

REGISTERED COMPANY NUMBER: 9204269 (England and Wales)
REGISTERED CHARITY NUMBER: 1163564

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT, REPORT OF THE TRUSTEES AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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FOR THE YEAR ENDED 31 MARCH 2018

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SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CHAIR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Last year presented several challenges for South Downs Leisure (SDL) with increased competition in fitness and children's activities. This has been compounded by the loss of the car parking facilities at Splashpoint together with a rise in utility costs for our facilities. In response to these challenges, the SDL team has continued its approach of robust financial management, customer service, programme development and the retention of our current customers

South Downs Leisure Enterprises Limited (SDLE) has experienced growth with weddings showing significant improvement rising from 52 weddings in 2017/18 to nearly 70 in 2018/19. This is due to numerous new initiatives including upgrades within the Field Place Manor House and Barns, investment into a new wedding garden, staff investment and the outsourcing of our catering and bars. The work and service at Field Place have been recognised recently by winning both the Adur & Worthing Business Award for Hospitality, Tourism and Leisure and the South East wedding awards for Town and City.

Together with our major partner Worthing Borough Council (WBC) we have made the following investments during the year:

- £158,000 - wedding garden at Field Place Manor House
- £168,000 - refurbishment of the running track and field areas (WBC Investment)
- £14,000 - sensory play area in the Amazon Adventure
- £25,000 - repair and seal of the IT communications room (WBC Investment)
- £50,000 - fire alarm system at WLC (WBC Investment)

Over the next twelve months with the likelihood of further increases in utilities we will be looking at potential 'invest to save' projects with a view to reducing our carbon footprint and saving revenue.

As well as constantly reviewing our systems and costs to ensure that we are as efficient as possible, we also continue to explore opportunities for new business and income streams. Our focus is always to make sure that SDL is business like with a strong and robust financial base but we are a business with a purpose which is to provide excellent services that contribute to the social, community and health needs of residents in the area we serve. We are proud to do this in partnership with initiatives across the public, private, voluntary and community sectors.

The challenges we face will not lessen but we are well placed to respond to these. We have a fantastic staff and management team across all our facilities who are keen to improve the service and ensure that we respond positively when things go wrong.

Finally, I would like to thank our trustees for providing ongoing support and guidance for SDL and am pleased to welcome Christine Gibbons to the Board.

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

The Trustees who are also Directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statement for the year ending 31 March 2018.

REFERENCE & ADMINISTRATIVE DETAILS

Name of Charly

South Downs Leisure (SDL)

Name of subsidiary

South Downs Leisure Enterprise (SDLE)

Registered company number

SDL 9204269

SDLE 9261501

Registered charity Number

1163564

Registered Office

Field Place Manor House, The Boulevard, Worthing, West Sussex, BN13 1NP

Telephone & Website

01903 905050

www.southdownsleisure.co.uk

Auditors

McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Bankers

Lloyds Banking Group

City Office

PO Box 72, Bailey Drive, Gillingham Business Park, ME8 0LS

Solicitors

Joanna Bussell

Winckworth Sherwood

Minerva House, 5 Montague Close, London, SE1 9BB

Trustees

	Appointed	Resigned
J Le Sueur (Chair)	5 th Feb 2015	
J Garner	5 th Feb 2015	18 th December 2017
Z Smith	5 th Feb 2015	
D Fleming (V. Chair)	5 th Feb 2015	7 th February 2018
G Jackson (V. Chair)	5 th Feb 2015	
K Von Habsburg	5 th Feb 2015	
J Lawrence-Hall	5 th Feb 2015	
S Smith	3 rd Nov 2015	
D Guest	9 th Feb 2016	13 th June 2017
L. Harman	7 th July 2016	
C Hunter	28 Feb 2017	

Christine Gibbons joined as a trustee on 25th April 2018

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

South Downs Leisure is a company limited by guarantee and was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Charitable status was applied following the incorporation of the Trust on 4th September 2014 and was awarded shortly after the Trust commenced trading on 1st May 2015.

Recruitment & Appointment of Trustees

Unless otherwise determined by the Company, The Board shall consist of at least three and not more than eleven individuals comprised as follows:

- Up to 8 Community Trustees
- Up to 2 Local Authority Trustees
- Up to 1 Employee Trustee

Community Trustees will always be a majority on the Board.

New community Trustees are recruited in accordance with the Board's agreement and with our Articles of Association. We will always look to complement and strengthen the skills and experience of the Trustee team on the Board. Community Trustees are appointed for three years with membership being reviewed annually.

Recruitment of the employee Trustee was initially by appointment by the senior management team in accordance with the Articles of Association but from 2016 this was changed to election by employees as agreed by the Board.

The Local Authority confirms its nominations and appointments as and when Local Authority vacancies arise.

Organisational Structure

The current Board consists of eight community Trustee positions providing a range of experience and professional expertise.

Jerry Le Sueur is Chair with Gillian Jackson acting as Vice Chair.

We have two sub groups which meet throughout the year to support the Board:

Finance

Gillian Jackson, Jerry Le Sueur.

HR

Zoe Smith, Joanne Lawrence Hall, Cathy Hunter.

Enterprise Directors

Joanne Lawrence Hall, Kris Von Habsburg, Duncan Anderson

We held the following meetings for the period ending 31st March 2018

- 5 x Board Meetings
- 6 x Finance Meetings
- 2 x HR Meetings
- 5 x Enterprise Meeting

SOUTH DOWNS LEISURE
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisational Structure - continued

SOUTH DOWNS LEISURE TRUSTEES

Jerry Le Sueur (Chair)
Gillian Jackson (Vice Chair)
Zoe Smith
Kris Von Habsburg
Joanne Lawrence-Hall
Sharon Smith
Cathy Hunter
Lionel Harman
Christine Gibbons

To facilitate the effective operation of the Charity the Board has delegated the responsibility of administering the Charity to a Senior Management team:

- Chief Executive Officer
- Finance Director
- Business Development Director
- Operations Director
- Human Resources Manager

Risk Management

The Trustees have a duty to identify and review the risks to which the charity is exposed and ensure appropriate controls are in place. A risk report is part of each Board agenda. The following initiatives have been implemented to reduce risk and improve risk management:

- A risk report at each Board meeting.
- A SWOT analysis conducted annually to identify weaknesses and threats.
- A calendar of audits which include Health & Safety, Financial, Quality and Food & Beverage audits.
- Sales and Generic mystery visits and Net Promoter Score surveys to ensure we are delivering the service to expectation.
- Affiliation to the Quest industry accreditation scheme to maintain high standards across all sections of our business.

