

Horizon Leisure Centres

Annual Report 2020/21

Borough of Havant Sport and Leisure Trust

(A company limited by guarantee)

Company Registration No. 3319069 (England and Wales)

Charity Registration No. 1060896

Directors' report and financial statements

For the year ended 31 March 2021

**Borough of Havant Sport and Leisure Trust (A
company limited by guarantee)**

Trading as



**CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2021**

<u>CONTENTS</u>	<u>Page No.</u>
Trustees' Report	1
Auditor's Report	13
Consolidated Statement of Financial Activities	17
Consolidated and Company Balance Sheets	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Report of the trustees for the year ending 31 March 2021

The trustees are pleased to present their annual report and consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021. These are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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

Our purposes and activities

The purposes of the charity are:

- to provide fully inclusive access at affordable prices to sport and leisure facilities; and
- to help improve the health and well-being of the community of the Borough of Havant and surrounding areas.

The principal objective of the charity is the provision of services and facilities for recreation, physical and other education or leisure time occupation in the vicinity of the Borough of Havant in the interests of social welfare. The charity's updated strapline is 'inspiring healthier, happier communities' and is committed to providing best value leisure centres accessible to all.

The principal activity of the subsidiary undertaking is the provision of food and beverages in leisure centres operated by the charity and for profits to be donated to the charity annually.

The strategies employed to achieve the charity's aims and objectives are to:

- provide quality leisure and sport facilities;
- allow inclusive access to all members of the community;
- offer a varied programme of activities (sporting and non-sporting) which encourages use of the Centres by all sections of the community; and
- provide activities at prices affordable to members of the community.

Impact of Covid-19

The coronavirus global pandemic (Covid-19) began to impact the UK in early 2020. The government instructed many business sectors including leisure centres to close to help stop the spread of the virus on 20th March 2020. Custom was slowing down considerably a few weeks before the forced closure and this affected revenue in the final month of 2019/20 and throughout 2020/21.

During this unprecedented period, the implications on the business, its customers and employees has been extraordinary. In the financial year 2020/21 the business was closed for eight and a half months and partially open, in accordance with government instructions and reduced capacities, for the remaining months. Eventually, the centres were allowed to reopen on a phased basis on the 12th April 2021 having first met the governments Covid-secure opening guidelines, with more facilities allowed to reopen on the 17th May 2021.

As a fee-charging charity, the organisation's income reduced to zero during the months of closure yet most costs continued, although some through agreement, were frozen or delayed.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

During the lockdown, the charity furloughed over 95% of its workforce under the coronavirus job retention scheme in order to help minimise costs. Fifteen members of staff continued to work remotely although this reduced to just six at times. The charity's Board initially assessed the impact of the closure on the business and subsequently agreed a business recovery plan and later a reopening strategy. The Board's policy was to survive and to remain viable over the long-term.

Surpluses made from previous years have been set aside in reserves to reinvest in capital projects. The charity had managed to accrue reserves of £3.9M, including £2.2M set aside for a further extension to the Waterloooville centre as at the 31st March 2020 but fortunately had not committed to any construction contracts before the pandemic struck. The Board moved swiftly to re-purpose its unrestricted and designated reserves away from the extension to support and sustain the charity through the Covid-19 crisis.

The financial statements show that in 2020/21 the charity made a cash loss of £971,019 (accounting loss of £1.2M) resulting in the cash reserves reducing to £2.8M as at 31st March 2021. Although the centres are gradually returning to normal operating mode, through a carefully managed process aimed at providing assurance to its customer base, a loss of membership and confidence of customers to return and reduced capacities for all activities means that a further operating loss is forecast for 2021/22, this will further deplete reserves. Importantly, the reserves will enable the charity to re-build the business as defined in its 2021 Strategic Plan and remain a going concern over the medium to long term.

Due to the devastating impact of the pandemic on the normal operation of the charity over 2020/21, most of the information contained in the trustee report this year will be significantly affected by the centre closures and will not enable comparisons to be made with previous years or provide meaningful updates.

Facilities

The charity operates two leisure centres - one at Havant and one at Waterloooville. Both centres are owned by Havant Borough Council and are provided rent-free. The original 30-year leases commenced in 1997 were renegotiated in 2014 and extended until 2042 following major capital investment in the centres by the charity. The extended lease period has enabled the charity to take a longer-term approach to major capital investment in the centres.

Pre-pandemic, the charity provided 32 facilities and 141 activities within the two leisure centres.

Both leisure centres have large, well-equipped gyms, studios, 25m swimming pools, learner pools, and cafes. In addition, Havant has two sport halls, a large indoor soft play centre, a cycle studio, toning table studio and creche.

During the year and in order to accommodate social distancing and reduced activity capacities, the large indoor soft play centre was decommissioned. The play frame was dismantled and placed into storage and the room was repurposed for use as a group exercise studio. The exercise studio previously situated in the gym at Waterloooville was demolished to enable gym equipment to be spread out to create more space for gym-goers.

A major refurbishment of the wet-side changing rooms, staff room, offices and toilets at Havant Leisure Centre, which started in late 2019, was able to be completed during the first national lockdown.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Programmes

The trustees intend for the charity to return to its full range of programmes in the year subject to meeting viability criteria.

The charity offers a wide-range of activities to the community, covering all-age groups with the most popular being gym, exercise classes and swimming. Many of these focus on members of the public who already have an interest in fitness. There is also a range of targeted activities for specific groups of users.

Special activities are provided to certain user-groups and campaigns aimed at targeted audiences are provided in conjunction with the local authority, who are able to access and provide certain levels of funding. Examples here include 'new direction' aimed at encouraging inactive women back to fitness and dementia cricket.

In addition to swimming lessons both leisure centres run activities for additional needs customers including dedicated sessions in the play centre and in the swimming pools. Havant also hosts a cricket club, badminton club and multi sports club.

There are many activities for toddlers, children and teenagers to access, which are either pre-bookable or turn-up-on-the-day sessions. There are sessions to encourage parents to get their pre-school children to join in with fun activities. They can then progress to gymnastics and trampolining activities or join in with inflatable sessions in the swimming pools. The gyms offer Teen Workout Sessions allowing teenagers to use the gym equipment under instructor supervision. These activities are all valuable in supporting the Government's target to reduce obesity and tackle inactivity and Sport England's new 10-year strategy, 'moving communities'.

The charity provides a range of activities for customers aged 50 and over. These include separate swimming lanes and the opportunity to be part of the 50+ Sports and Social Club at Havant Leisure Centre. The Club meets three mornings a week and activities include badminton, table tennis, exercise classes and squash as well as access to the gym. In addition, there is a social side with a Club Committee that arranges social events, excursions and holidays.

In addition to the activities the charity offers directly, approximately 100 local Clubs and Schools use the leisure centres as a base providing an even more varied programme to the community.

Due to the pandemic, facilities and activities have been phased back in accordance with government guidelines. The charity invested heavily in ensuring the centres were fully compliant with the Covid-secure safety measures before reopening. Sanitising stations were installed throughout the buildings, one-way traffic flow systems installed and capacities were significantly reduced to ensure social distancing was maintained. In addition, most activities had to be pre-booked due to the limitations in capacities which enabled a track and trace record system to be deployed. The most expensive guideline to address was ventilation. Most of the plant, air handling and air conditioning systems which are aged, required testing and in most cases repairs or replacement parts before fresh air flow rates could be met.

