

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

REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 MARCH 2023

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REPORT OF THE TRUSTEES
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Chair's statement

We have performed exceptionally well both financially and within the business community. In November 2022, South Downs Leisure won the Sustainable Business of the year at the Adur & Worthing Business awards, this was closely followed in January when Field Place was awarded the Team of the year at the National Wedding Industry awards, two accolades that we should all be very proud of.

The year did not come without its challenges for both South Downs Leisure and our customers, in the form of a utility crisis, fuel, food and mortgage rates all increasing into double digit inflation.

The Board and management team have worked together to understand how they could keep facilities open whilst a £1m increase in utilities materialised. We also reviewed ways in which we could support the local community with the cost of living. We have managed to achieve this with only a 6% average price increase in most activities.

There has been a huge cultural change toward sustainability and the triple bottom line of People, Planet, Profit with 90% of staff showing an interest in this and wanting to make a positive change.

In November 2022 we introduced a 3-month free membership to people on benefits, homeless and refugees and have seen over 400 people go through this scheme in its first year.

We had to leave no stone unturned, which meant reviewing opening hours of facilities, activities and budgets. We also converted 1300 aqua-school members to FIT4, which in turn had a positive uplift on family memberships.

Significant strides were achieved with reducing our use of fossil fuels, we saw an average reduction of 30% in our carbon footprint on Scope 1.

We have also continued to work hard towards our sustainability targets and introduced:

- New plant-based cleaning products.
- Recycled uniform made from plastic bottles.
- Sustainable team building days.
- Paperless head office, saving on paper and water.

In March 2023 we started using a new waste collection company. This year we will be focusing on a policy of re-use and recycle before replacing and ask the question, do we need to purchase in the first place.

Our membership sales showed strong growth, increasing by 48% from 9,186 members in April 2022, to 13,634 in March 2023. The largest growth as a % was in Adur with memberships growing by 76% over the year and 37% in Worthing.

Whilst we grow the business we will continue to reinvest and make significant improvements into our facilities. During the last 12 months we have invested:

- £50,000 investment in LED floodlights at Field Place and Worthing Leisure Centre.
- £90,000 on new Les Mills Body Pump equipment across all sites.
- £40,000 to improve our access control system.
- £60,000 on an I.T. upgrade.
- £20,000 to develop a new recording studio to deliver podcasts and virtual classes.
- £300,000 on new Gym kit at Worthing Leisure Centre and Splashpoint.
- £60,000 converting an old boxing room into a new Spinning studio at Lancing Leisure Centre.
- £50,000 refurbishment of changing rooms and toilets at Lancing Leisure Centre.

Enterprise

South Downs Leisure Enterprises Ltd. had a strong year with weddings and corporate hospitality. This all came on the back of winning our third national award at Field Place and our Events & Functions Manager now becoming a judge.

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We have looked to the future markets and have trained two staff to be Celebrants and offer services under the name of South Downs Celebrants. Booking have started to come in for 2024.

Sea Lanes

A new addition to South Downs Leisure was Sea Lanes. A National Open Water Swimming Centre on the beach in Brighton. This eye-catching facility opened in June 2023, however there was a great deal of preparation that was required during 2022-2023 to make it the success it has become in its first two months. We saw over 13,000 visitors to Sea Lanes in June and have over 1500 members.

Looking ahead

We are in an extremely strong position, financially and with the quality, strength and depth of the management team and Board. We need to continue our focus on the triple bottom line and understand how we could achieve carbon net zero at our dry side sites by 2030.

We also need to start planning our next five-year strategy for 2025-2030. Work on this will begin in early 2024.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

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 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

REFERENCE & ADMINISTRATIVE DETAILS

Name of charity

South Downs Leisure

Name of subsidiary

South Downs Leisure Enterprises Ltd

Charity and company registration

South Downs Leisure 09204269

South Downs Leisure Enterprises Ltd 09261501

Charity number 1163564

Registered office

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

Telephone and website

01903 905050

www.southdownsleisure.co.uk

Auditors

McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Building 1063, Cornforth Drive, Kent Science Park, Sittingbourne, Kent ME9 8BX

Bank

Lloyds Banking Group

City Office

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

Solicitors

Joanna Bussell

Winckworth Sherwood

Minerva House, 5 Montague Close, London SE1 9BB

Chief Executive Officer

Duncan Anderson

Trustees

	Appointed	Resigned
K von Habsburg (Chair)	5 February 2015	13 June 2022
J Lawrence-Hall	5 February 2015	
A Fleetwood	1 July 2019	
R Ramdin (Chair)	16 October 2019	
P Griffin	24 August 2020	
P Newton (Vice Chair)	24 August 2020	
P Spencer-Snell	26 October 2020	12 December 2022
C James	26 October 2020	13 March 2023
P Greenwood-Pearsons	22 October 2021	
A Turner	28 April 2022	
J Marshall	1 February 2023	
J Finch	3 February 2023	
R Garner	1 August 2023	
H Schan	1 August 2023	

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

South Downs Leisure is a charitable company limited by guarantee constituted on 4 September 2014 and governed by articles and memorandum of association.

Charitable status was applied following the incorporation of the Trust and was awarded shortly after the Trust commenced trading on 1 May 2015. The trustees are also directors of the charity for the purposes of the Companies Act.

The charity has a wholly owned trading subsidiary, South Downs Leisure Enterprises Ltd, whose non-primary purpose is to provide trading activities to support the activities of the Trust.

Recruitment and 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 Trustees providing a range of experience and professional expertise.

Rachel Ramdin is Chair and Paula Newton is vice Chair.

We have three subgroups which meet throughout the year to support the Board:

Finance

Andrew Fleetwood, Rachel Ramdin

People and Governance

Joanne Lawrence Hall, Paula Newton, Paula Spencer-Snell

Remuneration

Rachel Ramdin, Andrew Fleetwood

Enterprise Directors

Joanne Lawrence Hall, Penelope Greenwood-Pearsons, Paula Newton, Duncan Anderson

We held the following meetings for the period ended 31 March 2023:

- 4 x Board meetings
- 4 x Finance meetings
- 4 x People and Governance meetings
- 4 x Enterprise meetings
- 1 x Remuneration meeting

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REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

South Downs Leisure Trustees

Kris von Habsburg (Chair – retired 13 June 2022)
Rachel Ramdin (Chair)
Paula Newton (Vice Chair)
Joanne Lawrence Hall
Andrew Fleetwood
Phill Griffin
Charles James (Councillor) – resigned 13 March 2023
Paula Spencer-Snell (Staff Trustee) – resigned 12 December 2022
Penelope Greenwood-Pearsons
Amanda Turner
James Marshall
Jennifer Finch (Staff Trustee)
Rita Garner
Hillary Schan

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
- Sales and Marketing 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 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: The current position of each site is as below.

We have completed 2 Quest Prime (recovery) audits this year at Splashpoint and Lancing. Splashpoint scored excellent and Lancing scored very good. These are extensive audits looking at all areas of the business.

Health and Safety

South Downs Leisure is committed to embedding a culture of proactive health and safety management throughout the organisation. This is included in all staff and 1-1 meetings, and we have a dedicated Group Health and Safety Manager who works proactively across the sites to ensure the best standards are maintained. They have responsibility for Health and Safety compliance across the nine sites working closely with the site teams.

The Operations Director oversees regular cross-site meetings with the Operations 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. We have trained a further 4 members of staff in IOSH this year to further develop skills across the sites. We also have external expert advice through our contract with Right Directions who provide regular updates on legislation and compliance changes.

REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Accident and incident reporting

South Downs Leisure retains the services of Right Directions and the Data Hub digital platform. Right directions are a recognised industry leader in the Health and Safety field and have provided excellent support to the group H&S manager and site teams. The site managers and sections heads are provided with up-to-date information and notifications of changes in legislation, together with the calendar of audits, advice, and support in respect of litigation claims.

The reporting platform provides update data for managers to review and action. In the past year we have had no RIDDOR reportable accidents. All accidents and near misses are review by the group H&S manager with the site team and also in ops meetings. Any actions are recorded and checked in the sites service improvement plans.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES

Objectives and Activities

The objectives of the charitable company are:

- To provide or assist in the provision of both outdoor facilities in the interest of social welfare for recreation or other leisure time occupation of individuals who have need of such reason by 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 the provision of 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 outlined 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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

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 Board has developed a deep understanding of the aims of the Trust and provide strong, but challenging, support and guidance.

Executive Management Team

The Exec Management Team is led by the Chief Executive and includes, Finance Director, Operations Director, Group Business Development Manager, Group Facility Manager Worthing, Group Facility Manager Adur and the HR Executive. Below this we have a Senior Management team.

A number of subgroups were held throughout the year to ensure the delivery of the business plan.

Remuneration policy for key management personnel

A remuneration committee is in place for future review of remuneration for key management personnel. Historically all changes in grade have been passed by the HR/People and Governance subgroup. Cost of living increases are passed by the Board.

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. We have been able to take advantage of several free courses through CIMSPA in addition to other external and internal training.

We are committed to maintaining this budget for the future and looking to continue with the mentoring scheme and management training on alternate years.

REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES – continued

OBJECTIVES AND ACTIVITIES – continued

Workforce Make Up

The total workforce at the time of TUPE was 367 employees. The total workforce number does fluctuate monthly by approx. 25 employees 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 the last three months which is an Inland Revenue requirement.

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 - March 2023	MALE				FEMALE			
	Number	Mean	Median	%	Number	Mean	Median	%
Whole Organisation	171	12.39	9.37	0.31	386	14.97	12.97	0.69
Upper Quartile	22	24.36	23.71	0.16	118	23.41	23.71	0.84
Upper Middle Quartile	40	15.7	14.38	0.29	99	15.39	12.97	0.71
Lower Middle Quartile	59	9.24	9.37	0.42	80	9.1	8.91	0.58
Lower Quartile	50	8.19	8.36	0.36	89	8.6	8.91	0.64
	171	69.88	65.19	1.54	386	71.47	67.47	3.46

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.

STAFF PROFILES

As at 19/07/23	Number	Percentage
Total number of employees	478	
Total number of posts	885	
Number of employees with disabilities	4	0.84%
Number of employees of an ethnic minority	14	2.93%

* 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 retained the Disability Confident accreditation and have taken part in the EmployAbility scheme to assist disabled people into the leisure workforce.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES – continued

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) with the senior management team being members. We also work closely with Community Leisure UK attending regular calls and conferences.