Health and Safety

South Downs Leisure is committed to embedding a culture of proactive health and safety management throughout the organisation. The Operations Director oversees regular cross-site meetings with the Facility Managers and we aim for each site to have an appointed NEBOSH (The National Examination Board in Occupational Safety and Health) representative in this area supported by IOSH (Institution of Occupational Safety and Health) trained duty staff. All staff receive mandatory H and S training as part of their induction process. In 2017/18 a target of 92% for the external Health and Safety audit was set. The 4 sites audited in October 2018 achieved scores of:

WLC: 91% SPLC: 93% DLC: 86% FPMH: 94%

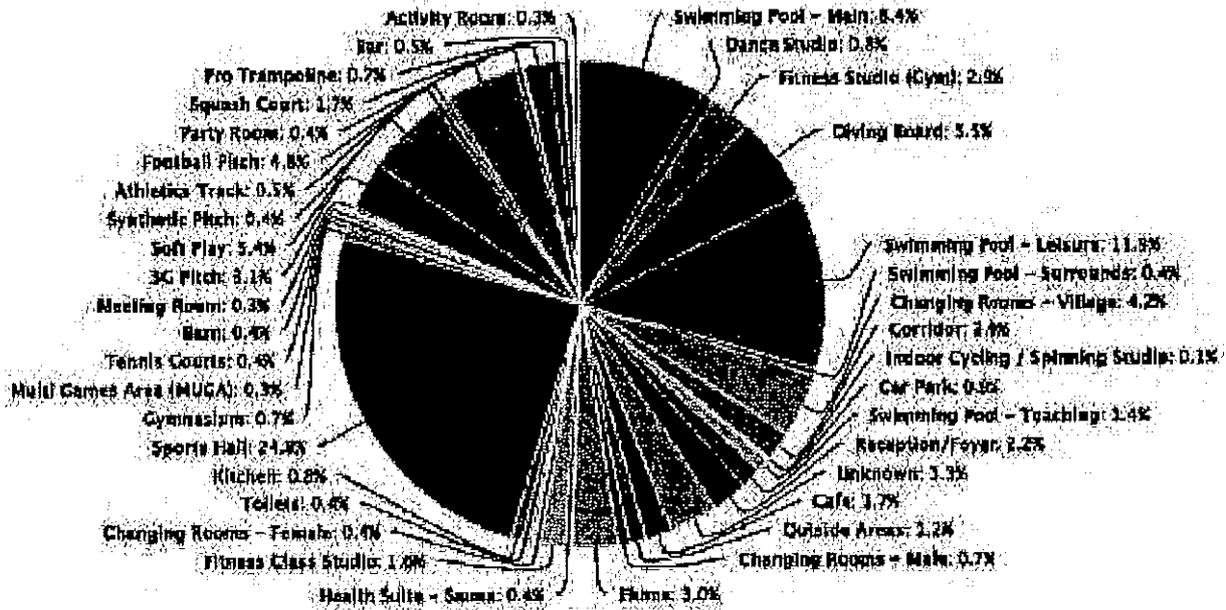
Over the 12-month trading period 763 accidents were reported across the 5 facilities. This figure is below the industry standard benchmark indicator which is 5 per 10,000. We recognise that accidents are inevitable, but with regular monitoring and an active risk reduction policy, we aim to minimise the risk to both staff and the customers who visit our facilities.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Accident reporting by activity is detailed as below:

Accident Report - Location



Swimming Pool - Main	Dance Studio	Fitness Studio (Gym)	Diving Board
Swimming Pool - Leisure	Swimming Pool - Surrounds	Changing Rooms - Village	Corridor
Indoor Cycling / Spinning Studio	Car Park	Swimming Pool - Teaching	Reception/Foyer
Unknown	Cafe	Outside Areas	Changing Rooms - Male
Flume	Spectator Area	Health Suite - Sauna	Fitness Class Studio
Changing Rooms - Female	Plant Room	Offsite	Toilets
Kitchen	Sports Hall	Gymnasium	Multi Games Area (MUGA)
Tennis Courts	Barn	Grounds - Play Area	Maintenance Workshop
Meeting Room	3G Pitch	Soft Play	Synthetic Pitch
Athletics Track	Football Pitch	Party Room	Conference Centre
Squash Court	Pro Trampoline	Driving Range	Bar
Under Trampolines	Activity Room	Crèche	

South Downs Leisure retains the services of Right Directions; a recognised industry leader in the Health and Safety field. This provides the group with up-to-date information and notifications of changes in legislation, together with a calendar of audits, advice and support in respect of litigation claims.

SOUTH DOWNS LEISURE
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives of the charitable company are

- To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life, and/or
- To promote community participation in healthy recreational activities, and/or
- To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including use for meetings, lectures and classes and/or other forms of recreation and leisure time occupation with the object of improving the condition of life for all those who use the facilities, and/or
- To promote the education of the public through the provision of facilities for performing arts, and/or such other charitable purposes as the Trustees in their absolute discretion may determine.

Public benefit

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. We have referred to this guidance when reviewing our business plan and planning new activities for the future.

Our Vision and Mission

The Trust established a Vision, Mission Statement and Values outline below with our Vision reflecting the UK Active National agenda

OUR VISION

More People, More Active, More Often

MISSION

To deliver an inclusive range of health and wellbeing initiatives whilst providing a clean, safe and happy leisure experience.

OUR VALUES

Integrity

We will be open, honest and friendly when communicating with customers and partners, treating everyone with respect.

Equality, diversity and inclusion

We aim to ensure that the opportunities the Trust provides are accessible, are available on a non-discriminatory basis and provide maximum health and wellbeing benefits for all.

Continuous Improvement

We will strive to make the experience of users and visitors better by continually reviewing our activities and procedures.

Partnership working

We will develop and sustain strong and effective partnerships with local and national organisations in pursuit of our vision: More People, More Active, More Often.

Innovation

We will explore the introduction of new products and services, driven by technology, industry research and best practice.

Staffing

We will ensure that all our staff are professionally qualified and/or appropriately trained to deliver the service required and respond effectively and quickly to customer enquiries.

SOUTH DOWNS LEISURE
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND ACTIVITIES – continued

Environmental awareness

We will endeavour to be an environmentally conscious organisation and will continually review our services to ensure best practice.