Price and pricing policy

Although a charity, the organisation must have a business focus to ensure it remains financially sustainable in a highly competitive leisure market. There are a variety of alternative facilities for the community to use from high end, high membership fee clubs to low budget 24-hour gyms. The charity's membership prices are based on providing 'best value' to the community and encouraging inclusivity. This means providing high quality facilities, equipment and services for a price that is affordable for the majority of the community.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

The charity's pricing policy is aligned to its corporate objectives and endeavours to provide enjoyable, accessible and affordable leisure services to the communities of Havant and Waterlooville and surrounding areas.

Although there is a range of memberships attractive to regular users there are also Pay-As-You-Go options available for casual users or those who do not want to commit to a membership term. The centres are open to all. The cost of the main inclusive membership has been frozen for the 9th year in a row despite significant investment in the centres and significant increases in running costs. This has been made possible as membership levels have increased. Pre-pandemic, the charity enjoyed its highest ever membership level.

The charity has a range of concessionary rates including family swim tickets, discounted rates for juniors, seniors and additional needs swimmers and reduced rates on sports activities for juniors. Free swimming is available to children under the age of 3.

A full review of admission prices is carried out annually, but prices are monitored throughout the year to ensure the charity is still offering best value on all its services.

Details of programmes, activities, opening times and prices can be viewed on our website www.horizonlc.com

Achievements and performance

In the last complete year before the pandemic (2019/20), the charity hosted 1.15 million visits to the two centres, which is an average of 3,150 visits per day. To provide some context and a stark comparison with the attendances received during 2020/21, the centres hosted only 172,000 visits during the 15-weeks the centres were open (1,638 average per day).

Arguably, the charity's greatest achievement over the year was to survive the impact of the economic downturn and closures of the centres over most of the year. The charity complied with all Covid-secure government and industry guidelines for re-opening, treated its customers and members with respect and sensitivity and looked after its employees with care and compassion.

The core members of the leadership team supported by a few other key members of the team continued to work throughout the pandemic in order to keep the business afloat and put in place all the safety measures, risk assessments and new and adapted policies required by the government and national sporting umbrella bodies. Adapting two large multi-purpose leisure centres into safe and secure environments for use by customers and staff was a huge challenge which the team successfully met. **The Board would like to express its thanks and appreciation to the whole team for their efforts and commitments over this challenging period.**

Financial review

The consolidated accounts of the Borough of Havant Sport and Leisure Trust and the Borough of Havant Sport and Leisure Trading Limited show a deficit. The accounting deficit generated by the group in the period to 31 March 2021 amounted to £1,206,729 (2020: deficit £590,682, 2019: surplus £1,055,020).

The accounts show that the income received from charitable and commercial activities in 2020/21 amounted to £2,130,237 compared to £5,547,212 received in 2019/20. The 2020/21 figure also includes furlough and grant income of £1,135,955 so actual operational income was only £994,282 and reflects the difficult year the charity had to contend.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Despite the pandemic, the charity's investments (unit trusts) grew by £121,889 during the year due to the improvements in the stock market.

Expenditure during the year also fell significantly from £4,982,400 (excluding an extraordinary payment) in 2019/20 to £2,417,493 (excluding furlough payments) in 2020/21. The Coronavirus Job Retention Scheme (CJRS) introduced by the government and known as furlough, was a vital support to the charity, helping it minimise operational losses. With the centres closed for most of the year, the charity furloughed most of its workforce, only keeping on essential roles.

Additionally, the charity undertook a major restructuring programme as the furlough scheme was originally coming to an end in October 2020. As the programme was likely to result in redundancies, it was incumbent on the charity to ensure that all rules and regulations relating to consultation and the termination of employment contracts were closely followed. The process, which took almost 2-months to complete, was stressful for all those involved. All casual employed staff had their contracts terminated and approximately 35 permanently contracted staff were made redundant through either voluntary or compulsory channels. With the centres closed and no work to offer staff, the charity reluctantly had little choice but to take the action it did.

The Trust's wholly owned trading subsidiary company set up to provide bar and catering services reported a trading loss in its own accounts of £30,555 (2020: profit £2,340). Normally, the business would make a profit, the majority of which will be passed onto the charity through a gift aid donation.

Rather than consider the trading company as a self-contained business, the Board views the services provided by the trading subsidiary as an essential support service to enhance the leisure customer's visit to the centre as a whole. To date, the two main cafes have not reopened although counter services have been provided at peak times only at each centre along with vending machines. The trading company's Board will be considering the future operations of the business in the near future.

Given the closure of the centres and trading conditions over the past year, the trustees are satisfied with the efforts made to maintain business viability and that the charity's assets are available and adequate to meet the obligations of the charity in the foreseeable future. The extended leases that are in force until 2042 has allowed the charity to focus on long term investment.

Investment powers and policy

The charity has several unit trust funds, which are monitored regularly by the charity's Board of Management. The unit trusts are viewed as a medium to long-term investment.

The liquidity requirements of the charity are reviewed regularly and a balance is set between having accessible funds and maximising interest earned. Cash balances are held in both instant access and longer-term interest-bearing deposit and building society accounts to allow access to cash as future projects arise. The historically low rates of return mean interest earned is poor. This year an average rate of less than 0.5% was achieved. During the year, some of the cash reserves were liquidated and moved to the current account to support the negative cashflow.

Reserves policy and going concern

Subject to the impact of Covid-19 statement above, the charity's reserve policy is reviewed regularly and adjustments are made to reflect changing circumstances, prioritised capital projects and variations in scheme costs. Currently, the policy comprises three separate reserve funds - an operational reserve, an improvement reserve and a life cycle reserve. A fourth reserve has been set up to identify the value of fixed assets that cannot be converted readily into cash. At 31 March 2021 almost £4,322,497 of unrestricted funds were tied up in fixed assets.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

General group cash reserves have been invested in accordance with the reserve policy. Pre-pandemic, the trustees have been satisfied that the operational reserve should be equivalent to 10% of turnover or approximately five weeks of gross operational turnover. This level, equivalent to approximately £550,000, has been included within the operational fund balances. However, this policy is one that will need to be reviewed in light of the significant reduction in turnover since March 2020.

The improvement reserve is essential if the charity is to remain viable, competitive, be able to meet customer demands and support future growth plans. All capital expenditure (except for agreed S106 developer contributions) must be raised by the charity so it is vital that trustees prioritise capital projects in order to maximise benefit from available funds whilst at the same time achieve its charitable objectives. Historically, this reserve will be added to from annual operational surpluses and reduce following expenditure on projects and this cycle will continue over the long-term. Due to the pandemic, the opposite has happened in 2020/21, with operational losses reducing the amount of the improvement reserves. The cost of smaller capital projects has been included in this fund along with a contribution towards the next major development planned for Waterloooville and a provision to support growth opportunities.

At the end of the 2019/20 financial year, the Phase 2 extension at Waterloooville was making good progress but this came to a halt when the global pandemic struck. These funds were used to support and sustain the business.