Please see table below detailing the historical performance monitors since SDL was formed and the status of current audits. Both SPLC and LLC have also been through QUEST assessment this year.

<u>Audits</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2021/22</u>	<u>2022/23</u>
Quality Audits Worthing LC	92%	90%	83%	on hold	on hold
Quality Audits Splashpoint	93%	92%	89%	on hold	on hold
Quality Audits Field Place	91%	88%	84%	on hold	on hold
Quality Audits Davison LC	91%	87%	78%	on hold	on hold
H&S Audit Worthing LC	91%	91%	90%	87%	88%
H&S Audit Splashpoint	93%	87%	91%	90%	85%
H&S Audit Field Place	94%	93%	94%	91%	92%
H&S Audit Davison LC	86%	87%	92%	86%	90%
H&S Audit Lancing	NA	NA	NA	84%	82%
H&S Audit Southwick	N/A	N/A	N/A	81%	83%
H&S Audit Wadurs	N/A	N/A	N/A	85%	89%
NPS Adur	N/A	N/A	N/A	55%	36%
NPS Worthing	39%	39%	41%	49%	45%

-	<u>on target</u>	-
-	<u>≤15%</u>	-
-	<u>≥15%</u>	-

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

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.

We have continued to actively seek feedback from customers, and this has continued through introducing this via our app. All feedback is reviewed and actioned by the relevant teams.

ACHIEVEMENTS AND PERFORMANCE

We have continued to grow and develop this year with the opening of a new site at Sea Lanes in Brighton. This is an outdoors 50m pool on Brighton seafront. Since opening it has proven to be very successful with over 1500 members joining and a large uptake from the swimming community and clubs.

We have achieved external recognition from the Adur and Worthing Business awards winning business of the year 2022 and Field Place achieving further recognition winning a national wedding industry award for a third year in a row.

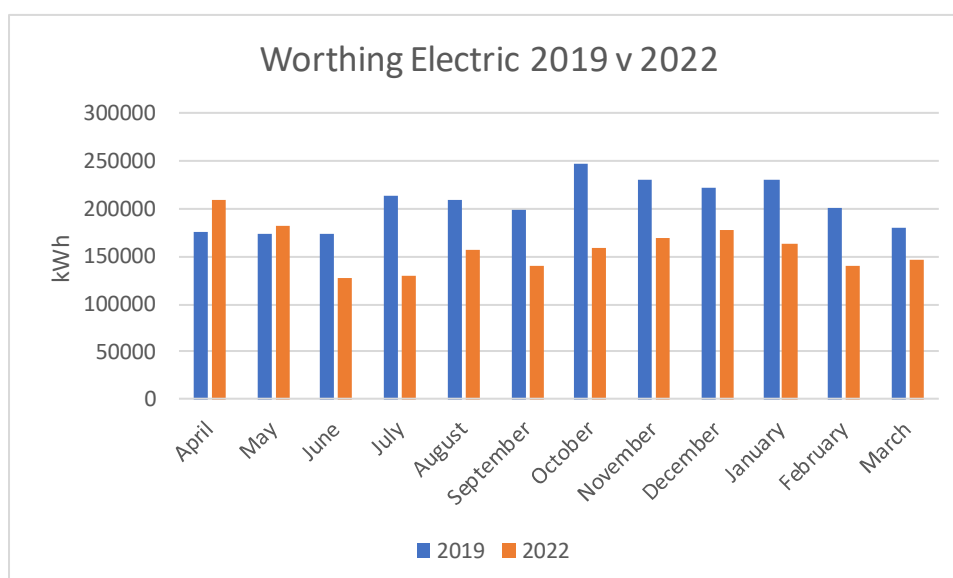
Despite the pressures affecting all business we have continued to grow our membership to 14000 and have seen continued growth in all areas. As a result, we have been able to continue our development of sites and a few examples are listed below:

- Upgraded floodlighting at WLC and Field Place
- Upgraded Les Mills equipment across sites
- Toilet and changing refurbishment at Lancing LC
- Improved access control system at Splashpoint

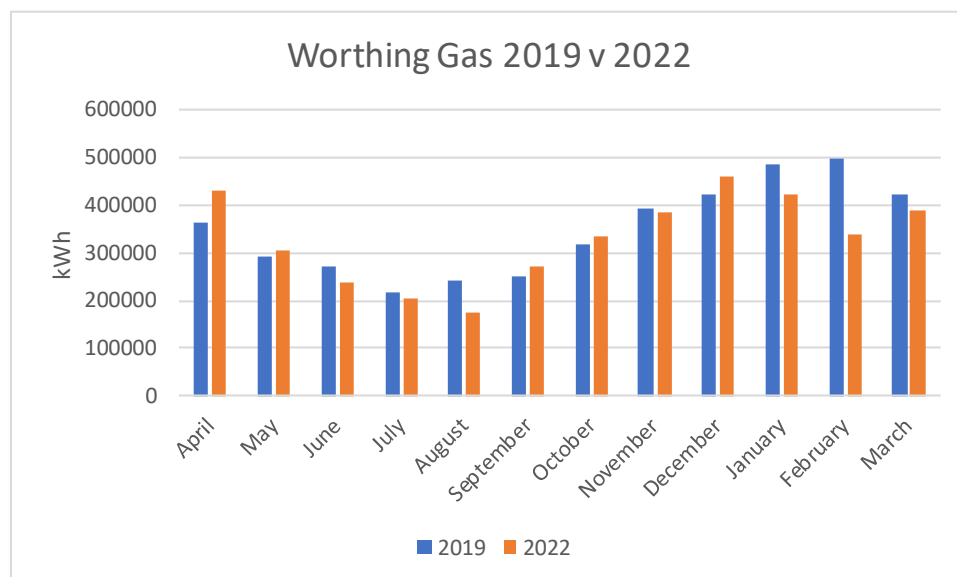
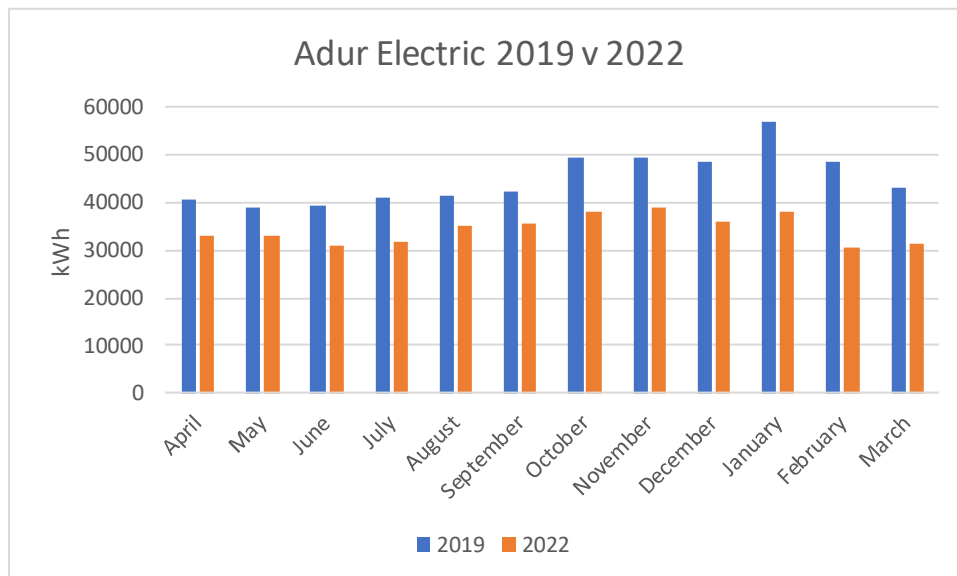
ENVIRONMENT AND SUSTAINABILITY

This has become a key focus of the business over the past 12 months, and we have introduced a separate Sustainability Development Strategy for 2022 – 2026. We have worked hard to make this part of the culture at SDL, by investing in training staff, communications to staff/customers and working with partners. We have ensured that sustainability is considered as part of all decisions that are made at all levels.

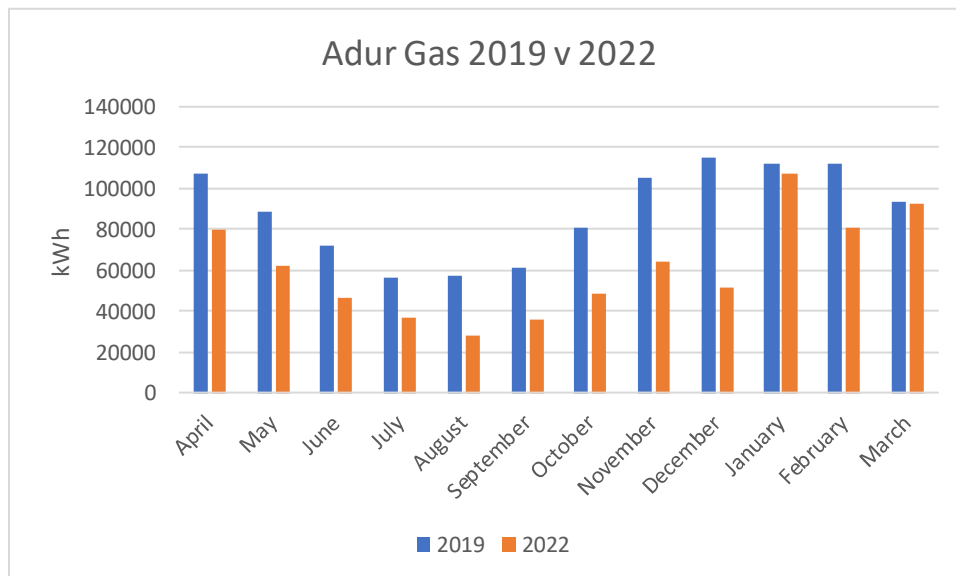
We have invested heavily in environmental savings across all sites; working hard to understand our energy usage and drive this down. This has been in the form of LED lighting, PIR sensors, reduced the times high energy facilities and equipment are running. Staff teams have really taken this on across the sites with environmental champions leading the way and continually coming up with new ideas. Comparing gas and electricity usage between 2019 (pre Covid) and 2022, to include the new Adur sites, shows the effect the measures are having:



REPORT OF THE TRUSTEES
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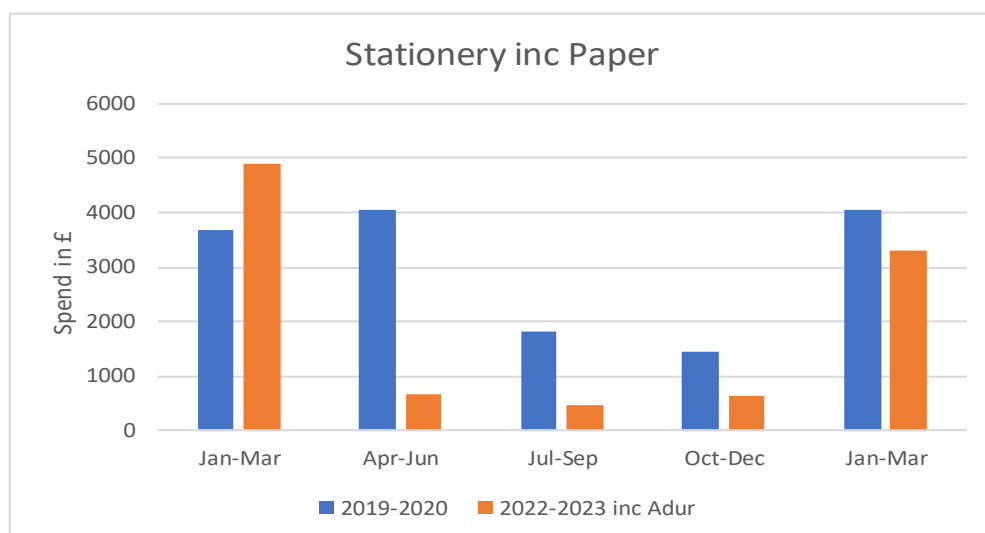


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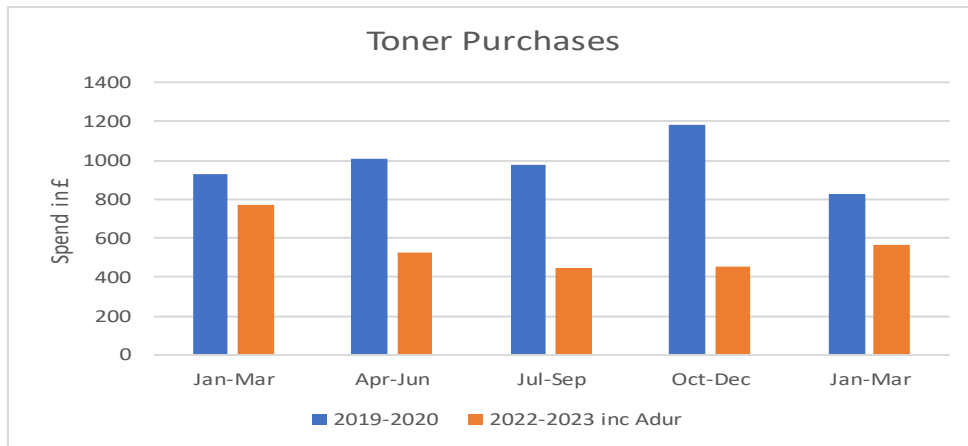


Regular meetings are held to discuss achievements and review new initiatives. We have been working with specialist external suppliers to further review options available. We further developed our handling of waste across the sites with waste audits and increased recycling options such as glass/food/flexible plastics. A new partnership with Recorra has allowed this to take place and enable us to review the waste we produce.

The introduction of an invoice capture system for the purchase ledger has resulted in time, paper, and toner savings. A concerted effort across the company has led to further reductions in the purchase of stationery, including paper, and toner.



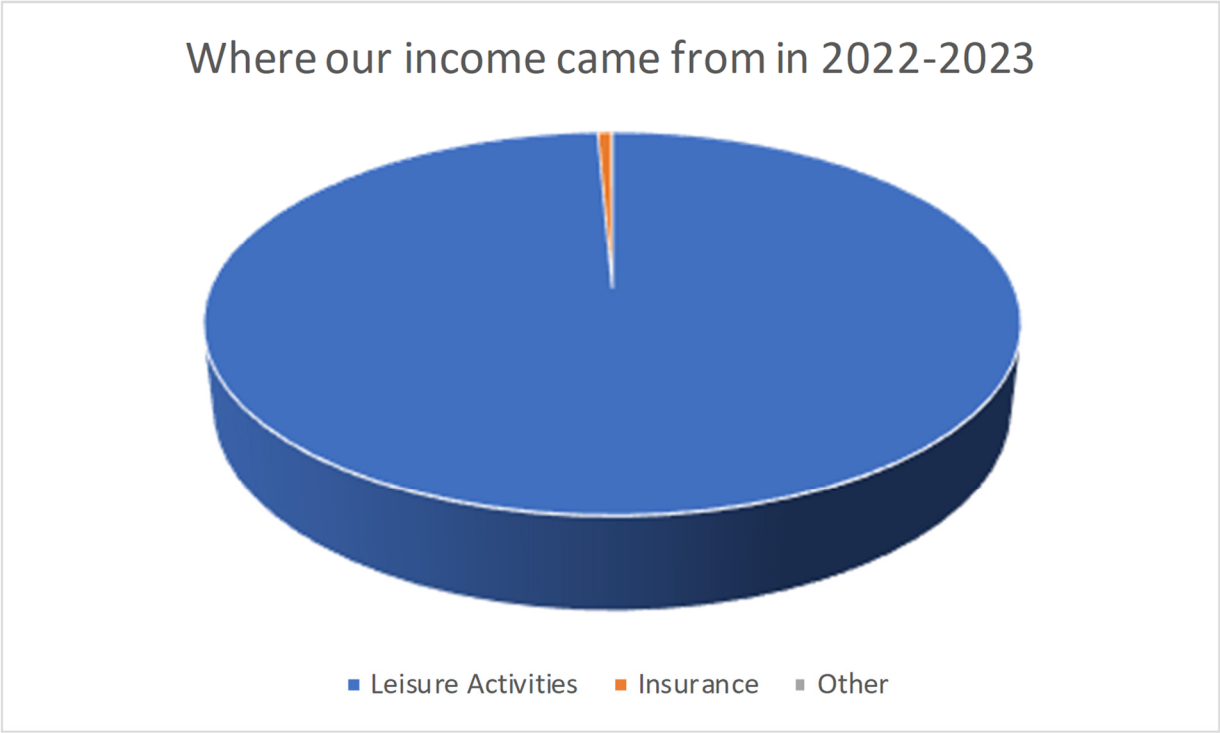
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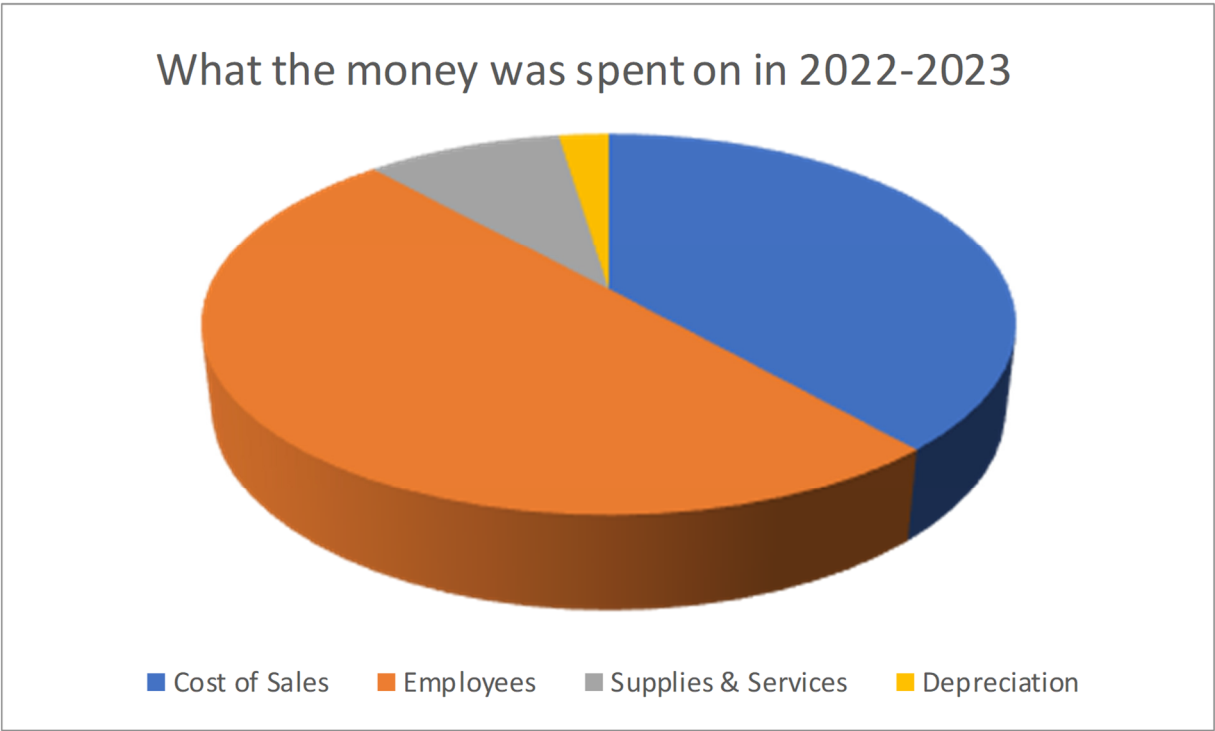
REPORT OF THE TRUSTEES
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FINANCIAL REVIEW

The following charts show where our income came from and how that money was spent.

