lovewell Blake LLP

Chartered Accountants & statutory auditor

Bankside 300

Peachman Way

Broadland Business Park

Norwich

NR7 0LB

24 August 2017

Lovewell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Sentinel Leisure Trust

Company limited by guarantee

Consolidated Statement of Financial Activities (incorporating income and expenditure account)

Year ended 31 March 2017

	Notes	General Funds	Restricted Funds	2017 Total	2016 Total
		£	£	£	£
Income and endowments from:					
Donations and legacies	5	8,400	-	8,400	2,152
Charitable activities	6	4,776,596	7,495	4,784,091	4,308,860
Other trading activities	7	1,081,026	-	1,081,026	1,065,299
Total income and endowments		5,866,022	7,495	5,873,517	5,376,311
Expenditure on:					
Raising funds	8	679,296	-	679,296	586,209
Charitable activities	9	4,922,894	11,398	4,934,292	4,622,356
Total expenditure		5,602,190	11,398	5,613,588	5,208,565
Net movement in funds and net income / (expenditure) for the year		263,832	(3,903)	259,929	167,746
Reconciliation of funds:					
Total funds brought forward		(108,704)	10,361	(98,343)	(266,089)
Total funds carried forward	20	155,128	6,458	161,586	(98,343)

All income and expenditure derive from continuing activities.

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

Sentinel Leisure Trust
Company limited by guarantee
Consolidated Balance Sheet
Year ended 31 March 2017

	Notes	2017 Charity	2017 Group	2016 Charity	2016 Group
		£	£	£	£
Fixed Assets					
Tangible assets	13	172,249	194,385	182,127	188,691
Investments	14	1	-	1	-
		<hr/>	<hr/>	<hr/>	<hr/>
		172,250	194,385	182,128	188,691
Current Assets					
Stock		5,622	5,622	9,439	9,439
Debtors	15	259,771	356,354	182,806	281,532
Cash at bank and in hand		715,881	964,356	305,149	456,933
		<hr/>	<hr/>	<hr/>	<hr/>
		981,274	1,326,332	497,394	747,904
Current Liabilities					
Creditors: amounts falling due within one year	16	(991,938)	(1,057,742)	(777,865)	(1,034,938)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current liabilities		(10,664)	268,590	(280,471)	(287,034)
Creditors: amounts falling due after more than one year	17	-	(301,389)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net liabilities		161,586	161,586	(98,343)	(98,343)
Funds of the charity					
Unrestricted funds	20	155,128	155,128	(108,704)	(108,704)
Restricted funds	20	6,458	6,458	10,361	10,361
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds		161,586	161,586	(98,343)	(98,343)

These financial statements were approved and authorised for issue by the Trustees on the 24 August 2017 and are signed on their behalf by:

Mr A Wilson-Sutter (Chairman)
Trustee

Company registration number: 07521701

The notes set out on pages 13 - 21 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Consolidated statement of cash flows
Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income/(expenditure) for the year	259,929	167,746
<i>Adjustments for:</i>		
Depreciation of tangible assets	50,001	42,503
Loss on disposal of fixed assets	-	3,336
<i>Changes in:</i>		
(Increase)/decrease in debtors	(74,822)	(133,551)
Increase/(decrease) in creditors	324,193	87,143
(Increase)/decrease in stock	3,817	(1,051)
Net cash from operating activities	563,118	166,126
Cash flows from investing activities		
Purchase of tangible assets	(55,695)	(125,348)
Net cash flow from investing activities	(55,695)	(125,348)
Net increase in cash and cash equivalents	507,423	40,778
Cash and cash equivalents at 1 April 2016	456,933	416,155
Cash and cash equivalents at 31 March 2017	964,356	456,933
Cash and cash equivalents consist of:		
Cash at bank and in hand	964,356	456,933
Cash and cash equivalents at 31 March 2017	964,356	456,933