The life cycle reserve has been set up to fund any major building, plant or equipment replacement or repair works that the charity is responsible for or agrees to fund on behalf of the landlord, Havant Borough Council. Negotiations are taking place but progress has been slow.

The general reserve represents the valuation of investments plus cash surpluses accumulated from previous years. A significant amount of this reserve was used to help fund the extension at Waterloooville so a priority has been to replenish it in order to help fund new improvements and external expansion opportunities. As the leisure market is demand led and requires continual reinvestment in activities and facilities in order to remain competitive the charity must have a business strategy which ensures long-term sustainability and one that balances the need to establish appropriate reserves with annual reinvestment in facilities and services.

The cash reserves are classified as designated funds as they exist for a particular purpose. Investments and cash balances have been set aside to fund future projects and top up essential reserves. The trustees consider free reserves to comprise the operational reserve, unrestricted reserves and the trading reserve. At the 31 March 2021 the unrestricted reserves amounted to £2,402,532 (2020: £2,966,613). The trustees have reviewed cash flow and income forecasts and are satisfied with this level. Major capital projects planned over the long term may be delayed if cash is needed to support any unbudgeted or emergency expenditure.

Through prudent financial stewardship over many years, the charity has managed to accrue sufficient cash reserves to fund its known commitments and finance major capital investments. This approach has enabled the charity to support itself through the pandemic and remain viable despite the challenging global and economic climate. The charity does not receive any funding from the local authority although it did take maximum advantage of the furlough scheme and other small business grants over the past year to assist with the recovery.

The pandemic is not over, so a prudent and cautious approach is still required for the foreseeable future. The roll-out of the national vaccination programme has been a success but is far from complete. The medical profession is forecasting a possible third wave in the autumn/winter and the government is contemplating a Covid-19 booster jab for certain vulnerable groups before then. It is hoped that the easing of restrictions put in place by the government will not need to be reversed and

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

that businesses can continue to operate under certain guidelines into the future.

The charity has demonstrated, given sound financial management and government support, that it has been able to act with agility and resilience to the worst of the pandemic so far and the trustees are satisfied that the level of reserves will enable it to cope with any further, hopefully less severe set-backs, should they arise over the coming 12-months or more. On this basis the trustees consider the charity to be a going concern.

Plans for future periods

During the pandemic closure period, the Board decided it wanted to utilize the opportunity to undertake a root and branch review of the business in order to be able to emerge from the crisis in a better position than when it went in. A suitably qualified and experienced external facilitator was appointed to guide the Board and the Leadership Team through the process over a 3-month period.

The initial outcome was the development of a new 5-year strategic plan that sets out the charity's direction for the period 2021-26. The global pandemic has affected every aspect of our lives over the past year and will continue to influence our future. The impact of COVID-19 has brought into increasingly sharper focus the relevance and importance of physical activity in maintaining health, physical and mental well-being, as well as supporting recuperation from the effects of this disease. An active lifestyle also contributes to the economy, improves community cohesion and reduces social isolation. The charity's strategy seeks to encourage participation in an active lifestyle through the provision of a range of facilities and services to best serve our community, and that are accessible and affordable to all. Our services will align with both national and local government strategies that recognise the importance that an active lifestyle has on health and well-being.

The strategic plan strives to make the charity's purpose clear to our customers, partners, stakeholders and employees. The environment in which we are operating will continue to be dynamic and this will require the charity to be flexible and responsive. To succeed we will be proactive in seeking out and exploiting new opportunities that will benefit the health and wellbeing of the community. The success of the strategy will depend on other factors including relationships with our customers, staff and partners.

The strategic plan identifies 5-key areas of the business; our future, our customers, our employees, our finances and our impact. To help support and achieve the stated aims for each area an implementation plan has been drafted listing the specific tasks to be undertaken along with timeframes for delivery. The transformation programme has been called 'good to great'.

The overall objective of the new plan is to make the charity more efficient, dynamic and better placed to grow the business. The charity plans to be a more robust organisation with better governance protocols and an operational strategy that will help transform the business into a more flexible and resilient organisation fit for the future and one that improves its current service provision whilst looking at other opportunities that may help the charity to grow and diversify.

Whilst the charity has been looking to the future, it will also ensure that it focuses on the recovery period. Reopening the centres in several phases in accordance with government guidelines, has been a challenge but early signs are encouraging as customers begin to gain the confidence to return to the centres. The reduced facility capacities introduced over the past year are beginning to increase to ease customers back to the centres with confidence knowing that the safety protocols will slowly be reduced.

In terms of major capital improvements, the S106 developer contribution towards an extension at Waterlooville is now accessible so work is beginning to commence on looking at the options for the facility and activity mix to be considered by the Board later in the year. The Board has recently given

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

approval for a creche to be built at Waterlooville to provide greater accessibility to parents to take exercise and opportunities are being explored into the viability of operating facilities other than the existing centres.

Based on the above, the charity believes it is well placed to meet the challenges and uncertainties of the next 5 years, and will strive to provide excellent value for money services to its customers and provide quality facilities to meet the educational, sport and leisure and health and well-being needs of the communities it serves.

Reference and administrative details

Charity Number	1060896
Company Number	3319069
Registered Office	Havant Leisure Centre, Civic Centre Road, Havant, Hampshire, PO92AY

Our advisers

Auditors	Mazars LLP Merck House, Seldown, Poole, Dorset, BH15 1TW
Bankers	National Westminster Bank plc 23 West Street, Havant, Hampshire, PO9 1EU
Solicitors	Blake Morgan New Kings Court, Tailgate, Chandler's Ford, Hampshire, SO53 3LG
Insurers	Aston Lark Ltd Malling House, West Malling, Kent, ME19 6QL

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year-end were as follows:

Key management personnel Borough of Havant Sport and Leisure Trust:

W J Ball – resigned 29th April 2021
P C Crane
J Crouch
M Hoare
P Jones
G Lawton – resigned 15th October 2020
P Lewis
P Mellor – appointed 8th June 2020
P Reid – appointed 25th February 2021
C W Scott
M Smith – resigned 15th October 2020
M Toy – appointed 25th February 2021

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Secretary

H G Broad CPFA

Senior Managers

The Leadership Team consists of the following posts:

Chief Executive
Head of Operations and Sales
Head of People and Culture
Head of Finance
Head of Marketing and Communications
Head of IT

Manager Structure, Governance and Management

Governing Document

Borough of Havant Sport and Leisure Trust is a company limited by guarantee, registered with Companies House, set up on 17 February 1997. Its activities are governed by its Memorandum and Articles of Association, which were last amended on 26 October 2000. The charity is registered with the Charity Commission. The members of the company are the trustees/directors. Each member agrees to contribute £5 in the event of the charity being wound up.

The charity has a subsidiary trading company, which is a private limited company. The subsidiary is wholly owned by the charity.

Appointment of trustees

Trustees are appointed on the agreement of the Board following consideration of a CV and formal application. In most cases, a recommendation is made by the Board Chairman and the Chief Executive to the Board on suitability following an informal meeting with the applicant, which can be attended by any trustee.