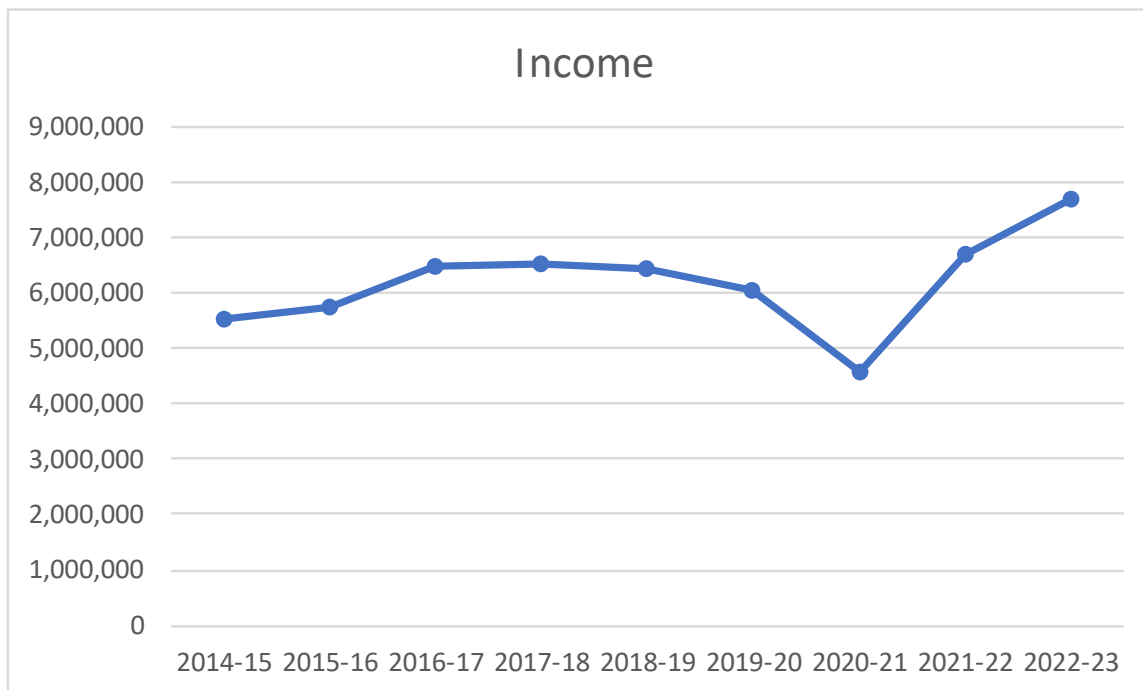


Insurance was a negative of £51k as this money was not received as expected in 2021-2022.

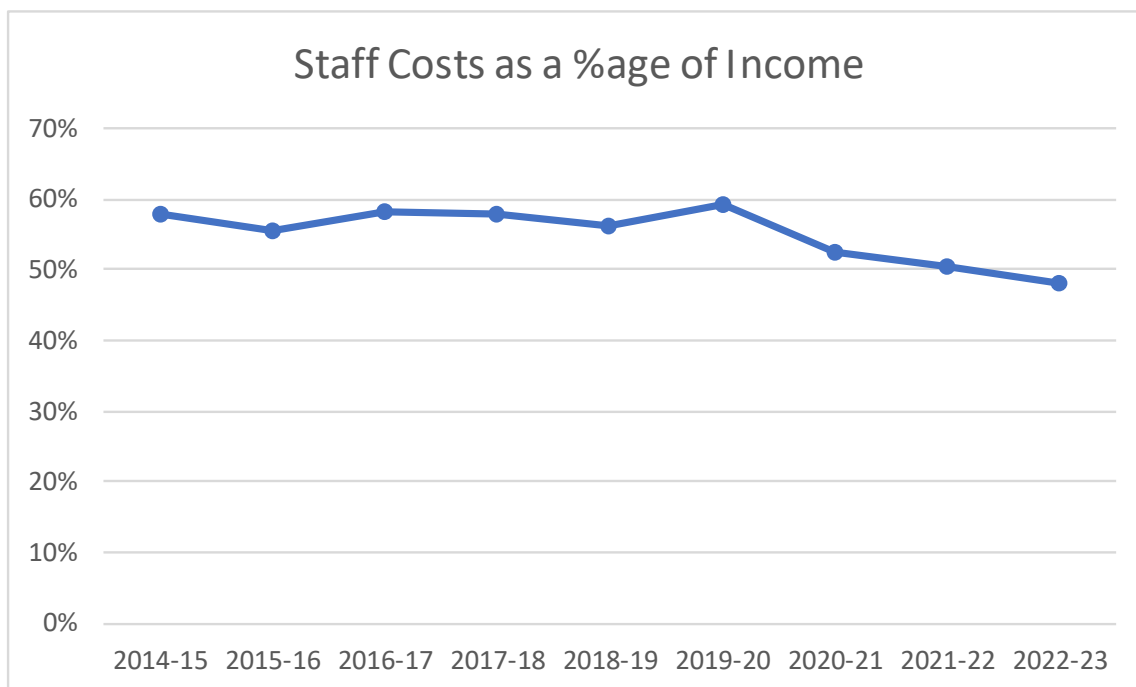


REPORT OF THE TRUSTEES
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FINANCIAL REVIEW – continued



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. Figures from 2018-19 include Head Office costs.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW – continued

Reserves

Surpluses on trading and charitable activities will be transferred to a risk reserve and an improvement reserve. After the accumulation of £891,000 into the risk reserve, then the Worthing contract part of the Trust shall transfer up to £100,000 of any surplus generated into a designated account, the Improvement Reserve.

Surpluses from the Adur contract will be saved into a separate improvement reserve after 50% has been paid to Adur & Worthing Council. Surpluses from the Palatine Park contract are to be kept in a separate fund for use on football in the community.

The group has returned a deficit after exceptional items of £319,936 (2022: £10,419 deficit). There was a surplus in the year of £236,177 before exceptional items (2022: £10,419 deficit). After accounting for exceptional items, the accumulated reserves for the group amounted to £1,273,502 (2022: £1,593,438), including restricted funds of £40,229 (2022: £42,670) and unrestricted funds of £1,233,273 (2022: £1,550,768).

In the event that the Trust meets the agreed Risk Reserve target of £891,000 and after £100,000 has been transferred into the Improvement Reserve for the Worthing contract, 50% of any surpluses for the Adur contract have been transferred into an Improvement Reserve, and the Palatine Park surplus has been transferred into a football in the community fund, 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.

The Trust had total reserves at the balance sheet date of £1,273,502 (2022: £1,593,438). £891,000 (2022: £786,644) has been designated as the risk reserve in accordance with the reserves policy and £661,044 (2022: £443,186) has been designated as the improvement reserve for Worthing and Adur, plus £4,414 (2022: £12,751) has been designated for Palatine Park. Within reserves is a cashflow hedge fund of negative £556,113 (2022: £nil) in respect of forward contracts entered into to purchase utilities. Restricted funds at the year end were £40,229 (2022: £42,670). Unrestricted funds at year end totalled £234,921 (2022: £235,056).

The improvement reserve balance of £661,044 (2022: £469,404) is made up of the net book value of fixed asset purchases since incorporation of £457,519 (2022: £362,588) and there were £203,525 unspent reserves (2022: £106,816).

The COVID-19 crisis saw the reserves depleted between March and October 2020 resulting in the need for a government backed CBILS bank loan for £750,000. This was repaid in September 2021 before any interest charges were due. In December 2020 the insurance claim was accepted and ensured stability with a cover of £2.5m. £1.99m was received to March 2022. The High Court ruling in September 2022 resulted in the insurance company refusing our final tranche of the claim as each lockdown or change in rules was deemed as a new claim period. The insurance policy renewed in June 2020 and Covid was no longer covered.

Going concern

Having weathered the COVID-19 pandemic with the benefit of the insurance claim, government assistance including the Coronavirus Job Retention Scheme, and restructuring our workforce, we have, once again, faced huge challenges. The cost of utilities increased in October 2022 to a level not previously envisaged possible. This has mainly been driven by the war in Ukraine and the instability of fuel supply.

The decision was taken to not tie into a fixed term contract but to take a five-year contract where utilities are purchased at the best next day price. We implemented this between October and December 2022 and found that this yielded much better results than any of the fixed term contracts we were offered. From January 2023 we hedged some of our fuel costs to ensure some stability in our budgets. The hedging has been led by the traders at the utility brokers and has worked well so far.

Since focusing on our sustainability strategy, we have identified a number of areas where improvements have resulted in cost savings, as well as being a win for the planet.

We now have a lean, agile workforce which is felt will be one of the best ways to cope with the challenges we have experienced and to give us flexibility moving forwards.

Our product is in the middle of the leisure market and although the cost-of-living crisis will squeeze some of our customers with less disposable income out of a full membership, we are aware that we are gaining interest from the top end of the market. We continue to provide an online service and are able to sell this as a more cost-conscious standalone product to keep customers engaged during this difficult period.

Costs are monitored and controlled closely and all schemes available are utilised to minimise our costs i.e., training through CIMSPA.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW – continued

The Board of Trustees have considered the uncertainties caused by the current cost of living crisis, the volatility in the utilities market as a result of the war in Ukraine and the potential impact that further strains of Covid -19 may have on the trust and whilst these issues do cause some uncertainty the Board are satisfied that it has taken mitigating actions that will reduce the impact of these uncertainties on the activities of the trust. In addition the Board consider the level of reserves to be of a sufficient level to ensure that the trust will be able to meet its liabilities as they fall due and for this reason they consider it appropriate to continue to prepare the financial statements on a going concern basis.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Plans for the future

By restructuring the business and taking on the additional Adur contract, we feel that South Downs Leisure is poised to deal with future challenges and opportunities that come our way. We have shown our agility and flexibility in coping with the Covid crisis, which we will continue to employ during the current challenges as we grow and reinforce the position of the Trust. The opportunity of Sea Lanes is already being embraced by the team. At the same time, we are committed to sustainability and the environmental impact of South Downs Leisure. Our focus will continue to be around the triple bottom line of People, Planet, Profit with all activities, staff engagement and projects. We will continue to strive for a business that is financially successful, creating stability for our staff, meets our Objects, whilst prioritising the environment.

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).

FUNDRAISING

As a charity our income is derived from charitable trading and as such, we do not undertake any specific campaigns which require donations.

DISABLED PERSONS

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts. South Downs Leisure is a Disability Confident employer and completed the Employability scheme during 2022-2023.

ENGAGEMENT WITH EMPLOYEES

The importance of communication with employees was highlighted during the COVID-19 pandemic. We have continued with the Zoom calls with the CEO for all staff and these are held on a regular basis, as we recognise how important it is for staff to see the CEO and have the opportunity to ask questions directly. There are staff newsletters and social media posts.

The Wellbeing Champions (previously known as Workplace Champions) introduced in 2021 are volunteers who have been given training to support staff, provide a means of signposting staff to additional support and coordinating with management as necessary.

Worthing Counselling Service was employed as the EAP provider during 2019/20. This is a local charitable service which has already proved more popular than the previous, more generic, service. We are helping our staff and another local charity which fits perfectly with our ethos.

In line with our Environmental Strategy, we have also appointed Sustainability Champions and have recently taken these staff on trips to see the local windfarm and recycling facility.

Our board of Trustees also includes a Staff Trustee to represent the staff.