A Strong Board

Selection and recruitment of the board was planned with a clear vision to provide a good range of interested, articulate and passionate volunteers with a strong mix of experience, age and gender. The successful recruitment culminated in 8 community trustees with a blend of professional backgrounds in Finance, Law, Leisure, Public Health and Food & Beverage.

Over the past year the Board has developed a deepening understanding of the aims and objectives of the Trust and provide strong, but challenging support and governance. Although not a requirement, all the Trustees are currently residents of the Borough.

Senior Management Team

The Senior Management team of four is led by the Chief Executive and includes Three Directors: a Financial Director, Operations Director and Business Development Director. The Directors manage a team of staff that sit on SMT to include four Facility Managers, Group Fitness Manager, Group Sales Manager, Group Marketing Manager, Health and Wellbeing Manager and a HR Manager.

Each of these managers sit on various sub groups that deliver the business and feed back into the business plan. These sub groups are:

- Finance
- Staff Development
- Events
- Weddings
- Health & Wellbeing
- Maintenance
- Environment and sustainability
- FIT4
- IT
- Food & Beverage
- Health & Safety
- Customer Service

Training

We are committed to understanding the sector we operate in and the local and national agenda. To achieve this we must ensure staff have every opportunity to attend conferences and seminars and attend Continuous Professional Development courses.

We have committed to funding CIMSPA membership, which is our Chartered Institute, and the Chief Executive is also a long term Secretary of South East Leisure Centre Operators networking group.

We have also linked up with Educare to provide online courses for new and current staff with over 150 licenses.

The Board agreed to increase the training budget in line with cost of living.

We are committed to maintaining this budget for the future and looking to continue with the mentoring scheme and management training. Courses have been arranged with MIND for stress and mental health wellbeing, internal manual handling and health and safety level 2 courses.

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

OBJECTIVES AND ACTIVITIES – continued

Workforce Make Up

The total workforce at the time of TUPE was 367 employees. This has risen by 25% to 460 total employees on average. Currently the staff total is 414 due to two factors; seasonal variations around busy/school holiday periods and taking off the casual employees who have not worked within the organisation for three months

Gender Pay Gap Reporting

On 6 April 2017, new regulations came into force requiring organisations with 250 or more employees to publish annual reports containing detailed information regarding the Gender Pay Gap (including bonus pay) between men and women across their workforce.

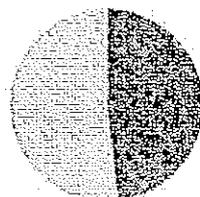
Gender Pay Gap Data - August 2018								
	Male				Female			
	Number	Min	Median	%	Number	Min	Median	%
Whole Organisation	302	£10.16	£7.87	39	469	£11.02	£8.26	61
Upper Quartile	65	£17.53	£16.71	8	129	£18.57	£19.56	17
Upper Middle Quartile	77	£10.26	£9.33	10	115	£9.95	£9.00	15
Lower Middle Quartile	71	£7.82	£7.83	9	121	£7.81	£7.83	16
Lower Quartile	89	£6.57	£7.38	12	103	£6.38	£6.64	13

In summary we are proud to report that there continues to be a fair balance of pay rates between male and female employees across the organisation. The male/female divide in Worthing equates to Males 48.1% and Females 51.9%.

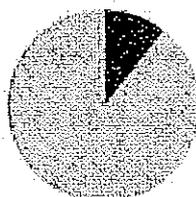
STAFF PROFILES

As of August 2018

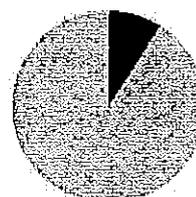
Total Staff Numbers	414
Ethnic Minorities*	8% (Worthing profile 10.6%)
Disabled	2% (Worthing profile 8.9%)
Total Posts	771



Females 51.9%
Males 48.1%



White British 89.4%
Ethnic Minorities 10.6%



Disabled 8.9%

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

OBJECTIVES AND ACTIVITIES – continued

* Ethnic Minorities is inclusive of anyone who has disclosed themselves as not being white British.

We continue to use fair recruitment practices and ensure open and transparent processes to encourage all interested parties to apply for roles.

We are proud that we have obtained again the Disability Confident accreditation.

Continuous Improvement

A key to the success of South Downs Leisure is in the desire to improve, reinvest and be at the forefront of new initiatives. We actively support CIMSPA membership (the Chartered Institute for the Management of Sport and Physical Activity) and the external assessment process "Quest" which is the sport and leisure industry quality accreditation to ensure that operators enhance, improve and continue to develop the quality of service offered.

In addition to QUEST and our phone monitoring, South Downs Leisure undertake a number of internal and external audits to benchmark against the sector, past performance and also to set targets for a number of areas of the business. Please see table below

Audits	2014	2015	2016	2017 Targets	2017 Actual	2016 Targets	2016 Actual
F&B Worthing LC	N/A	90%	90%	90%	90%	85%	90%
F&B Splashpoint	N/A	90%	90%	90%	90%	85%	90%
F&B Field Place	N/A	90%	90%	90%	90%	85%	90%
Management Audit WLC	N/A	69%	76%	80%	80%	80%	80%
Management Audit SP	N/A	73%	75%	80%	80%	80%	80%
Management Audit FP	N/A	70%	68%	80%	80%	80%	80%
Management Audit DLC	N/A	64%	75%	80%	77%	80%	80%
Quality Audits Worthing LC	63%	85%	85%	85%	85%	90%	90%
Quality Audits Splashpoint	69%	85%	90%	85%	85%	90%	90%
Quality Audits Field Place	65%	74%	80%	85%	80%	90%	90%
Quality Audits Davison LC	85%	81%	85%	85%	81%	90%	90%
H&S Audit Worthing LC	75%	84%	90%	92%	91%	93%	91%
H&S Audit Splashpoint	74%	90%	90%	92%	91%	93%	87%
H&S Audit Field Place	86%	92%	90%	92%	94%	93%	93%
H&S Audit Davison LC	85%	91%	88%	92%	86%	93%	91%
NPS Worthing LC	31%	31%	43%	35%	38%	35%	47%
NPS Splashpoint	23%	19%	30%	35%	39%	35%	30%
NPS Group	25%	23%	35%	35%	39%	35%	41%
Worthing LC Quest 2017	Good	Good	Very Good	Very Good	Very Good	N/A	Excellent
Splashpoint Quest 2017	Good	Good	Apr-17	Very Good	Excellent	N/A	Excellent
Field Place Quest 2017	Good	Good	Very Good	Very Good	Very Good	N/A	Excellent
Davison LC Quest 2017	Accreditation	Accreditation	Aut-17	Accreditation	Very Good	N/A	

KEY: Achieved target Within 15% of target 15%> below target

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND ACTIVITIES – continued

CUSTOMER SATISFACTION

South Downs Leisure recognises that the customer is at the heart of the business and continually monitors satisfaction ratings using the "Net Promoter Score" system. NPS is a management tool that can be used to gauge the loyalty of an organisation's customer relationships. It serves as an alternative to traditional customer satisfaction research and has been adopted by more than two thirds of Fortune 1,000 companies as well as many of the leisure industry providers.

