

Sentinel Leisure Trust
Company limited by guarantee
Consolidated annual report and financial statements
For the year ended 31 March 2018

Company Registration Number 07521701

Charity Number 1147896

Sentinel Leisure Trust

Company limited by guarantee

Contents

Year ended 31 March 2018

	Page
Trustees Annual Report	1 - 6
Report of the Auditor	7- 9
Consolidated Statement of Financial Activities	10
Consolidated Balance Sheet	11
Consolidated Statement of Cash Flows	12
Company Statement of Cash Flows	13
Notes to the Accounts	14 - 23

Sentinel Leisure Trust

Company limited by guarantee

Trustees' Annual Report

Year ended 31 March 2018

The Trustees present their report and audited consolidated financial statements of the charity and group for the year end 31 March 2018 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 Mr A Cook Mrs K Grant Mr K Ibbetson Ms K Stenhouse (resigned 11 April 2017) Mrs J Murray Mr J Starling Mr B Williamson (appointed 9 June 2017) Mr M Jeal (resigned 25 June 2018)
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 2018

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 2018

Achievements and Performance

2017/18 has been a successful trading period for the Trust, which has seen consolidation of existing and funding of new business initiatives. These initiatives were targets within the Trusts 5 year strategic plan, which was agreed in 2015, to grow and diversify income to support the Trust's 5 year Medium Term Financial Plan.

This year the Trust has delivered against a number of its key objectives and achieved a significant growth in business activity.

Key achievements and new business growth include

- Continued overachievement in business plan at Phoenix Pool and Gym in Bradwell, following the very successful launch of the newly refurbished facility (2.1m).
- Achieved growth of contracts within the consultancy business, leading to work within England, Scotland, Ireland and scoping opportunities within Europe
- Purchase of Adventure Island and Raw Soccer in south Lowestoft. This was achieved through finance and investment of cash reserves.
- Successful in being contracted to deliver Sports, Leisure and Play services on behalf of Great Yarmouth Borough Council. The contract is worth circa £500,000 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 Georges Park Sites across the UK.
- Successful in securing head office contract to deliver HR and Finance services for a national trust for a minimum of 5 years.
- Launched and delivered key community investment initiative's such as Making Memories and changing lives. This enhanced the Trusts delivery of its charitable objectives and has increased its brand awareness within the community and stakeholders.

One area of business growth that didn't achieve expected levels within the year was Health and Fitness income at Waterlane. This has been reduced due to the opening of a number of low cost gyms within the area and competitors significantly reducing membership fees to remain competitive. However we have developed a retention and marketing plan which we are confident will reverse the reduction coupled with investing £330k to improve access to and the quality of the facility. It is hoped that this will support the re-growth of this income into 2018/19.

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 intervention activities being delivered in the local community.

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

PRINCIPAL FUNDING SOURCES

The Trust generates its own funds from charging of services and activity. It is not dependent on grants, donations or service fees from third party organisations.

Financial review

The Trust had a successful trading period and recorded an unrestricted surplus of £35,800 (2017: £263,832).

During the 2017/18 trading period, the Trust targeted investment in new business, investment in community programmes and consolidation of the growth achieved in 2016/17. Despite this ambitious investment programme the Trust had a successful period and recorded a profit of £8,460. 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, beach services and consultancy. The Trust achieved a £696,000 growth in income, from £5.873m in 2016/17 to £6.570m in 2017/18.

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 2018

Financial review (continued)

Expenditure has increased but in line with expectations to support investments and ensure organisation resilience. Overall expenditure increased by £949,000.

Salary expenditure was controlled and in line with expectation. Salary costs currently sits at 54% 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 2018 the Trust had unrestricted free reserves, including designated funds, of £15,238 (2017: £262,132).

Restricted funds totalled £1,799 (2017: £6,458) at the year end.

The Trusts reserve policy is set to achieve 3 times the monthly salary commitment.

The Trust medium term financial plan predicts this will be achieved within 5 years.

Plans for the Future

2018/19 is projected to be a challenging year for the Trust. After a number of years of expedient growth the Trust needs to ensure organisation resilience, resource and consolidation. The key reason for this being the financial position of our partner Councils and the pressure on the management fee relating to these services delivered on their behalf.