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

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 2019 (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:



R Ramdin – Chair

Date: 18 September 2023

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

Opinion

We have audited the financial statements of South Downs Leisure (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated 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 group's and of the parent charitable company's affairs as at 31 March 2021 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 Auditors 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the group 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 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 light of the knowledge and understanding of the group and parent Charitable Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of 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 by the parent charitable company and its subsidiary, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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 the 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charitable Company through discussions with trustees and our experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and Charitable Company, including, but not limited to, the Companies Act (2006), UK tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's and Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:


- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the relevant regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees' and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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
Building 1063
Cornforth Drive
Kent Science Park
Sittingbourne
Kent
ME9 8PX

Date: 18/09/2023

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	31.3.23 Total Funds £	31.3.22 Total Funds £
INCOME					
Donation income	5	-	-	-	100,604
<i>Income from charitable activities:</i>					
Operation of leisure, recreation sites and health activities	6	7,760,539	1,328	7,761,867	6,325,734
<i>Income from other trading activities:</i>					
Commercial trading operations	7	685,049	-	685,049	533,493
Other income	8	(177,306)	-	(177,306)	241,187
TOTAL INCOME		8,268,282	1,328	8,269,610	7,201,018
EXPENDITURE					
<i>Costs of raising funds:</i>					
Commercial trading operations	7	559,007	-	559,007	486,773
<i>Expenditure on charitable activities:</i>					
Operation of leisure, recreation sites and health activities	10	7,470,657	3,769	7,474,426	6,724,664
TOTAL EXPENDITURE		8,029,664	3,769	8,033,433	7,211,437
NET (EXPENDITURE) / INCOME BEFORE EXCEPTIONAL ITEMS, TAXATION AND TRANSFERS		238,618	(2,441)	236,177	(10,419)
Exceptional items	21	(556,113)	-	(556,113)	-
NET MOVEMENT IN FUNDS		(317,495)	(2,441)	(319,936)	(10,419)
RECONCILIATION OF FUNDS:	26				
FUNDS BROUGHT FORWARD		1,550,768	42,670	1,593,438	1,603,857
FUNDS CARRIED FORWARD		1,233,273	40,229	1,273,502	1,593,438

All incoming resources and resources expended arise from continuing activities. The group has no other recognised gains and losses other than those stated above.


SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2023

	Notes	31.3.23 Total Funds £	31.3.23 Total Funds £	31.3.22 Total Funds £	31.3.22 Total Funds £
FIXED ASSETS					
Intangible assets	16		20,328		37,630
Tangible assets	17		530,695		489,071
Investments	18		-		-
			<u>551,023</u>		<u>526,701</u>
CURRENT ASSETS					
Stocks	19	64,402		86,316	
Debtors	20	457,695		758,352	
Cash at bank and in hand		2,055,362		1,256,662	
		<u>2,577,459</u>		<u>2,101,330</u>	
CREDITORS					
Amounts falling due within one year	21	<u>(1,837,214)</u>		<u>(1,012,728)</u>	
NET CURRENT ASSETS			<u>740,245</u>		<u>1,088,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,291,268		1,615,303
PROVISIONS FOR LIABILITIES	24		(17,766)		(21,865)
NET ASSETS			<u>1,273,502</u>		<u>1,593,438</u>
FUNDS					
Unrestricted income funds			234,921		235,056
Unrestricted designated funds			998,352		1,315,712
Restricted funds			40,229		42,670
TOTAL FUNDS	26		<u>1,273,502</u>		<u>1,593,438</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 18/09/2023 and were signed on its behalf by:



R Ramdin – Chair

Company Registered number: 09204269

Registered Charity number: 1163564

The notes form part of these financial statements

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

COMPANY BALANCE SHEET
AT 31 MARCH 2023

	Notes	31.3.23 Total Funds £	31.3.23 Total Funds £	31.3.22 Total Funds £	31.3.22 Total Funds £
FIXED ASSETS					
Intangible assets	16		20,328		37,630
Tangible assets	17		437,191		373,993
Investments	18		1		1
			<u>457,520</u>		<u>411,624</u>
CURRENT ASSETS					
Stocks	19	64,402		86,316	
Debtors:	20	421,612		733,506	
Cash at bank and in hand		<u>1,756,072</u>		<u>1,043,829</u>	
		<u>2,242,086</u>		<u>1,863,651</u>	
CREDITORS					
Amounts falling due within one year	21	<u>(1,659,032)</u>		<u>(916,893)</u>	
NET CURRENT ASSETS			<u>583,054</u>		<u>946,758</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,040,574		1,358,382
NET ASSETS			<u>1,040,574</u>		<u>1,358,382</u>
FUNDS					
Unrestricted designated funds			1,000,345		1,315,712
Restricted funds			<u>40,229</u>		<u>42,670</u>
TOTAL FUNDS	26		<u>1,040,574</u>		<u>1,358,382</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on18/09/2023. and were signed on its behalf by:



R Ramdin – Chair

Company Registered number: 09204269
Registered Charity number: 1163564

The notes form part of these financial statements

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

		Group 31.3.23 £	Group 31.3.22 £	Company 31.3.23 £	Company 31.3.22 £
Cash flows from operating activities	1	1,050,831	670,111	924,351	598,373
Tax paid		(4,097)	32,918	-	-
Net cash/(cost) from operating activities		<u>1,046,734</u>	<u>703,029</u>	<u>924,351</u>	<u>598,373</u>
Cash flows from investing activities					
Purchase of tangible fixed assets		(221,606)	(334,473)	(221,606)	(334,473)
Purchase of intangible fixed assets		-	-	-	-
Disposal of asset		-	5,911	-	5,914
Finance charges		(26,428)	(14,260)	(24,093)	(13,048)
Interest receivable		-	-	1,991	5,565
Net cash from investing activities		<u>(248,034)</u>	<u>(342,822)</u>	<u>(243,708)</u>	<u>(336,042)</u>
Cash flows from financing activities					
Subsidiary loan repayments to parent		-	-	31,600	31,600
New loan		-	-	-	-
Loan repayments		-	(850,000)	-	(750,000)
Net (cost)/cash from investing activities		<u>-</u>	<u>(850,000)</u>	<u>31,600</u>	<u>(718,400)</u>
(Decrease)/Increase in cash and cash equivalents in the reporting period		798,700	(489,793)	712,243	(456,069)
Cash and cash equivalents at the beginning of the reporting period	2	<u>1,256,662</u>	<u>1,746,455</u>	<u>1,043,829</u>	<u>1,499,898</u>
Cash and cash equivalents at the end of the reporting period	2	<u>2,055,362</u>	<u>1,256,662</u>	<u>1,756,072</u>	<u>1,043,829</u>

The notes form part of these financial statements

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

1. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 31.3.23 £	Group 31.3.22 £	Company 31.3.23 £	Company 31.3.22 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(319,936)	(10,419)	(317,809)	(10,419)
Depreciation/amortisation charges	197,283	120,107	175,711	95,280
Finance costs	26,428	14,261	24,093	13,048
Interest received	-	-	(1,991)	(5,565)
(Increase) / decrease in stock	21,914	(52,497)	21,914	(52,497)
Decrease / (increase) in debtors	300,658	329,408	308,574	371,976
Decrease / (Increase) in intercompany	-	-	(91,969)	(91,473)
Increase / (Decrease) in creditors	824,484	269,251	805,828	278,023
Net cash flow from operating activities	<u>1,050,831</u>	<u>670,111</u>	<u>924,351</u>	<u>598,373</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

Group

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	<u>1,256,662</u>	<u>798,700</u>	<u>2,055,362</u>
	<u>1,256,662</u>	<u>798,700</u>	<u>2,055,362</u>
Debt			
Debts falling due within 1 year	-	-	-
Debts falling due after 1 year	-	-	-
	-	-	-
Total	<u>1,256,662</u>	<u>798,700</u>	<u>2,055,362</u>

Company

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	<u>1,043,829</u>	<u>712,243</u>	<u>1,756,072</u>
	<u>1,043,829</u>	<u>712,243</u>	<u>1,756,072</u>
Debt			
Debts falling due within 1 year	-	-	-
Debts falling due after 1 year	-	-	-
	-	-	-
Total	<u>1,043,829</u>	<u>712,243</u>	<u>1,756,072</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2019)', 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 group's functional currency is British Pound Sterling (GBP), which is also the presentation currency for the group. The financial statements are therefore presented in British Pound Sterling.

Going concern

Last year the war in Ukraine had caused great uncertainty in the stability of gas and electricity supplies. Like many other companies we were faced with the prospect of extortionate prices for fixed price contracts. The decision was made to go with Northern Gas and Power (NGP) and to utilise the Day Ahead method of purchasing utilities until December 2022. Prices were constantly reviewed by the NGP broker and, when the prices began to stabilise, we began to hedge and contract our purchasing ahead of time; initially with 50% of our usage, then further percentages were hedged as the prices became more favourable. Taking a proactive approach to our utilities, along with an energy drive at all sites meant that, although the utility prices were of a previously unthinkable level, the costs were managed and were lower than had been expected at the end of the financial year.

South Downs Leisure

- Splashpoint, our flagship swimming and leisure centre, was hardest hit by the escalating costs. This was countered by reducing opening hours, lowering pool temperatures and increasing swimming charges.
- Heating and lighting are closely monitored at all sites with efficiency measures being enforced.
- During the year two pay awards were made to help staff with the cost-of-living crisis: one in October 2022 and the second in April 2023.

South Downs Leisure Enterprises Limited

- Staff training
- Work re energy efficiency around the different areas of the site.

An Environmental and Sustainability Strategy was written and implemented at all sites. Environmental training had been provided to approximately 60 staff of all levels across the organisation in October 2021, so staff were already fully engaged in this when the utility crisis hit. The work in this area continues in an ongoing basis:

South Downs Leisure

- Creating an environmental and sustainability policy
- Applying for permission to install more solar panels
- Reducing all unnecessary usage of lighting, heating and cooling
- Installing LED lighting both inside and outside
- Contracting a new waste management company to audit and assist with our recycling goals
- Staff awareness and buy in to environmental and sustainability goals

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES – continued

Going concern - continued

South Downs Leisure Enterprises Limited

- Investigating installing solar panels on the barn.
- Installing LED lighting both inside and outside.
- Supplier partnering on sustainable goals.
- Staff awareness and buy in to environmental and sustainability goals.

Sea Lanes National Open Water Swimming Centre

South Downs Leisure entered a contract to run the Sea Lanes National Open Water Swimming Centre in Brighton which opened to the public in June 2023. This is a new contract outside of our council partnerships which should strengthen our position and offering to the public.