NPS is calculated based on responses to a single question:

How likely is it that you would recommend our company/product/service to a friend or colleague?

The scoring for this answer is based on a 0 to 10 scale divided into detractors (0-6) passives (7-8) and promoters (9-10). The percentage score is determined by subtracting the detractor score from the promoter score to give one benchmark figure.

Around 1,000 surveys are sent out each month direct to members who use Worthing LC and Splashpoint. Members are contacted by senior staff to engage, gain feedback and attempt to address any issues that may arise.

Figures are presented monthly at Senior Management Team meetings and interrogated to highlight any trends or areas of concern, both from the positive and negative comments. SDL has maintained a steady improvement since the Trust was formed and with the comparable industry average (for all Leisure Trusts in the South East) currently being at 26%, the figures give a positive reinforcement for the overall quality of service delivery.

This said, there are still some weaknesses to be addressed and SDL is working hard on improvements to customer service in specific areas aligned to the introduction of new technologies such as a dedicated App and a change of booking and tilling provider. This does not detract from a basic need to provide clean and safe facilities and be consistent across all the sites and the various sections of the business.

FINANCIAL REVIEW

South Downs Leisure has now completed 3 of its 25 year management agreement with Worthing Borough Council and over the next 12 months we will start talks with the Council to agree the second five year funding agreement to take us from April 2020 to March 2025.

Our third year was a very difficult year, both internally, with issues relating to staff and systems around the management of finance, and externally with competition which all created pressures on our budgets. We had to change our culture and there was no better time to do this than when we introduced a new Finance Director. Over the last twelve months we have developed a strong depth of knowledge across all teams with managing budgets and the finances.

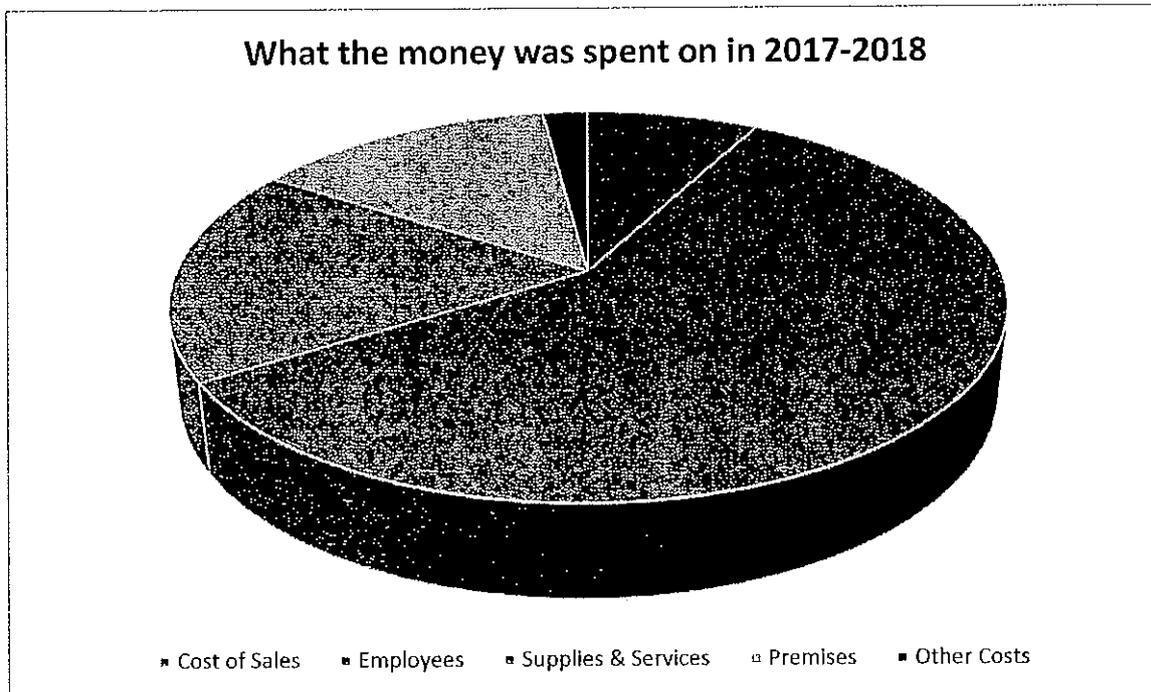
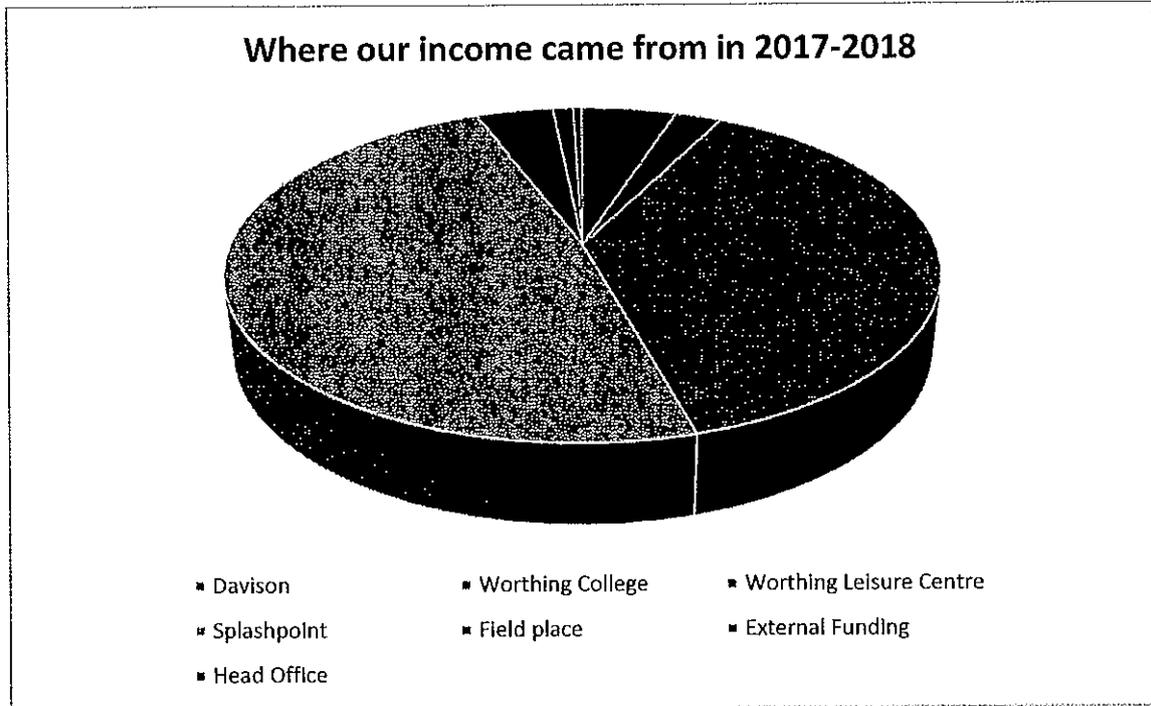
Competition continues to grow stronger and in particular with Weddings, Fitness, Football pitches and Parties.