Key areas of focus are:

- Mobilisation and operational performance of the new acquisition of Adventure Island and Raw Soccer
- Identify a health and fitness facility in south Lowestoft to combat the risk of Low cost gyms to the Town
- Focus and increase student recruitment both locally and nationally
- Undertake a review of health and fitness latent demand across all sites and develop gym retention plan to ensure the Trust captures this business growth
- Undertake a staff and resource review to ensure the correct resource is allocated to each service area and the Trusts priorities for growth over the new 3 to 5 years
- Support both Local Authority partners in the investment programmes in Gt Yarmouth and Bungay.
- Review all core expenditure and service contracts to ensure efficiency and economies of scale considering the growth of the Trust over the past 24 months.

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

Company limited by guarantee

Trustees' Annual Report (continued)

Year ended 31 March 2018

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 Merchanting 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.

Leisure United is a charitable company of which Mr S Everitt and Mr D Gallagher (members of key management personnel of the Group) and Mr J Annis (Trustee) are Trustees. Sentinel Enterprises Limited provides management and administration support to Leisure United.

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 2018

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 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 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
.....

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 2018

We have audited the financial statements of Sentinel Leisure Trust (the 'Parent Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise Group Statement of Financial Activities, the Group and the Parent Charitable Company Balance Sheet, the Group and Parent Charitable Company 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).

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 2018, 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.

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 group and parent 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 group's or parent 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 trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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

Sentinel Leisure Trust

Company limited by guarantee

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

Year ended 31 March 2018

Opinions 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 trustees' report incorporating the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, 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 group's and parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Sentinel Leisure Trust

Company limited by guarantee

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

Year ended 31 March 2018

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 and to the charitable company's trustees, as a body, in accordance with [Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

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 2018

	Notes	General Funds	Designated Funds	Restricted Funds	2018 Total	2017 Total
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	5	3,459	-	-	3,459	8,400
Charitable activities	6	5,221,607	-	-	5,221,607	4,784,091
Other trading activities	7	1,345,403	-	-	1,345,403	1,081,026
Total income and endowments		6,570,469	-	-	6,570,469	5,873,517
Expenditure on:						
Raising funds	8	797,337	-	-	797,337	679,296
Charitable activities	9	5,719,642	40,371	4,659	5,764,672	4,934,292
Total expenditure		6,516,979	40,371	4,659	6,562,009	5,613,588
Net movement in funds and net income / (expenditure) before transfers		53,490	(40,371)	(4,659)	8,460	259,929
Transfers between funds		(17,690)	17,690	-	-	-
Net movement in funds and net income / (expenditure) for the year		35,800	(22,681)	(4,659)	8,460	259,929
Reconciliation of funds:						
Total funds brought forward		80,748	74,380	6,458	161,586	(98,343)
Total funds carried forward	21	116,548	51,699	1,799	170,046	161,586

All income and expenditure derive from continuing activities.

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

The notes set out on pages 14 - 23 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Consolidated Balance Sheet
Year ended 31 March 2018

	Notes	2018 Charity	2018 Group	2017 Charity	2017 Group
		£	£	£	£
Fixed Assets					
Intangible assets	13	250,000	250,000	-	-
Tangible assets	14	326,951	363,445	172,249	194,385
Investments	15	1	-	1	-
		576,952	613,445	172,250	194,385
Current Assets					
Stock		17,438	17,438	5,622	5,622
Debtors	16	446,015	589,768	259,771	356,354
Cash at bank and in hand		338,396	601,061	715,881	964,356
		801,849	1,208,267	981,274	1,326,332
Current Liabilities					
Creditors: amounts falling due within one year	17	(1,006,345)	(1,191,230)	(991,938)	(1,057,742)
Net current liabilities		(204,496)	17,037	(10,664)	268,590
Creditors: amounts falling due after more than one year	18	(202,410)	(460,436)	-	(301,389)
Net liabilities		170,046	170,046	161,586	161,586
Funds of the charity					
Unrestricted funds	21	116,548	116,548	80,748	80,748
Designated funds	21	51,699	51,699	74,380	74,380
Restricted funds	21	1,799	1,799	6,458	6,458
Total funds		170,046	170,046	161,586	161,586