The Board of Trustees have considered the uncertainties caused by the current cost of living crisis, the volatility in the utilities market as a result of the war in Ukraine and the potential impact that further strains of Covid -19 may have on the trust and whilst these issues do cause some uncertainty the Board are satisfied that it has taken mitigating actions that will reduce the impact of these uncertainties on the activities of the trust. In addition, the Board consider the level of reserves to be of a sufficient level to ensure that the trust will be able to meet its liabilities as they fall due and, for this reason, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Utilities

The utilities for the Worthing contract came up for renewal in October 2022. The fixed contract prices at this time, excluding non-commodity charges ranged from £1,635,530 for a one-year contract to £1,417,150 for a three-year contract. The decision was taken to not take out a fixed contract as the Charity would have not been able to pay these prices. The alternative was to go through a broker and purchase utilities at a Day Ahead price. This worked well between October and December 2022 where savings were made.

Advice was taken to start hedging our utilities from January 2023 as prices were coming down. As energy usage was being monitored, and consumption reduced wherever operationally possible, different percentages of utilities were purchased at different times.

£1,128,644 was hedged up to year 2025-2026. Fixed contracts would have cost £1,417,150 for the same period. The fair Value of the contracts at 31 March 2023 is £572,532.

Included within the £1,128,644 that was hedged was the one-year contract, which in isolation, would have shown a saving of £958,617 of hedged against fixed utilities contract. A loss of £375,170 on the fair value at 31 March 2023 shows the downwards trend of the cost of utilities during this initial period.

The reduction in the price of utilities has, therefore, shown a loss in the accounts. However, it is still believed that purchasing on Day Ahead and then hedging utilities has given the Charity more stability and ensured that the business continues to survive in such turbulent times. Any other method of purchasing utilities, that was available in September 2022, would not have been sustainable for the business and the trust took this measure to insure against its cash flow risk. As the market for utilities has softened we have worked with our energy brokers to assess if any of the trades should be sold and day ahead rates used instead. This has resulted in the sale of a number of the contracts for September and October 2023, those utilities will now be purchased on the day ahead rate in the expectation that it will be lower than the contacted rate.

Preparation of consolidated financial statements

The financial statements consolidate the results of the Charitable Company and its wholly owned subsidiary South Downs Leisure Enterprises Limited on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account is not presented for the Charitable Company itself in accordance with the exemptions afforded by paragraph 397 of the SORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES – continued

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.

Government grants

Government grants are recognised when it is reasonably certain that the conditions attached the grant are met. The grant is recognised on an accruals basis over the period necessary to match with the costs that they are associated

During the year the Charitable Company received the following revenue based grant:

Coronavirus Job Retention Scheme (CJRS) to cover a portion of employees' wages who were furloughed due to the coronavirus pandemic. The amount received has been included in income (note 5).

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, straight line over 23 years
Exercise Equipment	- straight line over 5 years
IT, Audio & Visual Equipment	- straight line over 5 years
Fixed assets – Adur sites	- straight line over 4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES – continued

Intangible fixed assets

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

Computer Software - 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.

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.

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.

Allocation and apportionment of costs

Charitable activities are those costs incurred directly in the running of each of the recreation and leisure sites and in performance of the health activities. Charitable activities are split into recreation, leisure site and health activities costs, which are those costs incurred directly in the running of each of the sites and health activities, and support costs which are those costs incurred directly in support of expenditure on the objects of the Charitable Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES – continued

Financial Instruments

The charitable company and subsidiary enter into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Charitable Company and subsidiary enter into other financial instruments that result in the recognition of financial assets and liabilities at fair value.

e) Forward contracts

As a result of the volatile utilities market the Charitable Company enters into forward contracts to manage its cash flow risk concerning the price of utilities in the future. The financial instrument is valued at the balance sheet date at fair value. Fair value gains and losses are recognised in the statement of other comprehensive income.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES – continued

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.

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.

4. FINANCIAL ACTIVITIES OF THE CHARITY

The financial activities shown in the Group Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiary South Downs Leisure Enterprises Limited.

A summary of the financial activities undertaken by the Charitable Company is set out below:

		31.3.23	31.3.22
		£	£
Gross incoming resources	- Operation of leisure centres	7,761,867	5,965,166
	- Grants (note 6)	-	360,568
	- Donations (note 5)	-	100,604
	- Gift aid donation from subsidiary	-	41,155
	- Other income (note 8)	(51,128)	241,187
		<u>7,710,739</u>	<u>6,708,680</u>
Total expenditure on charitable activities		(7,474,426)	(6,724,664)
Loan interest from subsidiary		<u>1,991</u>	<u>5,565</u>
Net incoming / (outgoing) resources		<u>(238,304)</u>	<u>(10,419)</u>

5. DONATION INCOME

	31.3.23	31.3.22
	£	£
Donation income	-	100,604
	<u>-</u>	<u>100,604</u>

The Charitable Company received £nil (2022: £100,104) of grant funding from the government's Coronavirus Job Retention Scheme (CJRS) and £nil (2022: £500) from the Bowls Club for a defibrillator at Field Place.

Income from donations was £nil (2022: £100,604) of which £nil (2022: £100,604) was attributable to restricted funds and £nil (2022: £nil) was attributable to unrestricted funds.

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

6. INCOME FROM CHARITABLE ACTIVITIES - continued

		31.3.23	31.3.22
		£	£
Gross incoming resources	- Operation of leisure centres	7,760,539	5,965,166
	- Grants	<u>1,328</u>	<u>360,568</u>
Net incoming / (outgoing) resources		<u>7,761,867</u>	<u>6,325,734</u>

Income from charitable activities was £7,761,867 (2022: £6,325,734) of which £1,328 (2022: £28,715) was attributable to restricted funds and £7,760,539 (2022: £6,297,019) was attributable to unrestricted funds.

Grants received, included in the above, are as follows:

		31.3.23	31.3.22
		£	£
Other grants		1,328	-
Other Local Authority grants		<u>-</u>	<u>360,568</u>
Net incoming / (outgoing) resources		<u>1,328</u>	<u>360,568</u>

7. INCOMING / (OUTGOING) RESOURCES FROM COMMERCIAL TRADING OPERATIONS

A summary of the trading results of the wholly owned subsidiary South Downs Leisure Enterprises Limited is shown below:

		31.3.23	31.3.22
		£	£
Turnover		558,872	533,493
Cost of sales and administration costs		(559,008)	(486,773)
Gift aid donation from subsidiary to parent		-	(41,155)
Interest on inter-group loan		<u>(1,991)</u>	<u>(5,565)</u>
Net profit/(loss)		<u>(2,127)</u>	<u>-</u>

Included within turnover in the year ended 31 March 2023 is £nil (2022: £4,887) of grant funding from the government's Coronavirus Job Retention Scheme (CJRS) and negative £126,177 (2022: £126,177) relating to the business interruption insurance claim that was recognised in the prior year based on the information available at that point in time but was not paid during the year.

8. OTHER INCOME

		31.3.23	31.3.22
		£	£
Business Interruption insurance claim		<u>(177,306)</u>	<u>241,187</u>
		<u>(177,306)</u>	<u>241,187</u>

There was no other income during the year ended 31 March 2023. In the prior year there was other income relating to a business interruption insurance claim based on the loss of earnings totalling £241,187.

Other income was £nil (2022: £241,187) of which £nil (2022: £241,187) was attributable to unrestricted funds.

9. NET INCOME/EXPENDITURE OF THE PARENT CHARITABLE COMPANY

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net incoming resources was £314,939 (2022: £(10,419) outgoing resources).

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

10. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES COSTS

	Direct Costs	Direct Staff Costs	Support Costs (see note 11)	31.3.23 Total Charitable Activities £	31.3.22 Total Charitable Activities £
	£	£	£	£	£
Leisure, recreation and health activities	<u>3,435,810</u>	<u>3,702,210</u>	<u>336,406</u>	<u>7,474,426</u>	<u>6,724,664</u>

£3,769 (2022: £126,151) of the above costs were attributable to restricted funds and £7,470,657 (2022: £6,598,513) of the above costs were attributable to unrestricted funds.

11. SUPPORT COSTS

Support costs, included in the above, are as follows:

	31.3.23 Operation of leisure, recreation sites and health activities £	31.3.22 Operation of leisure, recreation sites and health activities £
External support services	101,635	92,270
Advertising & marketing	39,647	44,720
Office administration	116,807	78,974
Consultancy	8,436	500
Training	3,165	4,856
Finance costs	24,093	13,048
Governance costs	26,390	41,650
Other support costs	<u>16,233</u>	<u>8,921</u>
	<u>336,406</u>	<u>284,939</u>

All support costs relate to the sole activity of the Charitable Company, being the provision of leisure, recreation and health services.

12. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/ (crediting):

	31.3.23 £	31.3.22 £
Hire of equipment	20,968	122,761
Depreciation	160,112	103,072
Amortisation	16,189	17,036
Auditors' remuneration	21,000	21,859
Auditors' remuneration for non-audit work	<u>4,380</u>	<u>3,675</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

13. TRUSTEES' REMUNERATION AND BENEFITS

Staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Trust in respect of their roles as trustees.

The value of trustees' remuneration (Gross salary, employer's NI, employer's pensions) was as follows:

P Spencer-Snell (Staff trustee):

Remuneration: £15,001 - £20,000 (2022: £20,001 - £25,000)

Employer's pension contributions: £0 - £5,000 (2022: £5,001 - £10,000)

J Finch (Staff trustee):

Remuneration: £0 - £5,000 (2022: £nil)

Employer's pension contributions: £0 - £5,000 (2022: £nil)

Trustees' Expenses

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

14. STAFF COSTS

	31.3.23 £	31.3.22 £
Company		
Wages and salaries	3,295,807	2,988,236
Social security costs	168,876	153,219
Defined benefit pension costs	236,993	241,954
Redundancy and severance payments	534	8,391
	<u>3,702,210</u>	<u>3,391,800</u>
Subsidiary		
Wages and salaries	114,565	79,471
Social security costs	8,710	5,570
Other pension costs	7,331	5,063
	<u>130,607</u>	<u>90,104</u>
	<u>3,832,816</u>	<u>3,481,904</u>

There were two redundancies in the year totalling £534 (2022: £8,391).

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

31.3.23	31.3.22
<u>366</u>	<u>318</u>

The total amount of employee benefits received by key management personnel was £482,230 (2022: £312,536). The Charitable Company considers its key management personnel to be the Chief Executive, Finance Director, Operations Director, HR Executive, Business Development Manager, two Operations Managers and staff trustees.