Trustee induction and training

An induction pack is provided to all new directors, which contains relevant information in relation to their roles and responsibilities as charitable trustees as well as information relating to the business of the charity. The induction includes a tour of the facilities operated by the charity and an introduction to key members of staff.

Formal trustee training is planned annually although trustees can seek assistance from senior management at any time. Topics for training vary from year to year and are democratically agreed. External speakers are employed where necessary to provide expertise in specialist areas. Attendance of trustees at annual charity presentations are actively encouraged in order to keep up to date on sector developments. The impact of Covid has of course significantly reduced the scope for such activities to take place.

Organisation

The governing body of the charity is the Board of Management, which currently comprises nine trustees, and meets on a monthly basis although additional meetings can be called at short notice.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

A Chief Executive is appointed by the trustees to implement strategy and manage the day-to-day operations of the charity.

Related parties and co-operation with other organisations

Related parties

None of the trustees receive remuneration from their work with the charity. Any connection between a trustee or senior manager of the charity with a supplier must be disclosed to the board of trustees. In the current year no such related party transactions were reported.

Cooperation with other organisations

The charity has a close relationship with Havant Borough Council. The Council, who is the landlord of both leisure centres, provide these facilities rent-free and provides a 20% discretionary relief on national non-domestic rates bills. The charity and the Council should work together to prepare an annual buildings maintenance programme that the Council is responsible for under the leases. The Council does not provide an operational revenue subsidy to the charity and retains all income derived from the use of the public car park that serves the Havant Leisure Centre.

The charity's wholly owned subsidiary, Borough of Havant Sport and Leisure Trading Limited was established to operate cafe and bar facilities and sell leisure goods at both leisure centres. The Borough of Havant Sport and Leisure Trading Limited gift aids its profits to the charity each year.

Pay policy for senior staff

All appointed trustees are members of the Board of Management and together with the Leadership Team comprise the key management personnel of the charity in charge of setting strategy, directing and controlling, running and operating the Trust on a day-to-day basis. All trustees give their time freely. Details of trustee's expenses and related party transactions are disclosed in notes 12 and 14 to the accounts.

The remuneration package of the Chief Executive is considered and reviewed on a regular basis by the Staff and Remuneration Panel. Occasionally and in order to assist decision-making and make comparisons with the market an external specialist is commissioned to review the remuneration and performance of the Chief Executive. The remuneration packages of the rest of the Leadership Team are delegated to the Chief Executive although reported to the Staff and Remuneration Panel. Where individual reviews have not taken place within 3-months of the end of the financial year then the members of the Leadership Team are included within any annual general staff pay review for the following year approved by the Board.

Risk management

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reassurance that:

- the charity's assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable; and
- the charity complies with relevant laws and regulations.

As part of the charity's risk management process trustees accept that the internal controls in place

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

are designed to manage rather than eliminate the risk of failure to achieve the charity's objectives and can only provide reasonable, not absolute, reassurance against material misstatement or loss.

Investment in facilities is crucial if customer demands are to be met and attendances retained. Revenue surpluses are used in the current year or designated for future projects. A regular review of cash reserves and accessibility of cash balances is carried out.

Public taste and changing economic climate affect the use of leisure services. In this regard, operational risk is managed by not over-estimating revenue streams or increasing fixed costs when leisure spends are high.

Other non-financial risks arise from the health and safety of customers and employees. These risks are managed by the charity's risk management team with the brief to ensure provision of a safe and secure environment for customers and staff in order to minimise accidents, injuries & thefts.

The charity's risk register was reviewed and significantly enhanced during 2019/20. Risks are categorised over a range of areas and assessed on impact and likelihood to produce a score used to rank risks. This helps management to prioritise risks and formulate an action plan to reduce or eliminate them.

Landlord negotiations

Negotiations on developing a new partnering agreement and financial arrangement with the charity's landlord, Havant Borough Council, commenced in January 2017. Progress has been slow and over the past year has not been considered a priority.

The negotiations are beginning to pick up again and involve the consideration of a package of measures, some of which involve the charity providing financial assistance to help fund the Council's building maintenance obligations. In exchange, the Council is being asked for greater support towards the charity's capital investment plans at the Waterloo centre through early drawdown of the S106 developer contribution.

The impact of Covid-19 on both parties meant negotiations were put on hold but the recent appointment of a dedicated leisure officer has seen many productive meetings taking place along with productive meetings with the Council Leader and planned meetings with the Cabinet Portfolio holder. The charity hopes that the eventual outcome will be a positive one for both parties as well as for customers and the community.

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of Borough of Havant Sport and Leisure Trust for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

- 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

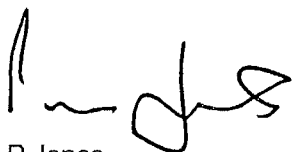
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



P Jones
Chairman

Date: 14/9/21

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Independent auditor's report to the trustees Borough of Havant Sport and Leisure Trust

Opinion

We have audited the financial statements of Borough of Havant Sport and Leisure Trust (the 'charity') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, 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 FRS 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 charity's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 group or the parent charity'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.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Other information

The other information comprises the information included in the Trustee's annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees 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 and parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of The Borough of Havant Sport and Leisure Trust and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering, non-compliance with implementation of government support schemes relating to COVID-19 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity's trustees 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Jonathan Marchant (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP

Date: 20/9/21

BOROUGH OF HAVANT SPORT AND LEISURE TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
AS AT 31 MARCH 2021

(including the consolidated income and expenditure account)

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income:							
Income from charitable activities							
Operation of leisure centres	4	2,030,927	-	2,030,927	5,049,418	6,025	5,055,443
Income from donations	3	288,768	-	288,768	490,851	-	490,851
Income for other trading activities:							
Commercial trading operations	5	99,310	-	99,310	491,769	-	491,769
Investment income	6	12,536	-	12,536	44,025	-	44,025
Total income		2,431,541	-	2,431,541	6,076,063	6,025	6,082,088
Expenditure:							
Cost of raising funds:							
Commercial trading operations		91,954	-	91,954	462,430	-	462,430
Expenditure on charitable activities:							
Operation of leisure centres	7	3,336,437	-	3,336,437	5,450,321	19,649	5,469,970
Donated facilities	7	288,768	-	288,768	490,851	-	490,851
Total expenditure	26	3,717,159	-	3,717,159	6,403,603	19,649	6,423,251
Net gains/(losses) on investments		121,889	-	121,889	(83,518)	-	(83,518)
Net income/(expenditure)		(1,163,729)	-	(1,163,729)	(411,058)	(13,624)	(424,682)
Transfers between funds		-	-	-	-	-	-
Other recognised gains/(losses):							
Actuarial (losses) / gains on defined benefit pension schemes	30	(43,000)	-	(43,000)	(166,000)		(166,000)
Net movement in funds		(1,206,729)	-	(1,206,729)	(577,058)	(13,624)	(590,682)
Reconciliation of funds:							
Total funds brought forward		6,311,769	345,830	6,657,599	6,888,829	359,454	7,248,283
Total funds carried forward		5,105,040	345,830	5,450,870	6,311,770	345,830	6,657,600

The notes on pages 21 to 36 form part of these financial statements.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