The notes set out on pages 13 - 21 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Statement of cash flows
Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income/(expenditure) for the year	259,929	167,746
<i>Adjustments for:</i>		
Depreciation of tangible assets	47,843	37,630
<i>Changes in:</i>		
(Increase)/decrease in debtors	(76,965)	(38,806)
Increase/(decrease) in creditors	214,073	89,094
(Increase)/decrease in stock	3,817	(1,051)
Net cash from operating activities	448,697	254,613
Cash flows from investing activities		
Purchase of tangible assets	(37,965)	(125,348)
Net cash flow from investing activities	(37,965)	(125,348)
Net increase in cash and cash equivalents	410,732	129,265
Cash and cash equivalents at 1 April 2016	305,149	175,884
Cash and cash equivalents at 31 March 2017	715,881	305,149
Cash and cash equivalents consist of:		
Cash at bank and in hand	715,881	305,149
Cash and cash equivalents at 31 March 2017	715,881	305,149

The notes set out on pages 13 - 21 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2017

1 General information

Sentinel Leisure Trust is a charitable company registered in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are described on page 2 of these financial statements.

2 Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

3 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows. These accounting policies have been applied consistently throughout the period.

(a) Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling (£), which is the functional currency of the entity.

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(C) Income

All income is included in the Statement of Financial Activities when the Charity is entitled to the income, it is probable that the income will be received and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular sources of income:

- Management fees and subscriptions are included in the period to which they relate.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(d) Expenditure and irrecoverable VAT

Expenditure is recognised as soon as there is a legal or constructive obligation, it is probable that the settlement will be required and the amount of obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Expenditure includes VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:

- Raising funds includes direct costs incurred by the group in the raising of funds through non-charitable trading or ancillary primary purpose trading.
- Charitable activities comprises those costs incurred by the Group in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Group and include the audit fees and costs linked to the strategic management of the Group.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2017

3 Accounting policies continued

(e) Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- | | |
|---|-------------------------|
| • Office and IT equipment | 8% to 25% straight line |
| • Fixtures, fittings, plant and machinery | 4% to 50% straight line |

(f) Pension scheme

Retirement benefits to employees of the Trust are provided by the Local Government Pension Scheme (LGPS) and through a defined contribution plan.

The LGPS pension costs charged in the Statement of Financial Activities represent the amount of contributions payable to this group deferred benefit scheme. The risk of any deficit in the scheme is borne by Waveney District Council and therefore the scheme has been accounted for as a defined contribution scheme.

(g) Stock

Stock is included at the lower of cost and net realisable value.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(j) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(k) Redundancy

Where an obligation to make a redundancy or termination payment exists, the costs incurred by the charity are accounted for on an accruals basis and included within employee benefits.

(l) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(m) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for the 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity be to able to continue as a going concern.

(n) Consolidation

The financial statements consolidate the results of the Trust and its wholly owned subsidiary, Sentinel Enterprises Limited on a line by line basis. A separate Statement of Financial Activities of Income and Expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemption of Section 408 of the Companies Act 2006.

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2017

4 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2017 Total £	2016 Total £
Depreciation	50,001	42,503
Loss on sale of tangible fixed assets	-	3,336
Expenditure under operating leases	16,945	17,399

5 Income from donations and legacies

	2017 £	2016 £
Donations	8,400	2,152
	<u>8,400</u>	<u>2,152</u>

During the years ended 31 March 2017 and 2016 all income from donations and legacies was unrestricted.

6 Income from charitable activities

	2017 £	2016 £
Grants from government or public bodies	92,841	56,231
Leisure activities	4,177,554	3,605,534
Management fees received from government or public bodies	411,262	515,000
Other income	102,434	132,095
	<u>4,784,091</u>	<u>4,308,860</u>

£7,495 (2016: £Nil) of all income from charitable activities was attributable to restricted funds.

7 Income from other trading activities

	2017 £	2016 £
Outdoor service income	352,245	327,974
Rent	14,400	12,000
Consultancy income	419,033	401,957
Other income	295,348	323,368
	<u>1,081,026</u>	<u>1,065,299</u>

During the years ended 31 March 2017 and 2016 all income from other trading activities was unrestricted.

Of the £419,033 (2016: 401,957) Consultancy income, £42,867 (2016: £312,097) was received from government or public bodies.

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Year ended 31 March 2016

	2017	2016
	£	£
8 Raising funds		
Purchase of goods for resale	31,991	34,656
Food and beverage purchases	32,901	45,357
Salaries and wages	320,393	245,769
Trade refuse	52,103	21,833
Repairs, maintenance and equipment	18,364	10,622
Rent, rates and utilities	35,806	43,319
Cleaning	2,136	827
Telephone and postage	-	171
Consultancy costs	183,444	175,446
Depreciation	2,158	4,873
Loss on disposal of fixed assets	-	3,336
	<u>679,296</u>	<u>586,209</u>

During the years ended 31 March 2017 and 2016 all expenditure on funds was unrestricted.