The number of employees whose emoluments fell within the following bands was:

	31.3.23	31.3.22
£60,001 - £70,000	1	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
	<u>2</u>	<u>1</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

14. STAFF COSTS - continued

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing:

31.3.23	31.3.22
<u>2</u>	<u>1</u>

15. TAXATION

The Charitable Company paid no corporation tax during the year. Provisions for £nil (2022: £nil) have been made at 31 March 2023 for corporation tax due in respect of the surplus from trading activities recorded in the year ended 31 March 2023. During the year ended 31 March 2023 all trading activities were conducted by the wholly owned subsidiary, South Downs Leisure Enterprises Limited.

South Downs Leisure Enterprises Limited has provisions included of £17,766 (2022: £21,865) in respect of deferred taxation and a corporation tax creditor of £5,627 (2022: £3,821 – no provided for in 31 March 2022 accounts) in respect of corporation tax payable on profits relating to trading income. The analysis of the tax charge on the profit for the year was as follows:

	31.3.23 £	31.3.22 £
Current tax:		
UK corporation tax	5,627	-
Under provision of corporation tax in the prior year	3,821	-
Deferred taxation movement	(397)	(4,717)
Tax on trading profit	<u>(9,051)</u>	<u>(4,717)</u>

16. INTANGIBLE FIXED ASSETS

Group and company

	Computer software £
COST	
At 1 April 2022	112,984
Additions	-
Disposals	<u>(1,113)</u>
At 31 March 2023	<u>111,871</u>
AMORTISATION	
At 1 April 2022	75,354
Charge for year	16,189
Eliminated on disposal	<u>-</u>
At 31 March 2023	<u>91,543</u>
NET BOOK VALUE	
At 31 March 2023	<u>20,328</u>
At 31 March 2022	<u>37,630</u>

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

17. TANGIBLE FIXED ASSETS

Group

	Exercise Equipment £	Fixtures and fittings £	IT, audio and visual equipment £	Totals £
COST				
At 1 April 2022	625,201	487,524	114,503	1,227,228
Additions	174,245	47,361	-	221,606
Disposals	(8,309)	(400)	-	(8,709)
At 31 March 2023	791,137	534,485	114,503	1,440,125
DEPRECIATION				
At 1 April 2022	330,749	296,769	110,639	738,157
Charge for year	129,424	50,460	1,398	181,283
Eliminated on disposal	(7,608)	(2,401)	-	(10,009)
At 31 March 2023	452,565	344,828	112,037	909,430
NET BOOK VALUE				
At 31 March 2023	338,572	189,657	2,466	530,695
At 31 March 2022	294,452	190,755	3,864	489,071

Company

	Exercise Equipment £	Fixtures and fittings £	IT, audio and visual equipment £	Totals £
COST				
At 1 April 2022	625,201	262,861	114,503	1,002,565
Additions	174,245	47,361	-	221,606
Disposals	(8,309)	-	-	(8,309)
At 31 March 2023	791,137	310,222	114,503	1,215,862
DEPRECIATION				
At 1 April 2022	330,749	187,184	110,639	628,572
Charge for year	129,424	29,289	1,398	160,111
Eliminated on disposal	(7,608)	(2,404)	-	(10,012)
At 31 March 2023	452,565	214,069	112,037	778,671
NET BOOK VALUE				
At 31 March 2023	338,572	96,153	2,466	437,191
At 31 March 2022	294,452	75,677	3,864	373,993

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

18. FIXED ASSET INVESTMENTS

Company

Shares in group
undertakings

£

MARKET VALUE

At 1 April 2022 and 31 March 2023

1

NET BOOK VALUE

At 31 March 2022 and 31 March 2023

1

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies included the following:

South Downs Leisure Enterprises Limited (company number 09261501)

Nature of business: Operation of an events venue

Class of share:	% holding
Ordinary	100

	31.3.23 £	31.3.22 £
Aggregate capital and reserves	232,929	235,056
Profit/(Loss) for the year	<u>(2,127)</u>	<u>-</u>

19. STOCKS

	Group		Company	
	31.3.23 £	31.3.22 £	31.3.23 £	31.3.22 £
Stocks	<u>64,402</u>	<u>86,316</u>	<u>64,402</u>	<u>86,316</u>

Stock amounts recognised within expenditure for the current period are £395,269 (2022: £227,845).

20. DEBTORS

	Group		Company	
	31.3.23 £	31.3.22 £	31.3.23 £	31.3.22 £
Trade debtors	87,830	139,451	78,539	125,737
Other debtors	20,437	13,402	20,437	13,402
Loan to associate under 1 year	-	-	-	31,600
Prepayments and accrued income	349,427	605,499	294,355	562,767
Amounts owed by group undertakings	-	-	28,281	-
	<u>457,695</u>	<u>758,352</u>	<u>421,612</u>	<u>733,506</u>
Loan to associate over 1 year	-	-	-	-
Aggregate amounts	<u>457,695</u>	<u>758,352</u>	<u>421,612</u>	<u>733,506</u>

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.23	31.3.22	31.3.23	31.3.22
	£	£	£	£
Trade creditors	241,928	136,990	230,915	111,552
Social security and other tax	55,301	142,240	46,374	141,415
Other creditors	579,589	29,732	579,589	29,732
Accrued expenses	667,556	483,588	667,556	474,406
Deferred income	292,840	220,178	134,598	96,100
Amounts due to group undertakings	-	-	-	63,688
	<u>1,837,214</u>	<u>1,012,728</u>	<u>1,659,052</u>	<u>916,893</u>

The Charitable Company has entered into forward contracts to purchase utilities in the future at a contracted rate.

The forward contracts relate to periods which span from April 2023 to April 2026 and the purchases of utilities that the forward contracts relate to also span from April 2023 to April 2026.

The whole change in the fair value of the forward contracts has been recognised in Other Comprehensive Income at the year end. No amounts were reclassified from equity to income and expenditure.

Deferred Income

	Group		Company	
	31.3.23	31.3.22	31.3.23	31.3.22
	£	£	£	£
Deferred income at the start of the year	220,178	309,770	96,100	224,287
Deferred during the period	292,840	220,178	134,598	96,100
Amounts released to income from prior periods	<u>(220,178)</u>	<u>(184,518)</u>	<u>(96,100)</u>	<u>(224,287)</u>
Deferred income at the end of the year	<u>292,840</u>	<u>220,178</u>	<u>134,598</u>	<u>96,100</u>

Deferred income at 31 March 2023 for the Charitable Company represents annual leisure membership income and hires, where the consideration has been received in the year ended 31 March 2023 but the services were only provided following the year end. The Group deferred income also includes venue hire income under the same principles.

22. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Deferred taxation	<u>17,766</u>	<u>21,865</u>	<u>-</u>	<u>-</u>
	<u>17,766</u>	<u>21,865</u>	<u>-</u>	<u>-</u>

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

23. OPERATING LEASE COMMITMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	31.3.23	31.3.22
Due < 1 year	7,225	7,225
Due 1-2 years	6,808	7,225
Due 2-5 years	-	6,806
	<u>14,033</u>	<u>21,256</u>

Operating lease amounts recognised within expenditure for the current period are £20,968 (2022: £44,900).

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group			31.3.23	31.3.22
	Unrestricted funds	Restricted funds	Total funds	Total funds
	£	£	£	£
Fixed Assets	551,023	-	551,023	526,701
Current Assets	2,537,230	40,229	2,577,459	2,101,330
Current Liabilities	(1,854,980)	-	(1,854,980)	(1,012,728)
Long Term Liabilities	-	-	-	(21,865)
	<u>1,233,273</u>	<u>40,229</u>	<u>1,273,502</u>	<u>1,593,438</u>

Company			31.3.23	31.3.22
	Unrestricted funds	Restricted funds	Total funds	Total funds
	£	£	£	£
Fixed Assets	457,519	-	457,519	411,623
Investment	1	-	1	1
Current Assets	2,201,857	40,229	2,242,086	1,863,651
Current Liabilities	(1,659,032)	-	(1,659,032)	(916,893)
Long Term Liabilities	-	-	-	-
	<u>1,000,345</u>	<u>40,229</u>	<u>1,040,574</u>	<u>1,358,382</u>

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued

Comparative information in respect of the preceding period is as follows:

Group			31.3.22	31.3.21
	Unrestricted funds	Restricted funds	Total funds	Total funds
	£	£	£	£
Fixed Assets	526,701	-	526,701	318,248
Current Assets	2,058,660	42,670	2,101,330	2,868,034
Current Liabilities	(1,012,728)	-	(1,012,728)	(793,343)
Long Term Liabilities	(21,865)	-	(21,865)	(789,082)
	<u>1,550,768</u>	<u>42,670</u>	<u>1,593,438</u>	<u>1,603,857</u>
Company			31.3.22	31.3.21
	Unrestricted funds	Restricted funds	Total funds	Total funds
	£	£	£	£
Fixed Assets	411,623	-	411,623	178,344
Investment	1	-	1	1
Current Assets	1,820,981	42,670	1,863,651	2,670,798
Current Liabilities	(916,893)	-	(916,893)	(817,842)
Long Term Liabilities	-	-	-	(662,500)
	<u>1,315,712</u>	<u>42,670</u>	<u>1,358,382</u>	<u>1,368,801</u>

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

25. MOVEMENT IN FUNDS

Group	At 1.4.22	Net movement in funds	At 31.3.23
Unrestricted funds			
General	235,056	(135)	234,921
Designated	1,315,712	238,753	1,554,465
Designated cashflow hedge	-	(556,113)	(556,113)
	<u>1,550,768</u>	<u>(317,495)</u>	<u>1,233,273</u>
Restricted funds			
Short Breaks Buddy PT	6,158	-	6,158
Walking Football	1,009	-	1,009
Disability Fun Day	5,702	-	5,702
Awards for all	9,950	-	9,950
Green Dreams	3,536	(1,057)	2,479
Winter Pressures Chair Based Pilates	4,305	-	4,305
Aiming High Trampoline Equipment	1,528	-	1,528
Safe in Sussex Community Grant	-	-	-
Dementia Friendly Pottery	440	-	440
Disability Disco	667	-	667
WSCC HAF	7,703	-	7,703
Field Place Defib	-	-	-
The Great Outdoors	1,672	(1,384)	288
Coronavirus Job Retention Scheme	-	-	-
	<u>42,670</u>	<u>(2,441)</u>	<u>40,229</u>
TOTAL FUNDS	<u>1,593,438</u>	<u>(319,936)</u>	<u>1,273,502</u>
Company	At 1.4.22	Net movement in funds	At 31.3.23
Unrestricted funds			
Designated	1,315,712	240,746	1,556,458
Designated cashflow hedge	-	(556,113)	(556,113)
	<u>1,315,712</u>	<u>(315,367)</u>	<u>1,000,345</u>
Restricted funds			
Short Breaks Buddy PT	6,158	-	6,158
Walking Football	1,009	-	1,009
Disability Fun Day	5,702	-	5,702
Awards for all	9,950	-	9,950
Green Dreams	3,536	(1,057)	2,479
Winter Pressures Chair Based Pilates	4,305	-	4,305
Aiming High Trampoline Equipment	1,528	-	1,528
Safe in Sussex Community Grant	-	-	-
Dementia Friendly Pottery	440	-	440
Disability Disco	667	-	667
WSCC HAF	7,703	-	7,703
Field Place Defib	-	-	-
The Great Outdoors	1,672	(1,384)	288
Coronavirus Job Retention Scheme	-	-	-
	<u>42,670</u>	<u>(2,441)</u>	<u>40,229</u>
TOTAL FUNDS	<u>1,358,382</u>	<u>(317,808)</u>	<u>1,040,574</u>