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

Mr A Wilson-Sutter (Chairman)
Trustee

Company registration number: 07521701

The notes set out on pages 14 - 23 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Consolidated statement of cash flows
Year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income for the year	8,460	259,929
<i>Adjustments for:</i>		
Depreciation of tangible assets	70,471	50,001
<i>Changes in:</i>		
(Increase)/decrease in debtors	(233,414)	(74,822)
Increase/(decrease) in creditors	67,535	324,193
(Increase)/decrease in stock	(11,816)	3,817
Net cash from operating activities	(98,764)	563,118
Cash flows from investing activities		
Purchase of intangible assets	(250,000)	-
Purchase of tangible assets	(239,531)	(55,695)
Net cash flow from investing activities	(489,531)	(55,695)
Cash flows from financing activities		
Cash inflows from new borrowing	225,000	-
Net cash flow from financing activities	225,000	-
Net increase in cash and cash equivalents	(363,295)	507,423
Cash and cash equivalents at 1 April 2017	964,356	456,933
Cash and cash equivalents at 31 March 2018	601,061	964,356
Cash and cash equivalents consist of:		
Cash at bank and in hand	601,061	964,356
Cash and cash equivalents at 31 March 2018	601,061	964,356

The notes set out on pages 14 - 23 form an integral part of the accounts

Sentinel Leisure Trust
Company limited by guarantee
Statement of cash flows
Year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income for the year	8,460	259,929
<i>Adjustments for:</i>		
Depreciation of tangible assets	61,391	47,843
<i>Changes in:</i>		
(Increase)/decrease in debtors	(186,244)	(76,965)
(Decrease)/increase in creditors	(8,183)	214,073
(Increase)/decrease in stock	(11,816)	3,817
Net cash from operating activities	(136,392)	448,697
Cash flows from investing activities		
Purchase of intangible assets	(250,000)	-
Purchase of tangible assets	(216,093)	(37,965)
Net cash flow from investing activities	(466,093)	(37,965)
Cash flows from financing activities		
Cash inflows from new borrowing	225,000	-
Net cash flow from financing activities	225,000	-
Net increase in cash and cash equivalents	(377,485)	410,732
Cash and cash equivalents at 1 April 2017	715,881	305,149
Cash and cash equivalents at 31 March 2018	338,396	715,881
Cash and cash equivalents consist of:		
Cash at bank and in hand	338,396	715,881
Cash and cash equivalents at 31 March 2018	338,396	715,881

Sentinel Leisure Trust

Company limited by guarantee

Notes to the Accounts

Year ended 31 March 2018

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 2018

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) Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

(g) Pension scheme

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

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 Great Yarmouth Borough Council and therefore the scheme has been accounted for as a defined contribution scheme.

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

(h) Stock

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

(i) 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.

(j) 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.

(k) 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.

(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 to be 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 2018

4 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2018 Total £	2017 Total £
Depreciation	70,471	50,001
Expenditure under operating leases	72,881	16,945

5 Income from donations and legacies

	2018 £	2017 £
Donations	3,459	8,400
	3,459	8,400

During the years ended 31 March 2018 and 2017 all income from donations and legacies was unrestricted.

6 Income from charitable activities

	2018 £	2017 £
Grants from government or public bodies	165,309	92,841
Leisure activities	4,646,343	4,177,554
Management fees received from government or public bodies	194,293	411,262
Other income	215,662	102,434
	5,221,607	4,784,091

During the year ended 31 March 2018 £nil (2017: £7,495) income from charitable activities was attributable to restricted funds.

7 Income from other trading activities

	2018 £	2017 £
Outdoor service income	408,843	352,245
Rent	14,400	14,400
Consultancy income	441,194	419,033
Other income	480,966	295,348
	1,345,403	1,081,026

During the years ended 31 March 2018 and 2017 all income from other trading activities was unrestricted.

Of the £441,194 (2017: 419,033) Consultancy income, £342,033 (2017: £42,867) was received from government or public bodies.