	2017	2016
	£	£
9 Charitable activities		
Salaries and wages	2,661,235	2,429,211
Other staff costs including training and uniforms	81,678	40,600
Management fees (including Waveney District Council)	764,848	853,681
Repairs, maintenance and equipment	375,447	285,842
Rent, rates and utilities	605,543	623,308
Insurance	83,760	68,140
Cleaning	73,669	64,266
Telephone and postage	30,838	37,708
Advertising and marketing	36,749	44,180
Administration costs	20,151	19,886
Bank and cash collection charges	39,174	33,427
Subscriptions and licences	68,513	49,146
Depreciation	47,843	37,630
Other costs	29,844	18,809
Governance costs (note 8)	15,000	16,522
	<u>4,934,292</u>	<u>4,622,356</u>

£11,398 (2016: £14,900) of all expenditure for charitable activities was attributable to restricted funds.

	2017	2016
	£	£
10 Governance costs		
Auditor fees Audit	12,560	12,102
Other fees	2,440	4,420
	<u>15,000</u>	<u>16,522</u>

During the years ended 31 March 2017 and 2016 all expenditure for governance costs was unrestricted.

11 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £12,560 (2016: £12,102) and other professional services of £2,440 (2016: £4,420).

12 Staff costs and Trustee Remuneration

	2017	2016
	£	£
The aggregate payroll costs were:		
Wages and salaries	2,641,733	2,380,240
Social security costs	154,953	111,329
Pension contributions	184,942	183,411
	<u>2,981,628</u>	<u>2,674,980</u>

Sentinel Leisure Trust

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Notes to the Accounts

Year ended 31 March 2017

12 Staff costs and Trustee Remuneration (continued)

Particulars of employees:

The average number of staff employed by the charity during the period amounted to:

	2017 No	2016 No
Waterlane	108	99
Bungay Pool and Gym	44	50
Barnards Centre Point	5	3
Dip Farm	2	2
Yacht stations	6	6
Beach shops and huts (seasonal)	1	1
Management and administration	25	20
Marina Leisure & Fitness Centre	56	42
Phoenix Pool & Gym	22	11
Broadland Health & Fitness Centre	9	
Education	2	-
	<u>280</u>	<u>234</u>
The number of employees that received emoluments in the following bands:		
£60,000 - £69,999	<u>2</u>	<u>1</u>

The Trustees were not entitled to or received any remuneration. No expenses have been reimbursed by the Trust to the Trustees.

The key management personnel of the parent charity, the Trust, comprise the Managing Director, Director of Resources, Director of Operations, Director of Business Development, Consultancy Director and the Sport & Leisure Development Manager of Sentinel Leisure Trust. The total employee benefits of the key management personnel of the Trust were £385,006 (2016: £331,076).

Total termination payments in the year amount to £Nil (2016: £10,719) and relate to the staffing restructure of the Trust following the acquisition of two leisure centres administered by Great Yarmouth Borough Council.

13 Tangible Fixed Assets - Group

	Office Equipment	Fixtures, Fittings Plant & Machinery	Total £
Cost			
As at 1 April 2016	68,496	228,503	296,999
Additions	<u>3,527</u>	<u>52,168</u>	<u>55,695</u>
As at 31 March 2017	<u>72,023</u>	<u>280,671</u>	<u>352,694</u>
Depreciation			
As at 1 April 2016	35,721	72,587	108,308
Charge for the period	<u>9,368</u>	<u>40,633</u>	<u>50,001</u>
As at 31 March 2017	<u>45,089</u>	<u>113,220</u>	<u>158,309</u>
Net book value			
As at 31 March 2017	<u>26,934</u>	<u>167,451</u>	<u>194,385</u>
As at 31 March 2016	<u>32,775</u>	<u>155,916</u>	<u>188,691</u>

Sentinel Leisure Trust
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Notes to the Accounts
Year ended 31 March 2017

