

Horizon Leisure Centres **Annual Report 2022/23**

Borough of Havant Sport **and Leisure Trust**

(A company limited by guarantee)

Company Registration No. 03319069 (England and Wales)

Charity Registration No. 1060896

Directors report and financial **Statements**

For the year ended 31 March 2023

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

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FOR THE YEAR ENDED 31 MARCH 2023**

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BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

The Trustee Board of the Borough of Havant Sport and Leisure Trust ('the Charity') are pleased to present their annual report and consolidated financial statements of the Charity and its subsidiary for the year ending 31 March 2023. 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 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

The principle object of the Charity is the provision of services and facilities for recreation, physical and other education, or leisure time occupation in the interests of social welfare. The Charity's vision is 'Inspiring healthier, happier communities' and Horizon is committed to providing best value leisure centres, which are accessible to all.

The principle activity of the subsidiary undertaking is the provision of food, beverages and retail in leisure centres operated by the Charity and for profits to be gift aided to the Charity annually.

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

- Provide high 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.

Horizon will continue to evolve, and the future of provision will change to be more aligned with other health and wellbeing providers. Horizon will begin to consider co-located services and the introduction of the integrated health and wellbeing systems to reduce health inequalities and maximise prevention of specific health conditions. Over the last year, strong partnerships have been formed with the NHS and Social Prescribers, Hampshire Mind and Havant Borough Council's Community Team to enhance targeted community programmes.

Community Health and Wellbeing

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. In 2022 the health referral programme was relaunched with greater engagement with local GP's. There are over 200 committed memberships as of March 2023. In 2023, Horizon were funded to deliver pilots for a Community Weight Management programme targeting local women. Additional funding was granted by Hampshire County Council in 2023 to deliver a children's referral programme for 0-5-year-old children focused on swimming and play. Junior memberships were launched in 2023 targeting young people from the age of 10 years. These have proved successful with over 200 young people taking up the membership.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Targeted Activities

Family Bootcamps: In Summer 2022, Horizon took activity programmes out of the centres and into parks and open spaces. To encourage greater participation in physical activity, two outdoor bootcamps were delivered for families and children. The sessions were popular, attracting members of the community who may not exercise regularly or consider visiting a leisure centre or gym.

Free and Active: As the cost-of-living crisis takes hold in the UK, Horizon is conscious that leisure and wellbeing activities during the school holidays are a challenge for lower-income households. Therefore, throughout the 2022 summer holiday period, Horizon provided free swimming and sports hall activities for children aged 5-16 years. The aim was to encourage young people into positive activities and to stay healthy, while removing the cost to parents. Over the six-week Summer holiday period, over 7,000 children participated in the sessions.

Horizon Health Hub: Horizon are planning to lease a retail unit in the local shopping centre in Havant to deliver health checks for local people. Working closely with Havant Borough Council, the aim is to better connect with residents of the Borough and encourage them into a more active lifestyle. Since its launch, the Wellbeing Hub has provided health checks and testing services for residents of Havant and strong partnerships have been developed with health partners such as: Homewell Medical Practice who provide drop-in sessions for their patients each month along with Social Prescribers and a mental health wellbeing coach.

There are also a range of classes being delivered at the Hub, such as 'Ladies that Lift', which incorporate 2 x 6-week courses for women who want to take up weightlifting the courses show the correct techniques to build confidence and independence with using weights.

Horizon deliver many activities for toddlers, children, and teenagers to access, which are either booked in advance or turn-up-on-the-day sessions. There are sessions to encourage parents to bring their pre-school children such as the mother and baby coffee mornings. The Charity provides a range of activities for customers aged 50 and over. These include the opportunity to be part of the 50+ Sports and Social Club at Havant Leisure Centre. The Club meets during the morning each week for activities which include badminton, table tennis, exercise classes, and squash as well as access to the gym. More recently regular afternoon tea dances have been introduced at Waterlooville Leisure Centre ensuring that the mix of services is as diverse as possible for local people.

Price and pricing policy

As a charity, Horizon's priorities are to provide social value and impact in the communities that we serve. It is also important that the facilities are commercially viable, ensuring any surplus is reinvested back into facility improvement and new innovative services for local people. Horizon's memberships are competitively priced and offer value when compared to other leisure operators. In 2022, Horizon introduced a concessionary pricing scheme. The targeted pricing policy offered families on lower incomes up to 40% discount on activities. A focus throughout 2023 is to promote the discounts locally to lower income households.