Registered number: 3319069

(A company limited by guarantee)

**CONSOLIDATED AND COMPANY BALANCE SHEET
AS AT 31 MARCH 2021**

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	18	4,693,690	4,839,809	4,690,515	4,831,383
Investments	19	543,388	421,498	543,390	421,500
Total fixed assets		5,237,078	5,261,307	5,233,905	5,252,883
Current assets					
Stocks	20	5,568	10,910	-	-
Investments	21	1,330,857	2,285,881	1,330,857	2,285,881
Debtors	22	282,816	206,506	283,812	224,815
Cash at bank and in hand		626,395	1,117,039	613,399	1,012,419
Total current assets		2,245,636	3,620,335	2,228,068	3,523,115
Liabilities					
Creditors falling due within one year	23	(304,576)	(557,164)	(301,137)	(502,529)
Net current assets		1,941,060	3,063,170	1,926,931	3,020,585
Total assets less current liabilities		7,178,138	8,324,478	7,160,836	8,273,469
Creditors falling due after more than one year	25	(97,268)	(130,879)	(97,268)	(130,879)
Net assets excluding pension liability		7,080,870	8,193,599	7,063,568	8,142,590
Defined benefit pension scheme liability	30	(1,630,000)	(1,536,000)	(1,630,000)	(1,536,000)
Total net assets		5,450,870	6,657,599	5,433,568	6,606,590
CHARITY FUNDS					
Restricted funds	26	345,830	345,830	345,830	345,830
Unrestricted funds:					
Unrestricted funds excluding pension liability		6,735,040	7,847,769	6,717,738	7,796,760
Pension reserve		(1,630,000)	(1,536,000)	(1,630,000)	(1,536,000)
Total unrestricted funds	26	5,105,040	6,311,769	5,087,738	6,260,760
Total charity funds		5,450,870	6,657,599	5,433,568	6,606,590

The financial statements and notes on pages 21 to 36 were approved by the Directors on 14/9/21 and signed on their behalf, by:



P. Jones, Chairman

BOROUGH OF HAVANT SPORT AND LEISURE TRUST
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT [TO BE UPDATED]
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash used in operating activities	28	(1,167,105)	15,566	(1,075,453)	63,586
Cash flows used in investing activities					
Interest income		12,536	44,025	12,511	43,899
Proceeds on sale of investments		955,024	-1,595,039	955,024	-1,595,039
Proceeds on sale of fixed assets		700	-	700	-
Purchase of tangible fixed assets		(258,190)	-628,727	(258,190)	-624,485
Cash used in investing activities		710,070	-2,179,741	710,045	-2,175,626
Cash flows from financing activities					
Cash inflows from new borrowing		-	172,989	-	172,989
Repayment of borrowing		(33,612)	-	(33,612)	-
Net cash provided by financing activities		(33,612)	172,989	(33,612)	172,989
Increase/(decrease) in cash and cash equivalents in the year		(490,647)	(1,991,186)	(399,020)	(1,939,051)
Cash and cash equivalents at the beginning of the year		1,117,042	3,108,228	1,012,419	2,951,470
Cash and cash equivalents at the end of the year	29	626,395	1,117,042	613,399	1,012,419

The notes on pages 20 to 35 form part of these financial statements.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Borough of Havant Sport and Leisure Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.2 Preparation of the accounts on a going concern basis

The charity reported a cash outflow of £457,035 (£2,155,289 on a group basis) from operating activities and investing activities. Overall, there was a cash outflow of £490,647 for the year (£1,982,300 on a group basis). £955,024 was transferred from current and instant access savings accounts to fixed term bank accounts (longer than 3-month term).

At the year end the group had negative free reserves totalling (£345,830). The designation of funds for future projects and potential shortfalls is considered to ensure the future of the charity. The trustees have reviewed projected income and expenditure for the next twelve months and on that basis the charity is a going concern.

1.3 Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary, Borough of Havant Sport and Leisure Trading Limited, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

1.4 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income represents point of sale receipts and amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

Income from local authority and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Investment income is accounted for in the period in which the charity is entitled to receipt.

Income received in advance of a fitness class, swimming lesson or parties is deferred until the criteria for income recognition are met (see note 24).

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1.5 Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Donated facilities reflect the rateable value of the two leisure centres provided by the local authority for no charge and a 20% discretionary relief provided by the local authority on the National Non-Domestic Rates bill.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

Investment income, gains and losses are allocated to the appropriate fund.

1.8 Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Costs of raising funds comprise the costs of commercial trading including the cafes, bar and goods for resale and their associated support costs.

Expenditure on charitable activities includes costs associated with the running of the leisure centres and include both the direct costs and support costs relating to these activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, staff costs by time spent and other costs by their usage.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1.9 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's leisure programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities where applicable. The bases on which support costs have been allocated are set out in note 10.

1.10 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Substantial assets are reviewed and broken down into component parts where the useful economic life of a component is significantly different to the rest of the asset.

All assets costing more than £1,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property consisting of:

Land and buildings	- Over the period of the lease
Other components	- Over 10 - 15 years
Plant & machinery	- 10% - 33% straight line
Income generating equipment	- 20% - 50% straight line
Operational equipment	- 20% - 33% straight line
Assets under construction	- No depreciation charge

1.12 Investments

- (i) Fixed asset investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.
- (ii) Investments in subsidiaries are valued at cost less provision for impairment.
- (iii) Current asset investments include short term highly liquid investments that require more than three months but less than one year notice to withdraw cash.

1.13 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1.15 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

1.16 Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the charity, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives. A corresponding liability is recognised for the fair value of the leased asset in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Statement of Financial Activities so as to achieve a constant rate of interest on the remaining balance of the liability.

1.17 Pensions

The company operates a defined benefits pension scheme which requires contributions to be made to a separately administered fund. The scheme is closed to new members. A defined contribution pension scheme is available to all employees.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income or expenditure as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Allowance has been made for full indexation on all Guaranteed Minimum Pensions (GMP) for members whose State Pension Age is on or after 6 April 2016.

A McCloud underpin liability has been calculated with the assumption that the underpin applies to 1) all members in service on 1 April 2012 2) members' benefits on reaching retirement (normal or ill health), or on prior withdrawal, and 3) spouse's benefits on death after retirement.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1.18 Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating and finance lease commitments

The charity has entered into leases as a lessee for use of plant and equipment. The classification of such leases as operating or finance lease requires the charity to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet. One lease has been recognised as a finance lease.

Pensions

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Management have placed reliance on the figures prepared by the work of an expert. Further details are given in note 30.

Fixed Assets

The charity purchases fixed assets and writes the cost less estimated residual value down over the expected useful life of each asset. Choosing the useful economic life of an asset is a judgement by management that impacts on the financial statements over a number of years. A small variation in the life could have a significant affect on the financial statements. The useful life of the asset is determined in the year of purchase and is based on experience. This is reviewed annually to ensure it is still appropriate.

2. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The members of the company are the trustees named on page 8. In the event of the company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charity.