The financial management in the period of this report has been monitored and supported by the Finance Sub Group and the Board.

The following charts show an outline of which sites our income came from and how it was spent.

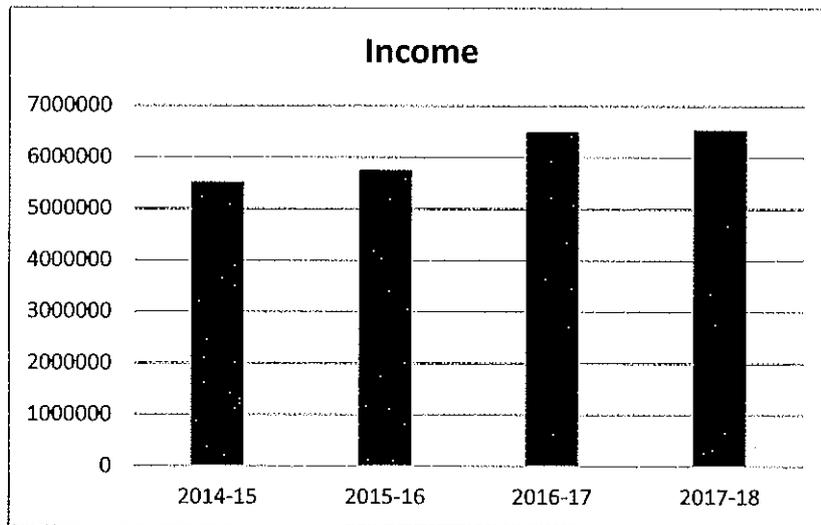
**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL REVIEW – continued

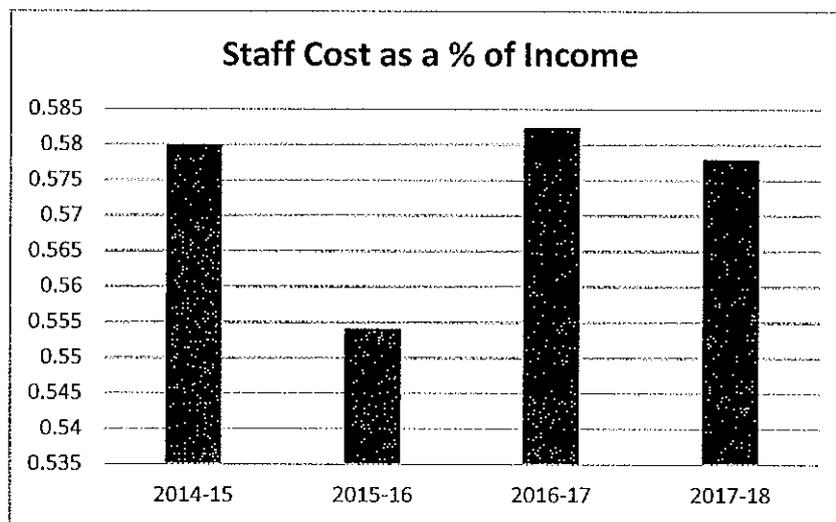


**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL REVIEW – continued



The above chart shows the income year on year. 2013-2015 we were a council Direct Service Organisation



The above chart shows staff costs as a % of income. None of the figures include Head Office costs.

Reserves

Surpluses on trading and charitable activities will be transferred to a risk reserve and an improvement reserve. After the accumulation of 50% of £560k into the risk reserve, then the Trust shall transfer up to £100,000 of any surplus generated into a designated account, the Improvement Reserve.

In the event that the Trust meets the agreed Risk Reserve target of £560,000 and after £100,000 has been transferred into the Improvement Reserve and the Risk Reserve target has been maintained for a continuous period of 3 months, then 50% of any additional surplus generated by the Trust in any Service Year shall be shared with Worthing Borough Council.

There were total reserves at the balance sheet date of £566,123 (2017: £588,916). £327,161 (2016: £371,583) has been designated as the risk reserve in accordance with the reserves policy and £200,000 (2017: £200,000) has been designated as the improvement reserve. Restricted funds at the year-end were £38,962 (2017: £17,333).

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

Plans for the future

We have established a structure that will allow us to develop the Trust and potentially grow in future years. We have looked at various facilities within the borough of Worthing and will not exclude opportunities outside this area if geographically positioned to allow us to manage the facilities efficiently and effectively.

Plans are being drawn up to steer the future direction of both the Enterprise and the Trust in regards to both market security and development. These plans will look at optimum leisure provision in keeping the local demographics a priority.

All works take into account the potential of 'Leisure Futures' and the anticipated development of Worthing Leisure Centre. Plans for the potential new site have been submitted to Worthing Borough Council and we are awaiting further news.

ACCOUNTABLE AND TRANSPARENT

The work of the Trust sits largely in the public domain and through its values, club and customer focus groups, surveys & feedback mechanisms it strives to engage with all interested parties. The business plan and objectives are published and subject to public scrutiny.

As part of the service agreement with Worthing Borough Council, the Trust provides regular reports to the Council on its performance through monitoring Key Performance Indicators (KPIs).