Facilities

Throughout 2022/23, the Charity has provided operational management for two leisure centres - one in Havant and at the other in Waterlooville. Both centres are owned by Havant Borough Council and are provided rent-free. Both leisure centres have large, well-equipped gyms, studios, 25m swimming pools, learner pools, creche, and coffee shop facilities. In addition, Havant has two sport halls, a large indoor soft play centre, a cycle studio, and toning table studio.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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. During the financial year 2022/23, a business expansion strategy was developed and in 2023, a 15-year lease was taken in partnership with Brampton Leisure on a former Sports Direct leisure facility. The new facility would be operated as part of the charity with the same objects and focus on community benefit.

2022/23 has been a positive year for Horizon, developing plans for growth, investment and shaping the future health and wellbeing agenda, all of which underpin our vision to empower communities to lead happier, healthier lives. As we continue our journey from 'good to great', the focus remains on quality, service standards and widening the mix of activities for local people. One of our fundamental principles is to engage with members of the community and provide access to quality services, removing barriers to participation.

Partnerships

Strategic partnerships are integral to Horizon's future development and working collaboratively with Havant Borough Council, health providers and a range of stakeholders, Horizon will achieve greater impact within the community, supporting local people to lead more active and healthier lifestyles. Horizon's Health and Wellbeing programme has grown significantly, with a range of health programmes being introduced for people of all ages, ability levels and for those with greater health needs.

In May 2023, working closely with Havant Borough Council, Horizon delivered the first Wellbeing Hub within the Meridian Shopping Centre Havant. This facility enables Horizon to take health message into the community, connecting with local people, enabling them to take their first steps to becoming more active and making healthier choices. In 2023, Horizon opened its third high-quality health and wellbeing facility in Merrow Guildford. This is a significant step forwards for Horizon and enables the Charity to widen its reach and brand profile in the South of the UK. Following a £1m investment, Horizon now provide high quality health, fitness, swimming, and spa facilities to the local community in Guildford.

The financial statements show that at the end of the 2022/23 financial year, the group income was £5,478,955, compared to £ 4,509,808, which represents a 21% increase year on year. Increases were made across key income lines, which illustrated a strong recovery after challenging years linked to the pandemic. The number of visits to a Horizon health and fitness facilities increased significantly. In 2021/22 there were 296,971 visits compared to 371,546 in 2022/23. This represents an increase of 74,575 visits (25%), which has also resulted in an 86% increase in health and fitness revenue between 2021/22 - 2022/23.

The Horizon Swim School has over 3,000 people learning to swim across the two centres, which represents a 37% increase year on year. This has been achieved through more strategic planning of the pool space, increasing occupancy and effective progression of swimmers through the programme.

Reserves Policy

The Reserves Policy is reviewed by the trustees and adjustments are made to reflect the changing economic circumstances and investment prioritise at least annually. The amounts in the reserves are reflective of the Reserves Policy. General group cash reserves have been invested in accordance with the reserve policy. The general reserve is around 6% of group income. The general pension reserve relates to the liability on the LGPS.

The total funds held including both restricted and unrestricted funds is £6,791,080. Reserves have been funded from cash surpluses generated in the year.

Restricted funds relate to several refurbishment projects including disabled changing room, extension at Waterloooville

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

The Designated Guildford Reserve is for the set up and refurbishment of a new leisure facility which opened June 2023 in Merrow, Guildford. The Designated Improvement reserve is a fund for new projects. The designated life cycle reserve is a programme run by the Trust for the continuing refurbishment of the leisure centres. The Designated LGPS Deficit reserve is an amount which is to cover deficit on the pension scheme liability. The designated fixed asset reserve represents the total asset of the Group.

Horizon's Five-Year Strategy

Horizon is in the third year of its five-year strategic plan, which sets out the organisation's direction for the period 2021-2026. The strategic plan underpins the transformation programme, which has mapped out clear objectives to take the organisation from 'Good' to 'Great'. The key strategic themes are:

- Our Future
- Our people
- Our customers
- Our impact
- Our Finances

The transformation programme is driven from the strategy and ensures that the Leadership deliver clear and tangible results, and as such, significant progress has been made. In order to succeed, Horizon will need to work collaboratively with stakeholders and partners across the Borough. In terms of partnership, a strong and sustainable relationship with Havant Borough Council has been developed.