3. INCOME FROM DONATIONS

	2021 £	2020 £
Donated facilities	288,768	490,851

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Restricted Funds 2021 £	Unrestricted funds 2020 £	Restricted Funds 2020 £
Grants from institutions	-	-	-	6,025
Operation of leisure centres	2,030,927	-	5,049,418	-
	2,030,927	-	5,049,418	6,025

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****5. INCOME FROM OTHER TRADING ACTIVITIES**

The wholly owned trading subsidiary Borough of Havant Sport and Leisure Trading Limited is incorporated in the United Kingdom (company number 3406679) and pays all of its profits to the charity under the gift aid scheme. The subsidiary operates café and bar facilities and sells leisure goods. All commercial trading operations are carried out at the charity leisure centres. A summary of the trading results is shown below.

	2021 £	2020 £
Turnover	20,124	491,769
Cost of sales and administration costs	(129,890)	(489,556)
Other operating income	79,186	-
Interest receivable	25	127
Net profit	(30,555)	2,340
Amount gift aided to the charity	-	-
Retained in subsidiary	(30,555)	2,340

The assets and liabilities of the subsidiary were:

Current assets	18,738	120,247
Current liabilities	(4,610)	(77,662)
Total net assets	14,128	42,585

6. INVESTMENT INCOME

	2021 £	2020 £
Bank interest	12,536	44,025

7. DIRECT COSTS

	Provision of sporting and leisure facilities to the public 2021 £	Total funds 2021 £	Total funds 2020 £
Operational staff	1,406,299	1,406,299	1,839,729
Other finance expense (Note 17)	35,000	35,000	31,000
Equipment and materials	59,827	59,827	91,998
Subcontractors	27,953	27,953	113,547
Premises and equipment maintenance	149,447	149,447	277,441
Repair and replacement fixtures	34,183	34,183	66,995
Energy and utility	294,109	294,109	440,020
Third party support and insurance	56,206	56,206	101,541
Marketing, unrecoverable VAT and other	154,881	154,881	299,874
(Gains)/losses on disposal of fixed assets	466	466	4,702
Depreciation	398,591	398,591	408,888
Governance costs	44,856	44,856	95,690
Support costs	680,871	680,871	1,698,544
	3,342,689	3,342,689	5,469,970
Donated facilities	288,768	288,768	490,851
	3,631,457	3,631,457	5,960,821

Expenditure on charitable activities was £3,336,437 (2020: £5,469,970) of which £3,336,437 was unrestricted (2020: £5,450,321) and £NIL was restricted (2020: £19,649).

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****8. SUMMARY OF ANALYSIS OF EXPENDITURE AND RELATED INCOME FOR CHARITABLE ACTIVITIES**

This shows the cost of the main charitable activity and the sources of income that directly support those activities.

	Provision of sporting and leisure facilities to the public £
Costs	(3,342,689)
Income from sport and leisure facilities	2,030,927
Net income to fund future costs and projects	<u>(1,311,762)</u>

9. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs these, along with the remaining support costs, are allocated to the cost of the charity's key charitable activity. The table below shows the basis of apportionment and the analysis of support and governance costs.

	Basis of apportionment	General support £	Governance function £	Total £
Audit, legal and professional (Note 11)	Governance	7,521	33,883	41,404
Trustee expenses and indemnity insurance	Governance	-	10,973	10,973
Corporate office staff costs	Allocated on time	662,920	-	662,920
IT and payroll running costs	Invoiced Amounts	10,430	-	10,430
Council pension settlement	Support	-	-	-
		<u>680,871</u>	<u>44,856</u>	<u>725,727</u>

10. TURNOVER

All turnover arose within the United Kingdom.

11. NET INCOMING RESOURCES

This is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets:		
Owned by the charitable group	362,679	364,879
Assets held under finance lease	-	44,009
(Surplus)/Loss on disposal of fixed assets	466	4,702
Auditor's remuneration:		
Audit fees	14,430	14,000
Other advice	-	-
Operating leases - equipment	<u>12,075</u>	<u>36,032</u>

12. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	2,123,791	2,531,747
Social security costs	105,834	126,442
Other pension costs (Note 31)	52,909	80,165
	<u>2,282,534</u>	<u>2,738,354</u>

The number of higher paid employees was:

	No.	No.
In the band		
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

During the year, no trustees received any remuneration (2020 - £NIL).

During the year, no trustees received any benefits in kind (2020 - £NIL).

One trustee received reimbursement of expenses amounting to £24.08 in the current year, (2020: one trustees received £37.80). The amount of expenses waived by other trustees in the year was £24.08.

The key management personnel of the parent charity comprise the trustees, and the senior management team consisting of the Chief Executive, Operations Manager, HR Manager, Finance Manager and Marketing and Communications Manager. The total employee benefits of the key management personnel of the charity was £219,680 (2020: £282,232).

The key management personnel of the group comprise those of the charity and the directors of its wholly owned subsidiary, Borough of Havant Sport and Leisure Trading Limited.

13. STAFF NUMBERS

The average monthly head count including casual and part-time staff during the year was as follows

	2021 No.	2020 No.
Management	5	5
Other	167	222
	<u>172</u>	<u>227</u>

14. RELATED PARTIES

In 2020 the following transactions took place between the charity and its wholly owned subsidiary Borough of Havant Sport and Leisure Trading Limited:

The provision of kitchen facilities at the Waterlooville café and kitchen equipment by the charity to Borough of Havant Sport and Leisure Trading Limited of £1,084 (2020: £4,325)

The provision of management and administrative services by the charity to Borough of Havant Sport and Leisure Trading Limited totalling £NIL (2020: £22,800).

The transfer under gift aid of the trading profits of Borough of Havant Sport and Leisure Trading Limited to the charity of £3,152 (2020: £7,861).

At the balance sheet date Borough of Havant Sport and Leisure Trading Limited owed the charity £11,173 (2020: £23,027). This represents items paid by the charity on behalf of Borough of Havant Sport and Leisure Trading Limited which were then repaid at a later date. The most significant costs are wages.

15. GOVERNMENT GRANTS

Income from government grants comprises project related grants made by local authorities to fund specific sport, leisure and health projects run by the charity.

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) have been received during the year in respect of employee costs incurred for furloughed staff is as follows:

	2021 £	2020 £
Furlough grant	<u>1,062,834</u>	<u>-</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****16. CORPORATION TAX**

As a charity, Borough of Havant Sport and Leisure Trust benefits from various exemptions from taxation afforded by tax legislation and is therefore not liable to corporation tax on income or gains falling within those exemptions.