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

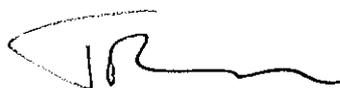
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

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

ON BEHALF OF THE BOARD:

J Le Sueur - Chair



Date: 17 December 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTH DOWNS LEISURE

Opinion

We have audited the financial statements of South Downs Leisure (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTH DOWNS LEISURE**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (as set out on page 13), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE
Date: 17 December 2018

SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 March 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income:					
Donations and legacies	4	38	-	38	130,390
Income from charitable activities:					
Operation of leisure centres	5	6,458,769	72,527	6,531,296	6,495,754
Total Income		6,458,807	72,527	6,531,334	6,626,144
Expenditure:					
Expenditure on charitable activities:					
Operation of leisure centres	6	6,489,921	64,206	6,554,127	6,452,971
Total Expenditure		6,489,921	64,206	6,554,127	6,452,971
Net income for the period before transfers		(31,114)	8,321	(22,793)	173,173
Transfers between funds	21	(13,308)	13,308	-	-
Net movement in funds	21	(44,422)	21,629	(22,793)	173,173
Reconciliation of funds:					
Total funds brought forward	21	571,583	17,333	588,916	415,743
Total funds carried forward		527,161	38,962	566,123	588,916

Continuing operations

All of the above results are derived from continuing operations.

The notes form part of these financial statements

SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE

BALANCE SHEET
31 MARCH 2018

	Notes	31.3.18		31.3.17	
		£	£	£	£
FIXED ASSETS					
Intangible assets	12		42,296		61,595
Tangible assets	13		261,496		306,013
Investments	14		<u>1</u>		<u>1</u>
			303,793		367,609
CURRENT ASSETS					
Stocks	15	43,011		39,053	
Debtors	16	645,272		403,827	
Cash at bank and in hand		<u>199,785</u>		<u>546,837</u>	
		888,068		989,717	
CREDITORS					
Amounts falling due within one year	17	<u>(470,340)</u>		<u>(613,012)</u>	
NET CURRENT ASSETS			<u>417,728</u>		<u>376,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			721,521		744,314
CREDITORS					
Amounts falling due after more than one year	18		<u>(155,398)</u>		<u>(155,398)</u>
NET ASSETS			<u>566,123</u>		<u>588,916</u>
FUNDS					
Unrestricted Funds	21	-		-	
Designated Funds	21	527,161		571,583	
Restricted Funds	21	<u>38,962</u>		<u>17,333</u>	
TOTAL FUNDS			<u>566,123</u>		<u>588,916</u>

The financial statements were approved by the Board of Trustees on 17 December 2018 and were signed on its behalf by:



.....
 J Le Sueur - Chair

The notes form part of these financial statements

SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	31.3.18 £	31.3.17 £
Cash flows from operating activities			
Cash generated from operations	1	(243,217)	66,893
		<hr/>	<hr/>
Net cash from operating activities		<u>(243,217)</u>	<u>66,893</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(30,926)
Purchase of tangible fixed assets		(53,227)	(100,486)
Finance charges		<u>(50,608)</u>	<u>(17,075)</u>
Net cash from investing activities		<u>(103,835)</u>	<u>(148,487)</u>
Cash flows from financing activities			
Loan repayments in year		<u>-</u>	<u>(81,548)</u>
Net cash from financing activities		<u>-</u>	<u>(81,548)</u>
Increase/(decrease) in cash and cash equivalents		(347,052)	(163,142)
Cash and cash equivalents at beginning of year	2	546,837	709,979
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	<u>199,785</u>	<u>546,837</u>

The notes form part of these financial statements

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

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.18	31.3.17
	£	£
Net income for the reporting period (as per the statement of financial activities)	(22,793)	173,173
Depreciation charges (notes 12 and 13)	117,043	103,855
Finance costs	50,608	17,075
(Increase)/decrease in stocks	(3,958)	3,104
(Increase)/decrease in debtors	(83,445)	82,990
Decrease in creditors	(142,672)	(313,304)
Loan to Associate	<u>(158,000)</u>	<u>-</u>
Cash generated from operations	<u>(243,217)</u>	<u>66,893</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>199,785</u>	<u>546,837</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>546,837</u>	<u>709,979</u>

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

1. STATUTORY INFORMATION

South Downs Leisure (A Company Limited by Guarantee) is a registered charity. The Charity's registered number and registered office address can be found on the Charity Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Preparation of consolidated financial statements

The financial statements contain information about South Downs Leisure as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 383 of the Companies Act 2006 from the requirements to prepare consolidated financial statements due to the group as a whole qualifying as a small group.

Income recognition

All incoming resources from recreation and leisure sites are included on the Statement of Financial Activities when the charitable company is legally entitled to the income, the amount can be quantified with reasonable accuracy and it is probable that the charitable company will receive the income. Income represents net sales of goods and services and management fees excluding value added tax, to customers during the year. Certain income is received in advance of the provision of the relevant service and as such is deferred until the service commences. Some services are provided in advance of an invoice being raised and as such is accrued until the invoice has been raised and the income recognised in the income and expenditure account. Income for annual memberships is accounted for over the membership year.

Grants receivable

Grants receivable in respect of a specified period relating to the general activities of the charitable company are recognised in the Statement of Financial Activities in the period in which they become receivable. Where related expenditure has not been incurred the grant is deferred only when the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use.

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

3. ACCOUNTING POLICIES - continued

Unrestricted Funds

Unrestricted funds are incoming resources receivable or generated for the objects of the charitable company without further specified purpose and are available as general funds.

Restricted Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the funds.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Resources expended include attributable VAT which cannot be recovered.

Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative, and payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Tangible fixed assets

Fixed assets costing in excess of £5,000 are shown in the financial statements at cost including irrecoverable VAT in respect of these assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Fittings	- straight line over 5 years
Exercise Equipment	- straight line over 5 years
IT, Audio & Visual Equipment	- straight line over 5 years

Irrecoverable VAT

Given the nature of the Charitable Company's activities it attracts exempt supplies, which results in the Charitable Company falling under the partial exemption scheme. Input VAT is fully recovered on taxable supplies, together with a proportion of non-attributable input VAT. Irrecoverable VAT is written off to the Statement of Financial Activities.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

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

3. **ACCOUNTING POLICIES - continued**

Service Concession Arrangements

The charitable company has a Service Contract with Worthing Borough Council for the operation of leisure centres owned by the Council to which it has lease and management service contracts. Worthing Borough Council has rights under the contracts to specify the activities offered by the centres and has influence over the prices charged for them and specifies minimum standards for the services to be provided.

Property, plant and equipment

The buildings and plant at the centres are leased to the charitable company as part of the overall contractual relationship with Worthing Borough Council but the Council maintains ultimate control of these assets. Accordingly the access which the charitable company has in the use of these assets is to enable it to operate the leisure centres, so that the charitable company can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the charitable company's Balance Sheet.