13 Tangible Fixed Assets - Charity

	Office Equipment	Fixtures, Fittings Plant & Machinery	Total £
Cost			
As at 1 April 2016	68,496	216,153	284,649
Additions	3,527	34,438	37,965
As at 31 March 2017	72,023	250,591	322,614
Depreciation			
As at 1 April 2016	35,721	66,801	102,522
Charge for the period	9,368	38,475	47,843
As at 31 March 2017	45,089	105,276	150,365
Net book value			
As at 31 March 2017	26,934	145,315	172,249
As at 31 March 2016	32,775	149,352	182,127

14 Investments

Subsidiary undertakings:

		2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
		1	-	1	-
Name of company	Nature of business	% owned	Results for the period		
				2017 £	2016 £
Sentinel Enterprises Limited	Commercial trading	100	Turnover	894,594	800,870
Company registration number: 07523567			Expenditure	(667,630)	(510,710)
			Gift Aid to parent	(226,964)	(290,160)
			Net result	-	-
			Net assets	1	1

Registered address: Sentinel Enterprises Limited, Water Lane, Lowestoft, Suffolk, NR32 2NH

15 Debtors

	2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Trade debtors	179,151	262,028	120,894	201,868
Other debtors	51,784	65,490	44,965	44,965
Prepayments and accrued income	28,836	28,836	16,947	34,699
	259,771	356,354	182,806	281,532

16 Creditors: Amounts falling due within one year

	2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Trade creditors	307,581	333,394	387,614	421,066
Tax and social security	43,688	43,688	29,455	29,455
Other creditors	35,571	45,448	25,217	35,454
Sentinel Enterprises Limited	156,200	-	25,589	-
Accruals and deferred income	369,535	555,849	269,747	508,720
VAT	79,363	79,363	40,243	40,243
	991,938	1,057,742	777,865	1,034,938

Sentinel Leisure Trust
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Notes to the Accounts
Year ended 31 March 2017

17 Creditors: Amounts falling due after one year

	2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Accruals and deferred income	-	301,389	-	-
	-	301,389	-	-
Deferred income	£	£	£	£
Deferred income brought forward	107,960	337,025	112,497	341,246
Income released in the year	(107,960)	(337,025)	(112,497)	(341,246)
Income deferred in the year	126,174	547,547	107,960	337,025
Deferred income carried forward	126,174	547,547	107,960	337,025

Income has been deferred to recognise the membership income in the correct periods and also Beach Hut and Mooring lease income received in advance of future periods.

18 Commitments under operating leases - lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Assets other than land & buildings			
	2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Payments due:				
Not later than one year	16,945	16,945	17,399	17,399
Later than one year and not later than five years	42,336	42,336	47,983	47,983
Later than five years	82,500	82,500	92,500	92,500
	141,781	141,781	157,882	157,882

19 Commitments under operating leases - lessor

Total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Land & buildings			
	2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Payments due:				
Not later than one year	-	33,561	-	-
Later than one year and not later than five years	-	134,231	-	-
Later than five years	-	671,158	-	-
	-	838,950	-	-

The operating lease commitments are attributable to 42 new beach huts within Sentinel Enterprise Limited, with the lease period being 25 years. The total payments above include £313,950 which was received in the year and included within deferred income disclosed in notes 16 and 17. In addition to this, an annual ground rent of £500 is chargeable to each beach hut for the period of the lease.

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Year ended 31 March 2017

20 Funds	At 31 March 2017 £	Income £	Expenditure £	Gains and Losses £	Transfers £	At 31 March 2017 £
Year ended 31 March 2017						
Unrestricted funds						
General funds	(119,028)	5,866,022	(5,593,910)	-	(72,336)	80,748
Designated - GYBC surplus	5,162	-	(5,162)	-	36,168	36,168
Designated - LPB surplus	5,162	-	(3,118)	-	36,168	38,212
Restricted funds						
Activities unlimited - Trust	10,361	7,495	(11,398)	-	-	6,458
	(98,343)	5,873,517	(5,613,588)	-	-	161,586
Year ended 31 March 2016						
Unrestricted funds						
General funds	(280,989)	5,355,626	(5,193,665)	-	-	(119,028)
Designated - GYBC surplus	-	5,162	-	-	-	5,162
Designated - LPB surplus	-	5,162	-	-	-	5,162
Restricted funds						
East Coast Community Healthcare	14,900	-	(14,900)	-	-	-
Activities unlimited - Trust	-	10,361	-	-	-	10,361
	(266,089)	5,376,311	(5,208,565)	-	-	(98,343)

GYBC surplus fund is a portion of the profits made on GYBC centres designated for ongoing maintenance costs.