Business Expansion

Horizon is wholly committed to improving the health and wellbeing of Havant Borough residents. However, it is also important to recognise that our social impact model can be replicated geographically. When considering future growth, Horizon will ensure that opportunities have a clear strategic fit and enable us to deliver charitable objectives inspiring healthier happier communities.

Waterlooville Leisure Centre Capital Investment

Having commissioned Strategic Leisure, to undertake a feasibility study to develop the Centre, preplanning is now underway to enhance Waterlooville Leisure Centre. Submissions have been made for CIL (Community Infrastructure Levy) funding, which will be utilised to enhance the offering at the centre. The aim will be to:

- Add 2 all-weather pitches, which could be used to deliver a diverse and attractive range of sporting activities
- Potentially add 2 Padel courts, which would give opportunity for local people to try out a new and growing sport
- Modernise the current health and fitness proposition, to incorporate options for family fitness, possible co-located services, and targeted health programmes.
- Introduce soft play provision linked to an enhanced cafeteria

Overall the performance throughout 2022/23 has been very strong and a significant amount of change has occurred. Horizon remains ambitious for the future with many more exciting developments being planned.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Reference and administrative details

Charity Number 1060896

Company Number 03319069

Registered Office Havant Leisure Centre, Civic Centre Road, Havant, Hampshire, PO92AY

Our advisers

Auditors Morris Crocker Limited

Station House, North Street, Havant, Hampshire, PO9 1QU

National Westminster Bank plc

Bankers 23 West Street, Havant, Hampshire, PO9 1EU

Blake Morgan

Solicitors New Kings Court, Tailgate, Chandler's Ford, Hampshire, SO53 3LG

Aston Lark Ltd

Insurers 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:

P Reid

P Mellor

J Crouch

P Jones

P Lewis

C Scott

S Gohl

M Toy

R Hedley - appointed 23rd March 2023

Secretary

P Lewis

Senior Managers

The Leadership Team consists of the following posts:

Chief Executive

Head of Finance

Head of Marketing and Communications

Head of Operations

Head of People and Culture

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Manager Structure, Governance and Management

Governing Document

The 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 Articles of Association, which were last amended on 28 April 2022. 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 Chair 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 may be employed where necessary to provide expertise in specialist areas.

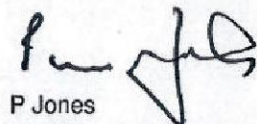
Attendance of trustees at annual charity presentations are actively encouraged in order to keep up to date on sector developments.

Organisation

The governing body of the Charity is the Trustee Board, which currently comprises seven trustees, and meets on a monthly basis although additional meetings may be called when required.

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

By order of the Board of Trustees



P Jones
Chairman

Date: 26/10/23

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Borough of Havant Sport and Leisure Trust (the 'charitable company') and its subsidiaries for the year ended 31 March 2023 on pages 16 to 31, which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets and Cashflow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group 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 group or parent charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

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

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss management's assessment of risk in respect of irregularities, fraud and going concern.

Based on these discussions and our own assessments we determined that the key risk areas were income recognition in respect of cut off issues concerning ticket sales and grant income and management override concerning the size of the organisation.

We set financial statement materiality level based on the level of income. As a not for profit organisation raising income is its primary focus which is why income was used to determine the level of materiality. Our overall assessment of risk was used to determine performance materiality at an appropriate level.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

Substantive audit tests were designed after assessing and testing systems and controls. The systems and controls which have been designed to act as a preventative measure against fraud and error were operating as documented. Substantive testing tested a sample of the population, representative of the population, to identify errors. The testing did not identify any material misstatements in areas tested.

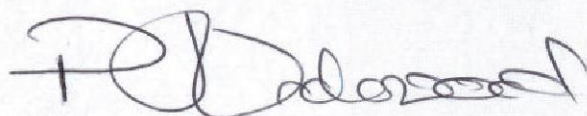
Audit substantive tests concluded no material errors over the key risk areas of income recognition and management override.

The audit considers the organisation is not exposed to material risk of error as a result of assessing laws and regulations that are appropriate to the organisation.

Management assessed there is no going concern risk. The audit undertook a review of budgets, management accounts and the review of board minutes and came to the same conclusion as management.