Payments

The charitable company makes an agreed payment to Worthing Borough Council each year in recognition of the assets acquired by the charitable company from the Council at the beginning of the contract period.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell, on a first in first out basis, after making due allowance for obsolete and slow moving items.

Debtors receivable and creditors 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.

Debtors receivable and creditors payable over one year

Debtors and creditors are stated at value due as an appropriate interest/discount rate is effectively applied.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

Taxation

The Charitable Company 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.

Pension costs and other post-retirement benefits

In respect of those defined benefit pension schemes where the local authority has indemnified the Charitable company against changes in the employer contribution rate and any liability which may become payable as a result of the termination or expiry of a contract, the amount charged to the statement of financial activities represents the contribution payable to the scheme in the accounting period without any actuarial adjustment.

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred.

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

3. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

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

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets and the deferred income relating to memberships and bookings for the following year.

Going Concern

The board of management have assessed the major risks to which the charitable company is exposed and assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The board of management make this assessment in respect of a period of one year from the date of approval of the financial statements. The charitable company has adequate financial resources together with customers and strategic parties to continue trading at current levels. As a consequence the board believe that the charitable company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The board have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

4. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Total	<u>38</u>	<u>-</u>	<u>38</u>	<u>130,390</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Operation of leisure centres	<u>6,458,769</u>	<u>72,527</u>	<u>6,531,296</u>	<u>6,495,754</u>
Total	<u>6,458,769</u>	<u>72,527</u>	<u>6,531,296</u>	<u>6,495,754</u>

6. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Summary by fund type				
Operation of leisure centres	<u>6,489,921</u>	<u>64,206</u>	<u>6,554,127</u>	<u>6,452,971</u>
Total	<u>6,489,921</u>	<u>64,206</u>	<u>6,554,127</u>	<u>6,452,971</u>

Summary by expenditure type	Staff costs £	Direct costs £	Support costs £	Total funds 2018 £	Total funds 2017 £
Operation of leisure centres	<u>3,774,885</u>	<u>2,184,262</u>	<u>594,980</u>	<u>6,554,127</u>	<u>6,452,971</u>
Total	<u>3,774,885</u>	<u>2,184,262</u>	<u>594,980</u>	<u>6,554,127</u>	<u>6,452,971</u>

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

7. SUPPORT COSTS

	Year ended 31.03.18	Year ended 31.03.17
External support services	73,348	276,775
Premises expenses	22,901	34,385
Advertising & marketing	67,842	85,969
Office administration	181,417	144,277
Consultancy	81,669	4,855
Training	47,566	3,978
Finance costs	50,608	17,075
Governance costs	41,574	36,797
Other support costs	<u>28,055</u>	<u>23,163</u>
Total	<u>594,980</u>	<u>627,274</u>

8. NET INCOMING RESOURCES

Net resources are stated after charging:

	31.3.18	31.3.17
	£	£
Hire of equipment	87,920	64,795
Depreciation	97,744	90,883
Amortisation	19,299	12,972
Auditors' remuneration	9,600	10,000
Auditors' remuneration for non-audit work	<u>2,400</u>	<u>14,000</u>

9. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2018 nor for the year ended 31 March 2017.

The Charitable Company is defined for tax purposes as a charitable organisation and accordingly no liability to UK corporation tax arises on the surplus for the year. However, corporation tax is payable on all significant activities outside the primary purpose of the charitable company which this year results in tax losses to be carried forward.

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

Trustees' expenses

There were no trustees' expenses for the year ended 31 March 2018 nor for the year ended 31 March 2017.

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

11. STAFF COSTS

	Year ended 31.3.18	Year ended 31.3.17
	£	£
Wages and salaries	3,253,101	3,223,123
Social security costs	166,099	157,578
Other pension costs	<u>355,685</u>	<u>402,636</u>
	<u>3,774,885</u>	<u>3,783,337</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 (pro rata) in the year and the preceding year was as follows:

	Year ended 31.3.18	Year ended 31.3.17
£60,000 - £69,999	<u>1</u>	<u>1</u>

The number of employees earning in excess of £60,000 (for the year and the preceding year) to whom retirement benefits were accruing was as follows:

Defined contribution schemes	<u>1</u>	<u>1</u>
------------------------------	----------	----------

The total amount of employee benefits received by key management personnel is £336,037 (2017: £213,178). The charitable company considers its key management personnel to be the Chief Executive, Finance Director, Operations Director, HR Manager and the Business Development Director.

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

	Year Ended 31.3.18	Year Ended 31.3.17
	<u>480</u>	<u>403</u>

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

12. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 April 2017	85,477
Additions	<u>-</u>
At 31 March 2018	<u>85,477</u>
AMORTISATION	
At 1 April 2017	23,882
Amortisation for year	<u>19,299</u>
At 31 March 2018	<u>43,181</u>
NET BOOK VALUE	
At 31 March 2018	<u>42,296</u>
At 31 March 2017	<u>61,595</u>

13. TANGIBLE FIXED ASSETS

	Equipment, Plant & Machinery £	Fixtures and fittings £	IT, audio and visual equipment £	Totals £
COST				
At 1 April 2017	264,111	110,449	101,796	476,356
Additions	10,400	39,200	3,627	53,227
Disposals	<u>-</u>	<u>(625)</u>	<u>-</u>	<u>(625)</u>
At 31 March 2018	<u>274,511</u>	<u>149,024</u>	<u>105,423</u>	<u>528,958</u>
DEPRECIATION				
At 1 April 2017	101,588	27,569	41,186	170,343
Charge for year	47,515	28,460	21,769	97,744
Eliminated on disposal	<u>-</u>	<u>(625)</u>	<u>-</u>	<u>(625)</u>
At 31 March 2018	<u>149,103</u>	<u>55,404</u>	<u>62,955</u>	<u>267,462</u>
NET BOOK VALUE				
At 31 March 2018	<u>125,408</u>	<u>93,620</u>	<u>42,468</u>	<u>261,496</u>
At 31 March 2017	<u>162,523</u>	<u>82,880</u>	<u>60,610</u>	<u>306,013</u>

SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE

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

14. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 April 2017 and 31 March 2018	<u>1</u>
NET BOOK VALUE	
At 31 March 2018	<u>1</u>
At 31 March 2017	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