LPB surplus fund is a portion of the profits made on GYBC centres designated for the leisure projects board.

East Coast Community Healthcare is a contribution towards the functional training health referral scheme.

Activities unlimited is funding received to support community based leisure activities.

Funds are represented by the following assets:

As at 31 March 2017	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Tangible assets:	194,385	-	194,385	188,691
Stock	5,622	-	5,622	9,439
Debtors	356,354	-	356,354	281,532
Cash at bank	957,898	6,458	964,356	456,933
Creditors : Due within one year	(1,057,742)	-	(1,057,742)	(1,034,938)
Creditors : Due after one year	(301,389)	-	(301,389)	-
	155,128	6,458	161,586	(98,343)
As at 31 March 2016				
	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Tangible assets:	188,691	-	188,691	109,182
Stock	9,439	-	9,439	8,388
Debtors	281,532	-	281,532	147,981
Cash at bank	446,572	10,361	456,933	416,155
Creditors : Due within one year	(1,034,938)	-	(1,034,938)	(947,795)
	(108,704)	10,361	(98,343)	(266,089)

Sentinel Leisure Trust

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Notes to the Accounts

Year ended 31 March 2017

21 Related party transactions

During the year, the Trust had transactions with Waveney District Council and Great Yarmouth Borough Council, public sector bodies whose various leisure facilities are operated by the Trust.

During the year, the Trust received grant income amounting to £Nil from Waveney District Council (2016: £Nil) and made sales amounting to £473,299 (2016: £386,224). The amount included within debtors at the year end in respect of these grants and sales were £32,639 (2016: £52,636).

During the year, the Trust also made purchases amounting to £370,686 (2016: £387,535) in relation to a charge for the gym facilities owned by Waveney District Council. The purchase ledger balance at the year end was £1,966 (2016: £224,491).

During the year, the Trust received management fee and consultancy income from Great Yarmouth Borough Council (GYBC) amounting to £333,164 (2016: £641,593). The amount included within debtors at the year end in respect of this income was £8,415 (2016: £7,768).

During the year, the Trust also made purchases amounting to £7,521 (2016: £6,281) in relation to a charge for the gym facilities owned by GYBC. The purchase ledger balance at the year end was £Nil (2016: £Nil).

During the year transactions took place between the charity and its trading subsidiary, Sentinel Enterprise Limited. The charity recharged costs to Sentinel Enterprise Limited totalling £324,721 (2016: £374,432). Sentinel Enterprise Limited recharged costs to the charity totalling £19,261 (2016: £21,174). During the year gift aid payments were received from Sentinel Enterprise Limited for £350,000 (2016: £400,000). At the year end, the charity owed £156,200 (2016: £25,589) to Sentinel Enterprise Limited.

22 Company limited by guarantee

The Trust is a company limited by guarantee. Each member of the company undertakes to contribute such amount (not exceeding £1) as may be required in the event of winding up.

23 Results of Sentinel Leisure Trust

Net income (including gift aid from subsidiary) of £259,929 (2016: income of £167,746) have been recognised in the accounts. No separate income and expenditure account has been prepared for the Charity. During the year, the charity made a surplus of £32,965 (2016: deficit of £155,222). The charity is not required to produce their own Statement of Financial Activities because of the exemption provision in Section 408 of the Companies Act 2006.

24 Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

Financial assets

Financial instruments that are debt instruments measured at amortised cost

		2017 Charity £	2017 Group £	2016 Charity £	2016 Group £
Trade debtors	(note 15)	179,151	262,028	120,894	201,868
Other debtors	(note 15)	27,938	41,644	44,965	44,965
		<u>207,089</u>	<u>303,672</u>	<u>165,859</u>	<u>246,833</u>

Financial liabilities

Financial liabilities measured at amortised cost

Trade creditors	(note 16)	(307,581)	(333,394)	(387,614)	(421,066)
Accruals	(note 16)	(243,361)	(309,691)	(161,787)	(171,695)
Other creditors	(note 16)	(191,771)	(45,448)	(50,806)	(35,454)
		<u>(742,713)</u>	<u>(688,533)</u>	<u>(600,207)</u>	<u>(628,215)</u>