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2018

8 Raising funds	2018	2017
	£	£
Purchase of goods for resale	38,492	31,991
Food and beverage purchases	79,479	32,901
Salaries and wages	332,407	320,393
Trade refuse	7,164	52,103
Repairs, maintenance and equipment	27,661	18,364
Rent, rates and utilities	40,464	35,806
Insurance	638	-
Cleaning	776	2,136
Telephone and postage	2,921	-
Consultancy costs	257,705	183,444
Licences	550	-
Depreciation	9,080	2,158
	797,337	679,296

During the years ended 31 March 2018 and 2017 all expenditure on raising funds was unrestricted.

9 Charitable activities	2018	2017
	£	£
Salaries and wages	3,233,669	2,661,235
Other staff costs including training and uniforms	100,926	81,678
Management fees (including Waveney District Council)	787,657	764,848
Repairs, maintenance and equipment	330,049	375,447
Rent, rates and utilities	771,347	605,543
Insurance	88,411	83,760
Cleaning	72,835	73,669
Telephone and postage	30,336	30,838
Advertising and marketing	96,394	36,749
Administration costs	8,857	20,151
Bank and cash collection charges	49,998	39,174
Subscriptions and licences	88,768	68,513
Depreciation	61,391	47,843
Other costs	31,221	29,844
Governance costs (note 10)	12,813	15,000
	5,764,672	4,934,292

£4,659 (2017: £11,398) of all expenditure for charitable activities was attributable to restricted funds.

10 Governance costs	2018	2017
	£	£
Auditor fees Audit	11,500	11,095
Other fees	1,313	3,905
	12,813	15,000

During the years ended 31 March 2018 and 2017 all expenditure for governance costs was unrestricted.

11 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £11,500 (2017: £11,095) and other professional services of £1,313 (2017: £3,095).

12 Staff costs and Trustee Remuneration	2018	2017
	£	£
The aggregate payroll costs were:		
Wages and salaries	3,192,768	2,641,733
Social security costs	184,509	154,953
Pension contributions	188,799	184,942
	3,566,076	2,981,628

Sentinel Leisure Trust

Company limited by guarantee

Notes to the Accounts

Year ended 31 March 2018

12 Staff costs and Trustee Remuneration (continued)

Particulars of employees:

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

	2018 No	2017 No
Waterlane	99	108
Bungay Pool and Gym	52	44
Barnards Centre Point	5	5
Dip Farm	2	2
Yacht stations	7	6
Beach shops and huts (seasonal)	1	1
Management and administration	26	25
Marina Leisure & Fitness Centre	59	56
Phoenix Pool & Gym	31	22
Broadland Health & Fitness Centre	10	9
Adventure Island	19	-
Education	6	2
	<u>317</u>	<u>280</u>

The number of employees that received emoluments in the following bands:

£60,000 - £69,999	1	2
£70,000 - £79,999	<u>1</u>	<u>-</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 £445,835 (2017: £440,104).

13 Intangible Assets - Group & Charity

Cost

As at 1 April 2017 and 31 March 2018

Goodwill
£

250,000

Amortisation

Charge for the period

-

At 31 March 2018

-

Carrying amount

At 31 March 2018

250,000

14 Tangible Fixed Assets - Group

	Office Equipment	Fixtures, Fittings Plant & Machinery	Total £
Cost			
As at 1 April 2017	72,023	280,671	352,694
Additions	-	164,531	164,531
Additions from acquisitions	-	75,000	75,000
	<u>72,023</u>	<u>520,202</u>	<u>592,225</u>
As at 31 March 2018			
Depreciation			
As at 1 April 2017	45,089	113,220	158,309
Charge for the period	9,800	60,671	70,471
	<u>54,889</u>	<u>173,891</u>	<u>228,780</u>
As at 31 March 2018			
Net book value			
As at 31 March 2018	<u>17,134</u>	<u>346,311</u>	<u>363,445</u>
As at 31 March 2017	<u>26,934</u>	<u>167,451</u>	<u>194,385</u>