South Downs Leisure Enterprises Limited company number 09261501

Nature of business: Operation of an events venue

Class of shares:	%		
Ordinary	holding		
	100.00		
		31.3.18	31.3.17
		£	£
Aggregate capital and reserves		33,258	21,268
Profit for the year		<u>11,991</u>	<u>8,061</u>

15. **STOCKS**

	31.3.18	31.3.17
	£	£
Stocks	<u>43,011</u>	<u>39,053</u>

Stock amounts recognised as expenditure within the current period: £322,397 (2017: £ 331,484)

16. **DEBTORS**

	31.3.18	31.3.17
	£	£
Trade debtors	113,806	121,526
Other debtors	79,523	22,040
Amounts owed by group undertakings	213,792	205,405
Prepayments and accrued income	80,151	54,856
Loan to associate under 1 year	31,600	-
	<u>518,872</u>	<u>403,827</u>
Loan to associate over 1 year	<u>126,400</u>	-
Aggregate amounts	<u>645,272</u>	<u>403,827</u>

**SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE**

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

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade creditors	56,845	200,441
Social security and other taxes	3,677	69,283
Other creditors	54,704	46,765
Deferred income	115,155	82,195
Accrued expenses	158,411	132,780
Worthing Borough Council	81,548	81,548
	<u>470,340</u>	<u>613,012</u>

Deferred income

	31.3.18	31.3.17
	£	£
At 1 April 2017	82,195	110,040
Deferred during the period	115,155	82,195
Amounts released to income from prior periods	(82,195)	(110,040)
At 31 March 2018	115,155	82,195

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

	31.3.18	31.3.17
	£	£
Worthing Borough Council	<u>155,398</u>	<u>155,398</u>

19. OPERATING LEASE COMMITMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	31.3.18	31.3.17
	£	£
Within one year	75,269	81,132
Between one and five years	67,062	75,269
In more than five years	76,990	178,607
	<u>219,321</u>	<u>335,008</u>

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	31.3.18 Total funds £	31.3.17 Total funds £
Fixed Assets	303,793	-	303,793	367,609
Current Assets	849,106	38,962	888,068	989,717
Current Liabilities	(470,340)	-	(470,340)	(613,012)
Long Term Liabilities	(155,398)	-	(155,398)	(155,398)
	<u>527,161</u>	<u>38,962</u>	<u>566,123</u>	<u>588,916</u>

21. MOVEMENT IN FUNDS

	At 01.04.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted funds				
Designated funds	571,583	(31,114)	(13,308)	527,161
Restricted funds	<u>17,333</u>	<u>8,321</u>	<u>13,308</u>	<u>38,962</u>
TOTAL FUNDS	<u>588,916</u>	<u>(22,793)</u>	<u>-</u>	<u>566,123</u>

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

	Incoming resources £	Resources expended £	Gains, losses & transfers £	Net movement in funds £
Unrestricted funds				
General fund	-	-	-	-
Designated funds	6,458,807	(6,489,921)	(13,308)	(31,114)
TOTAL UNRESTRICTED FUNDS	<u>6,458,807</u>	<u>(6,489,921)</u>	<u>(13,308)</u>	<u>(31,114)</u>

Designated funds

The Trustees have in accordance with the funding agreement designated £327,161 of unrestricted funds for the risk reserve and £200,000 of funds for building improvements.

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

22. RESTRICTED FUNDS.

	Incoming resources £	Resources expended £	Gains, losses & transfers £	Net movement in funds £
Restricted funds				
Big Lottery Over 50s Grant	-	(7,423)	1,392	(6,031)
Sportivate Rugby	-	(845)	395	(450)
Short Breaks Buddy PT	1,083	(6,687)	1,582	(4,022)
Walking Football	14,927	-	-	14,927
Exercise Referrals	5,102	(11,054)	5,952	-
Disability Holiday Programme	1,021	(9,477)	2,627	(5,829)
Sensory Room	9,735	-	-	9,735
Bruce Wakefield Trust – Gym accessibility	2,000	-	-	2,000
Sussex FA Disability Sessions	11,379	(80)	-	11,299
Leisure Futures	27,280	(28,640)	1,360	-
TOTAL RESTRICTED FUNDS	72,527	(64,206)	13,308	21,629

Big Lottery Over 50s Grant

Funding from the Big Lottery to encourage the community's over 50s to get together and get active.

Sportivate Rugby

A Big Lottery funded project to encourage more young people to take part in rugby.

Short Breaks Buddy PT

Discounted PT sessions and gym access for children with disabilities aged 14-18 years.

Walking Football

A lower impact, slower version of the game aimed at those over 50.

Exercise Referrals

A programme of GP referrals funded by Adur District Council.

Disability Holiday Programme

A programme of fun, sporting holiday activities for children with disabilities.

Sensory Room

A Big Lottery funded project to create a soft play area for children on the autism spectrum with staff receiving specialist autism training.

Bruce Wakefield Trust – Gym Accessibility

Funding to look into gym access for the disabled and update to ensure accessibility.

Sussex FA Disability Sessions

A funded project to encourage disabled people to take part in football.

Leisure Futures

A funded project to look into the building of a new leisure centre to replace Worthing Leisure Centre.

Transfers between funds

The transfers in the year represent a reallocation between unrestricted funds and restricted funds to cover expenditure in excess of funding.

SOUTH DOWNS LEISURE
A COMPANY LIMITED BY GUARANTEE

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

23. LEGAL STATUS

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

24. RELATED PARTIES

South Downs Leisure Enterprises Limited

During the year a loan of £158,000 was made to South Downs Leisure Enterprises Limited, a company fully owned by South Downs Leisure, at a commercial rate of 6% per annum.

25. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
Income:			
Donations and legacies	130,390	-	130,390
Income from charitable activities			
Operation of leisure centres	6,433,042	62,712	6,495,754
	<hr/>	<hr/>	<hr/>
Total Income	6,563,432	62,712	6,626,144
Expenditure			
Expenditure on charitable activities			
Operation of leisure centres	6,397,132	55,839	6,452,971
	<hr/>	<hr/>	<hr/>
Total expenditure	6,397,132	55,839	6,452,971
	<hr/>	<hr/>	<hr/>
Net income for the period before transfers	166,300	6,873	173,173
	<hr/>	<hr/>	<hr/>
Net movement in funds	166,300	6,873	173,173
Reconciliation of funds:			
Total funds brought forward	405,283	10,460	415,743
	<hr/>	<hr/>	<hr/>
Total funds carried forward	<u>571,583</u>	<u>17,333</u>	<u>588,916</u>