17. OTHER FINANCE EXPENSES

	2021 £	2020 £
Expected return on pension scheme assets	79,000	76,000
Interest on pension scheme liabilities	(114,000)	(107,000)
	<u>(35,000)</u>	<u>(31,000)</u>

18. TANGIBLE FIXED ASSETS

Group	Assets under construction	L/Term Leasehold Property	Plant and Machinery	Income generating equipment	Operational Equipment	Total
Cost						
At 1 April 2020	21,396	6,674,176	37,786	1,359,243	504,025	8,596,626
Additions	880	176,061	-	29,943	51,306	258,190
Disposals	-	-	-	-	(2,328)	(2,328)
At 31 March 2021	<u>22,276</u>	<u>6,850,237</u>	<u>37,786</u>	<u>1,389,186</u>	<u>553,003</u>	<u>8,852,488</u>
Depreciation						
At 1 April 2020	-	2,238,823	29,360	1,042,097	446,538	3,756,818
Charge for the year	-	249,670	5,250	113,009	35,913	403,842
Transfer to other category	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	(1,862)	(1,862)
At 31 March 2021	<u>-</u>	<u>2,488,493</u>	<u>34,610</u>	<u>1,155,106</u>	<u>480,589</u>	<u>4,158,798</u>
Net Book Value						
At 31 March 2021	<u>22,276</u>	<u>4,361,744</u>	<u>3,176</u>	<u>234,080</u>	<u>72,414</u>	<u>4,693,690</u>
At 31 March 2020	<u>21,396</u>	<u>4,435,354</u>	<u>8,426</u>	<u>317,147</u>	<u>57,488</u>	<u>4,839,809</u>
Charity	Assets under construction	L/Term Leasehold Property	Plant and Machinery	Income generating equipment	Operational Equipment	Total
Cost						
At 1 April 2020	21,396	6,674,176	-	1,351,773	504,025	8,551,370
Additions	880	176,061	-	29,943	51,306	258,190
Transfer to other category	-	-	-	-	-	-
Disposals	-	-	-	-	(2,328)	(2,328)
At 31 March 2021	<u>22,276.00</u>	<u>6,850,237</u>	<u>-</u>	<u>1,381,716</u>	<u>553,003</u>	<u>8,807,232</u>
Depreciation						
At 1 April 2020	-	2,238,823	-	1,034,626	446,538	3,719,987
Charge for the year	-	249,670	-	113,009	35,913	398,592
Depreciation on disposals	-	-	-	-	(1,862)	(1,862)
At 31 March 2021	<u>-</u>	<u>2,488,493</u>	<u>-</u>	<u>1,147,635</u>	<u>480,589</u>	<u>4,116,716</u>
Net Book Value						
At 31 March 2021	<u>22,276</u>	<u>4,361,744</u>	<u>-</u>	<u>234,081</u>	<u>72,415</u>	<u>4,690,515</u>
At 31 March 2020	<u>21,396</u>	<u>4,435,353</u>	<u>-</u>	<u>317,147</u>	<u>57,487</u>	<u>4,831,383</u>

The charity has recognised some fixed assets that are being purchased under finance leases. The net book value of this equipment at the year-end was £132,025 (2020: £176,033).

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

19. FIXED ASSET INVESTMENTS

Group

Listed
securities
£

Market Value

At 1 April 2020

421,498

Revaluations

121,890

At 31 March 2021

543,388

Historical Cost

175,000

The listed securities are all held in unit trusts listed on the UK Stock Exchange.

Charity	Listed securities £	Shares in group undertakings £	Total £
Market Value			
At 1 April 2020	421,498	2	421,500
Revaluations	121,890	-	121,890
At 31 March 2021	543,388	2	543,390
Historical Cost	175,000	2	175,000

The charity owns the whole of the issued share capital of Borough of Havant Sport and Leisure Trading Limited, a company incorporated in England and Wales which carries on the business of running a café. The investment, which consists of 2 ordinary shares of £1 each, is shown at cost. In the opinion of the Trustees, the aggregate value of the shares in and amounts owing from the company's subsidiary is not less than the aggregate of the amounts at which those assets are stated in the company's balance sheet. The activities and results of this company are summarised in note 5.

20. STOCKS

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Catering supplies	5,568	10,910	-	-

21. CURRENT INVESTMENT

	2021	Group 2020	2021	Charity 2020
Cash on deposit between 3 and 12 months	1,330,857	2,285,881	1,330,857	2,285,881

22. DEBTORS

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Trade debtors	177	14,227	-	13,063
Prepayments and accrued income	272,639	192,279	272,639	188,725
Other debtors	-	-	-	-
Amounts owed by group undertakings	10,000	-	11,173	23,027
	282,816	206,506	283,812	224,815

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Amounts falling due within one year	2021 £	Group 2020 £	2021 £	Charity 2020 £
Trade creditors	78,942	112,717	78,942	101,957
Social security and other taxes	17,080	73,666	16,829	35,975
Other creditors	21,526	15,791	21,526	14,671
Loans due < 1 year	42,110	42,110	42,110	42,110
Accruals and deferred income	144,918	312,879	141,730	307,816
	<u>304,576</u>	<u>557,164</u>	<u>301,137</u>	<u>502,529</u>

24. DEFERRED INCOME

Deferred income comprises advance bookings of fitness classes, swimming lessons and parties that take place after 31 March 2020. It also includes the unused element of annual memberships at 31 March 2020 and the income that related to the period 21/03/20 to 31/03/20 when the Leisure Centres were closed by the Government due to COVID-19 pandemic, this income would be rolled forward to 2020/21 or refunded.

	Group £	Charity £
At 1 April 2020	188,114	74,408
Amount released to income	(188,114)	(74,408)
Amount deferred in the year	<u>42,683</u>	<u>188,114</u>
At 31 March 2021	<u>42,683</u>	<u>188,114</u>

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

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Finance leases (falling due in less than 5 years)	<u>97,268</u>	<u>130,879</u>	<u>97,268</u>	<u>130,879</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

26. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains / (Losses) £	Carried forward £
Designated funds						
Operational reserve	550,000	-	-	(121,889)	121,889	550,000
Improvement reserve	2,506,404	-	(129,676)	(332,402)	-	2,044,326
Small Capital Projects						-
Life cycle programme reserve	200,000	-	-		-	200,000
LGPS deficit reserve	510,000	-	-	(500,000)	-	10,000
Fixed assets reserve	4,485,553	-	-	(163,056)		4,322,497
	8,251,957	-	(129,676)	(1,117,348)	121,889	7,126,823
General Funds						
General Funds	(455,197)	2,222,206	(3,296,593)	1,120,500		(409,085)
Trading reserve	51,009	99,335	(129,890)	(3,152)		17,302
Pension reserve	(1,536,000)	110,000	(161,000)	-	(43,000)	(1,630,000)
	(1,940,188)	2,431,541	(3,587,483)	1,117,348	(43,000)	(2,021,783)
Total unrestricted funds	6,311,769	2,431,541	(3,717,159)	-	78,889	5,105,040
Restricted funds						
WLC Extension fund	182,863	-	-	-	-	182,863
New Direction Grant	-	-	-	-	-	-
Pool Hoist grant	-	-	-	-	-	-
Fitness Measurement Grant	-	-	-	-	-	-
GP Referral Training grant	460	-	-	-	-	460.00
Refurbishment project fund	150,527	-	-	-	-	150,527.00
Disabled changing room fund	11,980	-	-	-	-	11,980.00
Total restricted funds	345,830	-	-	-	-	345,830
Total of funds	6,657,599	2,431,541	(3,717,159)	-	78,889	5,450,870
SUMMARY OF FUNDS						
	Brought forward £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains / (Losses) £	Carried forward £
Designated funds	8,251,957	-	(129,676)	(1,117,348)	121,889	7,126,823
Pension reserve	(1,536,000)	110,000	(161,000)	-	(43,000)	(1,630,000)
General funds	(404,188)	2,321,541	(3,426,483)	1,117,348	-	(391,783)
Total unrestricted funds	6,311,769	2,431,541	(3,717,159)	-	78,889	5,105,040
Restricted	345,830	-	-	-	-	345,830
	6,657,599	2,431,541	(3,717,159)	-	78,889	5,450,870

The designated funds consist of:

Operational reserve - funds set aside to meet any shortfall between the anticipated income and budgeted outgoings and any unforeseen expenditure. It will also be available to assist in the funding of new activities not foreseen in budgets.