SOUTH DOWNS LEISURE
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FOR THE YEAR ENDED 31 MARCH 2023

25. MOVEMENT IN FUNDS - continued

Comparative information in respect of the preceding period is as follows:

Group	At 1.4.21	Net movement in funds	At 31.3.22
Unrestricted funds			
General	235,056	-	235,056
Designated	1,334,186	(18,474)	1,315,712
	<u>1,569,242</u>	<u>(18,474)</u>	<u>1,550,768</u>
Restricted funds			
Short Breaks Buddy PT	6,158	-	6,158
Walking Football	759	250	1,009
Disability Fun Day	5,702	-	5,702
Awards for all	9,950	-	9,950
Green Dreams	2,606	930	3,536
Winter Pressures Chair Based Pilates	4,305	-	4,305
Aiming High Trampoline Equipment	1,528	-	1,528
Safe in Sussex Community Grant	2,500	(2,500)	-
Dementia Friendly Pottery	440	-	440
Disability Disco	667	-	667
WSCC HAF	-	7,703	7,703
Field Place Defib	-	-	-
The Great Outdoors	-	1,672	1,672
Coronavirus Job Retention Scheme	-	-	-
	<u>34,615</u>	<u>8,055</u>	<u>42,670</u>
TOTAL FUNDS	<u>1,603,857</u>	<u>(10,419)</u>	<u>1,593,438</u>
Company	At 1.4.21	Net movement in funds	At 31.3.22
Unrestricted funds			
Designated	1,334,186	(18,474)	1,315,712
	<u>1,334,186</u>	<u>(18,474)</u>	<u>1,315,712</u>
Restricted funds			
Short Breaks Buddy PT	6,158	-	6,158
Walking Football	759	250	1,009
Disability Fun Day	5,702	-	5,702
Awards for all	9,950	-	9,950
Green Dreams	2,606	930	3,536
Winter Pressures Chair Based Pilates	4,305	-	4,305
Aiming High Trampoline Equipment	1,528	-	1,528
Safe in Sussex Community Grant	2,500	(2,500)	-
Dementia Friendly Pottery	440	-	440
Disability Disco	667	-	667
WSCC HAF	-	7,703	7,703
Field Place Defib	-	-	-
The Great Outdoors	-	1,672	1,672
Coronavirus Job Retention Scheme	-	-	-
	<u>34,615</u>	<u>8,055</u>	<u>42,670</u>
TOTAL FUNDS	<u>1,368,801</u>	<u>(10,419)</u>	<u>1,358,382</u>

SOUTH DOWNS LEISURE
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FOR THE YEAR ENDED 31 MARCH 2023

25. MOVEMENT IN FUNDS – continued

Group	Income	Expenditure	Transfers	Net movement in funds
Unrestricted funds				
General	558,872	(559,007)	-	(135)
Designated	7,709,410	(7,470,657)	-	238,753
Designated cashflow hedge	-	(556,113)	-	(556,113)
	<u>8,268,282</u>	<u>(8,585,777)</u>	<u>-</u>	<u>(317,495)</u>
Restricted funds				
Short Breaks Buddy PT	-	-	-	-
Walking Football	-	-	-	-
Disability Fun Day	-	-	-	-
Green Dreams	1,328	(2,385)	-	(1,057)
Winter Pressures Chair Based Pilates	-	-	-	-
Aiming High Trampoline Equipment	-	-	-	-
Safe in Sussex Community Grant	-	-	-	-
WSCC HAF	-	-	-	-
Field Place Defib	-	-	-	-
The Great Outdoors	-	(1,384)	-	(1,384)
HMRC Job Retention Scheme Grant	-	-	-	-
	<u>1,328</u>	<u>(3,769)</u>	<u>-</u>	<u>(2,441)</u>
TOTAL FUNDS	<u>8,269,610</u>	<u>(8,589,546)</u>	<u>-</u>	<u>(319,936)</u>
Company	Income	Expenditure	Transfers	Net movement in funds
Unrestricted funds				
Designated	7,711,402	(7,470,656)	-	240,746
Designated cashflow hedge	-	(556,113)	-	(556,113)
	<u>7,711,402</u>	<u>(8,026,769)</u>	<u>-</u>	<u>(315,367)</u>
Restricted funds				
Short Breaks Buddy PT	-	-	-	-
Walking Football	-	-	-	-
Disability Fun Day	-	-	-	-
Green Dreams	1,328	(2,385)	-	(1,057)
Winter Pressures Chair Based Pilates	-	-	-	-
Aiming High Trampoline Equipment	-	-	-	-
Safe in Sussex Community Grant	-	-	-	-
WSCC HAF	-	-	-	-
Field Place Defib	-	-	-	-
The Great Outdoors	-	(1,384)	-	(1,384)
HMRC Job Retention Scheme Grant	-	-	-	-
	<u>1,328</u>	<u>(3,769)</u>	<u>-</u>	<u>(2,441)</u>
TOTAL FUNDS	<u>7,712,730</u>	<u>(8,030,538)</u>	<u>-</u>	<u>(317,808)</u>

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2022

25. MOVEMENT IN FUNDS – continued

Comparative information in respect of the preceding period is as follows

Group	Income	Expenditure	Transfers	Net movement in funds
Unrestricted funds				
General	533,493	(486,773)	(46,720)	-
Designated	6,533,319	(6,598,513)	46,720	(18,474)
	<u>7,066,812</u>	<u>(7,085,286)</u>	<u>-</u>	<u>(18,474)</u>
Restricted funds				
Short Breaks Buddy PT	-	-	-	-
Walking Football	250	-	-	250
Disability Fun Day	-	-	-	-
Green Dreams	2,668	(1,738)	-	930
Winter Pressures Chair Based Pilates	-	-	-	-
Aiming High Trampoline Equipment	-	-	-	-
Safe in Sussex Community Grant	-	(2,500)	-	(2,500)
WSCC HAF	12,995	(5,292)	-	7,703
Field Place Defib	500	(500)	-	-
The Great Outdoors	12,802	(11,130)	-	1,672
HMRC Job Retention Scheme Grant	104,991	(104,991)	-	-
	<u>134,206</u>	<u>(126,151)</u>	<u>-</u>	<u>8,055</u>
TOTAL FUNDS	<u>7,201,018</u>	<u>(7,211,437)</u>	<u>-</u>	<u>(10,419)</u>
Company	Income	Expenditure	Transfers	Net movement in funds
Unrestricted funds				
Designated	6,584,926	(6,603,400)	-	(18,474)
	<u>6,584,926</u>	<u>(6,603,400)</u>	<u>-</u>	<u>(18,474)</u>
Restricted funds				
Short Breaks Buddy PT	-	-	-	-
Walking Football	250	-	-	250
Disability Fun Day	-	-	-	-
Green Dreams	2,668	(1,738)	-	930
Winter Pressures Chair Based Pilates	-	-	-	-
Aiming High Trampoline Equipment	-	-	-	-
Safe in Sussex Community Grant	-	(2,500)	-	(2,500)
WSCC HAF	12,995	(5,292)	-	7,703
Field Place Defib	500	(500)	-	-
The Great Outdoors	12,802	(11,130)	-	1,672
HMRC Job Retention Scheme Grant	100,104	(100,104)	-	-
	<u>129,319</u>	<u>(121,264)</u>	<u>-</u>	<u>8,055</u>
TOTAL FUNDS	<u>6,714,245</u>	<u>(6,724,664)</u>	<u>-</u>	<u>(10,419)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

25. MOVEMENT IN FUNDS – continued

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.

Leisure Futures

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

Winter Pressures Chair Based Pilates

The overarching aim of the programme is to improve health outcomes and reduce the demand for services by reducing the risk of falls in older people.

Aiming High Trampoline Equipment

Funding for equipment to support children and young people with disabilities and mobility issues to take part in trampolining session.

Safe in Sussex Community Grant

The grant is aimed at providing local organisations financial support to reduce crime and improve safety in their local areas using various initiatives.

Dementia Friendly Pottery

Funding for the provision of regular 'relaxed' pottery sessions for people with Dementia and Alzheimer's.

Disability Disco

A funded project to host 'Silent Discos' for young people with learning difficulties and physical disabilities.

WSCC Holiday and Food Grant

West Sussex County Council offers grant funding to providers to deliver activities and food during the school holidays.

The Great Outdoors

The Great Outdoors AW campaign aims to remind residents of the great natural resources on our doorstep

SOUTH DOWNS LEISURE
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2023

26. CAPITAL COMMITMENTS

	Group		Company	
	31.3.23 £	31.3.22 £	31.3.23 £	31.3.22 £
Contracted for but not provided for in the financial statements	-	194,244	-	194,244

27. 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.

28. RELATED PARTY TRANSACTIONS

During the year South Downs Leisure engaged in services from Inspace Fitness Limited, a company in which Phillip Griffin, a trustee, is a director. £214,349 + VAT (2022: £486,443) was invoiced for gym equipment. As at 31 March 2023, South Downs Leisure owed £26,264 (2022: £1,861) to Inspace Fitness Limited.

South Downs Leisure Enterprises Limited

During 2018 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. During the year £31,600 was repaid (2022: £31,600) which incurred interest of £1,991 (2022: £5,565). At 31 March 2023 £nil (2022: £31,600) was outstanding and is included in creditors in the Charitable Company.

During the year costs were recharged to South Downs Leisure Enterprises for wages, rent, management charges and VAT, as at 31 March 2023 South Downs Leisure Enterprises was owed £nil from the parent (2022: £63,688). The parent company was owed £28,281 (2022: £nil) from the subsidiary as at 31 March 2023.