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2018

14 Tangible Fixed Assets - Charity

	Office Equipment	Fixtures, Fittings Plant & Machinery	Total £
Cost			
As at 1 April 2017	72,023	250,591	322,614
Additions	-	141,093	141,093
Additions from acquisitions	-	75,000	75,000
As at 31 March 2018	72,023	466,684	538,707
Depreciation			
As at 1 April 2017	45,089	105,276	150,365
Charge for the period	9,800	51,591	61,391
As at 31 March 2018	54,889	156,867	211,756
Net book value			
As at 31 March 2018	17,134	309,817	326,951
As at 31 March 2017	26,934	145,315	172,249

15 Investments

Subsidiary undertakings:

Name of company	Nature of business	% owned	Results for the period	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
				£	£	£	£
Sentinel Enterprises Limited	Commercial trading	100	Turnover	906,464		894,594	
Company registration number: 07523567			Expenditure	(704,726)		(667,630)	
			Gift Aid to parent	(201,738)		(226,964)	
			Net result	-		-	
			Net assets	1		1	

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

16 Debtors

	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Trade debtors	169,676	255,151	179,151	262,028
Other debtors	44,878	44,878	51,784	65,490
Prepayments and accrued income	231,461	289,739	28,836	28,836
	446,015	589,768	259,771	356,354

17 Creditors: Amounts falling due within one year

	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Bank Loans	22,590	22,590	-	-
Trade creditors	307,482	355,456	307,581	333,394
Tax and social security	48,122	48,122	43,688	43,688
Other creditors	55,970	60,783	35,571	45,448
Sentinel Enterprises Limited	167,717	-	156,200	-
Accruals and deferred income	326,782	625,597	369,535	555,849
VAT	77,682	78,682	79,363	79,363
	1,006,345	1,191,230	991,938	1,057,742

Sentinel Leisure Trust

Company limited by guarantee

Notes to the Accounts

Year ended 31 March 2018

18 Creditors: Amounts falling due after one year

	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Bank loans	202,410	202,410	-	-
Accruals and deferred income	-	258,026	-	301,389
	202,410	460,436	-	301,389

Analysis of loans payable by instalments

	£	£	£	£
In more than one year but not more than two years	22,590	22,590	-	-
In more than two years but not more than five years	202,410	202,410	-	-
In more than five years	-	-	-	-
	225,000	225,000	-	-

The bank loan is on a prepayment basis repayable over 60 months from the date the loan was drawn and is secured on property leased by the Group. Interest is calculated at a fixed rate of 2.58% above Base Rate.

Deferred income	£	£	£	£
Deferred income brought forward	126,174	547,547	107,960	337,025
Income released in the year	(126,174)	(547,547)	(107,960)	(337,025)
Income deferred in the year	96,914	554,352	126,174	547,547
Deferred income carried forward	96,914	554,352	126,174	547,547

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.

19 Commitments under operating leases - lessee

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

	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Payments due:				
Not later than one year	143,323	143,323	16,945	16,945
Later than one year and not later than five years	559,448	559,448	42,336	42,336
Later than five years	155,625	155,625	82,500	82,500
	858,396	858,396	141,781	141,781

Sentinel Leisure Trust
Company limited by guarantee
Notes to the Accounts
Year ended 31 March 2018

20 Commitments under operating leases - lessor

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

	2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Payments due:				
Not later than one year	-	32,728	-	33,561
Later than one year and not later than five years	-	130,914	-	134,231
Later than five years	-	589,112	-	671,158
	-	752,754	-	838,950

The operating lease commitments are attributable to 42 beach huts within Sentinel Enterprise Limited, with the lease period being 25 years.

21 Funds	At 31 March 2017 £	Income £	Expenditure £	Gains and Losses £	Transfers £	At 31 March 2018 £
Year ended 31 March 2018						
Unrestricted funds						
General funds	80,748	6,570,469	(6,516,979)	-	(17,690)	116,548
Designated - GYBC surplus	36,168	-	(36,168)	-	8,845	8,845
Designated - LPB surplus	38,212	-	(4,203)	-	8,845	42,854
	74,380	-	(40,371)	-	17,690	51,699
Restricted funds						
Activities unlimited - Trust	6,458	-	(4,659)	-	-	1,799
	161,586	6,570,469	(6,562,009)	-	-	170,046
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
	10,324	-	(8,280)	-	72,336	74,380
Restricted funds						
Activities unlimited - Trust	10,361	7,495	(11,398)	-	-	6,458
	(98,343)	5,873,517	(5,613,588)	-	-	161,586

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.