Improvement reserve – funds allocated for capital projects the charity is to undertake in the future to remain viable, competitive and meet customer demands.

The improvement reserve balance at the year end represents funding set aside for a number of specific future projects. These amounts have been funded from cash surpluses generated in the year. Some projects still require additional funds.

Life cycle programme reserve - a programme run by the charity for the continuing refurbishment of the leisure centres.

Fixed assets reserve - the value of unrestricted funds represented by tangible fixed assets owned and used by the charity for leisure activities.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

26. STATEMENT OF FUNDS (CONTINUED)

The restricted funds consist of:

WLC extension fund - the S106 contribution passed on by Havant Borough Council to partly fund the building of the Waterloo extension. The balance represents the unamortised value of works funded by this contribution.

Pool hoist grant - a grant received to help purchase a pool hoist for Havant swimming pool. The balance represents the unamortised value of works funded by the grant received.

Other small grants - represents income received in the year to fund small projects. This funding was spent on the relevant activities in the year.

Refurbishment projects fund - this fund relates to remedial works and improvements to buildings and facilities funded by a capital grant in previous years. The remaining balance represents the unamortised element of the works funded by the grant.

Disabled changing room fund - this fund relates to conversion works to create a disabled changing room facility funded by a capital grant in previous years. The remaining balance represents the unamortised element of the capital work funded by the grant.

27. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	4,347,860	345,830	4,693,690
Fixed asset investments	-	543,388	-	543,388
Current assets	10,061	2,235,575	-	2,245,636
Creditors due within one year	(304,576)	-	-	(304,576)
Creditors due after one year	(97,268)	-	-	(97,268)
Provisions for liabilities and charges	(1,630,000)	(1,630,000)	-	-
	<u>(2,021,783)</u>	<u>7,126,823</u>	<u>345,830</u>	<u>5,450,870</u>

28. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Net income	(1,163,729)	(433,044)	(1,133,172)	(392,133)
Adjustments for:				
Depreciation charges	403,842	414,138	398,592	408,888
Losses/(gains) on investments	(121,889)	83,518	(121,889)	83,518
(Profit)/loss on disposal of fixed assets	(234)	4,707	(234)	4,707
Interest received	(12,536)	(44,025)	(12,511)	(43,899)
Gift aid from Trading company	3,157	8,362	3,157	8,362
Decrease in stock	5,342	7,213	-	-
Increase in debtors	(76,310)	(50,393)	(58,997)	(30,796)
Decrease in creditors	(218,978)	(3,911)	(167,781)	(4,062)
Transfer of funds	19,094	-	22,247	-
FRS 17 adjustments	(4,865)	29,000	(4,865)	29,000
Net cash used in operating activities	<u>(1,167,105)</u>	<u>15,565</u>	<u>(1,075,453)</u>	<u>63,585</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****29. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash in hand	626,395	1,117,038	613,399	1,012,419
Overdraft facility repayable on demand	-	-	-	-
Total cash and cash equivalents	626,396	1,117,038	613,399	1,012,419

30. PENSION COMMITMENTS

The company operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,557 (2020: £26,808). Contributions totalling £nil (2020: £nil) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a final salary defined benefit pension scheme.

The company participates in the Local Government Pension Scheme. The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary. Three members of staff are members of the scheme, which is closed to new members. The Trustees are monitoring the potential impact of the final employee leaving the scheme and the liability crystallising.

The most recent valuation was carried out as at 31 March 2019, and has been updated by independent actuaries to the Hampshire County Council Pension Fund (the Fund) to take account of the requirements of FRS102 in order to assess the liabilities of the Fund. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The assets and liabilities of the schemes at 31 March are:

	2021 £	2020 £
Scheme assets at fair value		
Equities	2,424,000	1,811,826
Government bonds	736,000	749,484
Corporate bonds	-	-
Cash	60,000	68,760
Property	259,000	250,974
Other	774,000	556,956
Fair value of scheme assets	4,253,000	3,438,000
Present value of scheme liabilities	(5,884,000)	(4,975,000)
	<u>(1,631,000)</u>	<u>(1,537,000)</u>

The pension plan has not invested in any of the charity's own properties or other assets used by the group.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021****30. PENSION COMMITMENTS (CONTINUED)**

The amounts recognised in the Statement of Financial Activities are as follows:

	2021	2020
	£	£
Recognised in the Statement of Financial Activities		
Current service cost	(47,000)	(51,000)
Net interest on defined benefit liability	(35,000)	(31,000)
Total recognised in net income	(82,000)	(82,000)
Taken to other comprehensive income		
Asset gains/(losses) arising during the period	777,000	217,000
Liability gains/(losses) arising during the period	(820,000)	(383,000)
Remeasurement gains and losses recognised in other comprehensive income	(43,000)	(166,000)

	2021	2020
	%	%
Main assumptions:		
Rate of salary increases	3.7	3.7
Rate of increase in pension payment	2.7	2.2
Discount rate	2.1	2.4
RPI Inflation assumption	2.7	3.3
CPI Inflation assumption	2.7	2.2
Post-retirement mortality		
Current pensioners at 65 - male	23.1	23.3
Current pensioners at 65 - female	25.5	26.1
Future pensioners at 65 - male	24.8	24.9
Future pensioners at 65 - female	27.3	27.8

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2040.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2021	2020
	£	£
Opening defined benefit obligation	4,975,000	4,506,000
Current service cost	47,000	51,000
Past service cost	-	1,000
Interest expense on defined benefit obligation	114,000	107,000
Contributions by scheme participants	14,000	14,000
Benefits paid	(86,000)	(87,000)
Actuarial Losses/(Gains)	820,000	383,000
Closing defined benefit obligation	5,884,000	4,975,000

Changes in the fair value of scheme assets were as follows:

	2021	2020
	£	£
Opening fair value of scheme assets	3,438,000	3,165,000
Remeasurement (losses)/gains	777,000	217,000
Interest income on assets	79,000	76,000
Contributions by employer	31,000	53,000
Contributions by scheme participants	14,000	14,000
Benefits paid	(86,000)	(87,000)
	4,253,000	3,438,000

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH 2021**

31. OPERATING LEASE COMMITMENTS

At the balance sheet date, the group had annual commitments for equipment under non-cancellable operating leases as follows:

Group	2021	2020
Expiry date:	£	£
Less than 1 year	9,808	12,075
1 - 2 years	9,591	9,548
2 - 5 years	28,642	37,325
	<u>48,041</u>	<u>58,948</u>

32. CAPITAL COMMITMENTS

At the balance sheet date, the charity had the following commitments:

Group	2021	2020
Authorised and contracted for		96,133
	<u>-</u>	<u>96,133</u>