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

Sentinel Leisure Trust

Company limited by guarantee

Notes to the Accounts

Year ended 31 March 2018

21 Funds (continued)

Funds are represented by the following assets:

As at 31 March 2018

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2018 Total £
Intangible assets	250,000	-	-	250,000
Tangible assets	363,445	-	-	363,445
Stock	17,438	-	-	17,438
Debtors	589,768	-	-	589,768
Cash at bank	547,563	51,699	1,799	601,061
Creditors : Due within one year	(1,191,230)	-	-	(1,191,230)
Creditors : Due after one year	(460,436)	-	-	(460,436)
	116,548	51,699	1,799	170,046

As at 31 March 2017

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017 Total £
Tangible assets:	194,385	-	-	194,385
Stock	5,622	-	-	5,622
Debtors	356,354	-	-	356,354
Cash at bank	883,518	74,380	6,458	964,356
Creditors : Due within one year	(1,057,742)	-	-	(1,057,742)
Creditors : Due after one year	(301,389)	-	-	(301,389)
	80,748	74,380	6,458	161,586

22 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 made sales amounting to £421,453 (2017: £473,299) to Waveney District Council. The amount included within debtors at the year end in respect of these sales were £7,955 (2017: £32,639).

During the year, the Trust also made purchases amounting to £346,293 (2017: £370,686) in relation to a charge for the gym facilities owned by Waveney District Council. The purchase ledger balance at the year end was £19,184 (2017: £1,966).

During the year, the Trust received management fee and consultancy income from Great Yarmouth Borough Council (GYBC) amounting to £263,558 (2017: £333,164). The amount included within debtors at the year end in respect of this income was £nil (2017: £8,415).

During the year, the Trust also made purchases amounting to £9,091 (2017: £7,521) in relation to a charge for the gym facilities owned by GYBC. The purchase ledger balance at the year end was £68 (2017: £Nil).

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.

Leisure United is a charitable company of which Mr S Everitt and Mr D Gallagher (members of key management personnel of the Group) and Mr J Annis (Trustee) are Trustees. Sentinel Enterprises Limited provides administration and management support to Leisure United.

During the year Sentinel Enterprises Limited raised sales invoices amounting to £18,000 (2017: £nil) and at the year end Leisure United owed £18,000 (2017: £nil) to Sentinel Enterprises Limited.

During the year Sentinel Leisure Trust recharged expenses amounting to £5,947 to Leisure United (2017: £nil) and at the year end Leisure United owed £655 (2017: £nil) to Sentinel Leisure Trust.

Sentinel Leisure Trust

Company limited by guarantee

Notes to the Accounts

Year ended 31 March 2018

23 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.

24 Results of Sentinel Leisure Trust

Net income (including gift aid from subsidiary) of £8,460 (2017: income of £259,929) have been recognised in the accounts (before gift aid from subsidiary). No separate income and expenditure account has been prepared for the Charity. During the year, the charity made a deficit (before gift aid from subsidiary) of £193,278 (2017: surplus of £32,965). 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.

25 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

		2018 Charity £	2018 Group £	2017 Charity £	2017 Group £
Stock		17,438	17,438	5,622	5,622
Trade debtors	(note 16)	169,676	255,151	179,151	262,028
Other debtors	(note 16)	44,878	44,878	27,938	41,644
Accrued income		139,642	181,957	-	-

371,634	499,424	212,711	309,294
---------	---------	---------	---------

Financial liabilities

Financial liabilities measured at amortised cost

Bank loan	(note 17)	(22,590)	(22,590)	-	-
Trade creditors	(note 17)	(307,482)	(355,456)	(307,581)	(333,394)
Accruals	(note 17)	(229,868)	(329,271)	(243,361)	(309,691)
Other creditors	(note 17)	(223,687)	(60,783)	(191,771)	(45,448)

(783,627)	(768,100)	(742,713)	(688,533)
-----------	-----------	-----------	-----------

Bank loan due after one year (note 18)

(202,410)	(202,410)	-	-
-----------	-----------	---	---