Use of our report

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



Paul Underwood (Senior Statutory Auditor)
for and on behalf of Morris Crocker Limited
Chartered Accountants

Statutory Auditors

Station House

North Street

Havant

Hampshire

PO9 1QU

Date: 3 November 2023

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

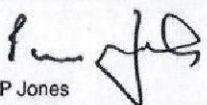
	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
INCOME FROM					
<u>Charitable activities:</u>					
Operation of leisure centres	3	4,648,444	1,241	4,649,685	3,713,624
Income from donations	4	564,000	-	564,000	621,754
<u>Other trading activities:</u>					
Commercial trading operations	5	251,520	-	251,520	157,573
Investment income	6	13,750	-	13,750	16,857
Total		<u>5,477,714</u>	<u>1,241</u>	<u>5,478,955</u>	<u>4,509,808</u>
EXPENDITURE ON					
<u>Cost of raising funds:</u>					
Commercial trading operations		237,177	-	237,177	121,818
<u>Charitable activities:</u>					
Operation of leisure centres	7	4,778,874	13,513	4,792,387	3,972,314
Donated facilities	7	564,000	-	564,000	621,754
Total	25	<u>5,580,051</u>	<u>13,513</u>	<u>5,593,564</u>	<u>4,715,886</u>
Net gains/(losses) on investments		<u>9,953</u>		<u>9,953</u>	<u>66,943</u>
NET INCOME/(EXPENDITURE)		(92,383)	(12,272)	(104,655)	(139,135)
Transfers between funds		25,220	(25,220)	-	-
<u>Other recognised gains/(losses):</u>					
Actuarial gains/(losses) on defined benefit pension schemes	29	<u>1,016,000</u>		<u>1,016,000</u>	<u>568,000</u>
NET MOVEMENT IN FUNDS		948,837	(37,492)	911,345	428,865
RECONCILIATION OF FUNDS					
Total funds brought forward		5,533,905	345,830	5,879,735	5,450,870
TOTAL FUNDS CARRIED FORWARD		<u><u>6,482,742</u></u>	<u><u>308,338</u></u>	<u><u>6,791,080</u></u>	<u><u>5,879,735</u></u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
FIXED ASSETS					
Tangible assets	18	4,576,854	4,423,801	4,542,377	4,422,330
Investments	19	620,282	610,329	620,284	610,331
		<u>5,197,136</u>	<u>5,034,130</u>	<u>5,162,661</u>	<u>5,032,661</u>
CURRENT ASSETS					
Stocks	20	7,411	7,917	-	-
Current asset investments	21	1,515,798	1,745,694	1,515,798	1,745,694
Debtors	22	197,399	160,861	192,266	161,527
Cash at bank and in hand	28	567,835	487,282	551,320	452,018
		<u>2,288,443</u>	<u>2,401,754</u>	<u>2,259,384</u>	<u>2,359,239</u>
CREDITORS					
Amounts falling due within one year	23	(533,705)	(389,365)	(523,848)	(388,599)
NET CURRENT ASSETS		1,754,738	2,012,389	1,735,536	1,970,640
TOTAL ASSETS LESS CURRENT LIABILITIES		6,951,874	7,046,519	6,898,197	7,003,301
CREDITORS					
Amounts falling due in more than one year	24	(17,794)	(47,784)	(5,108)	(47,784)
NET ASSETS EXCLUDING PENSION LIABILITY		6,934,080	6,998,735	6,893,089	6,955,517
Defined benefit pension scheme liability	29	(143,000)	(1,119,000)	(143,000)	(1,119,000)
NET ASSETS		<u>6,791,080</u>	<u>5,879,735</u>	<u>6,750,089</u>	<u>5,836,517</u>
FUNDS					
Unrestricted funds:	25				
Unrestricted funds excluding pension liability		6,625,742	6,652,905	6,584,751	6,609,687
Pension reserve		<u>(143,000)</u>	<u>(1,119,000)</u>	<u>(143,000)</u>	<u>(1,119,000)</u>
		6,482,742	5,533,905	6,441,751	5,490,687
Restricted funds	25	308,338	345,830	308,338	345,830
TOTAL FUNDS		<u>6,791,080</u>	<u>5,879,735</u>	<u>6,750,089</u>	<u>5,836,517</u>

The financial statements were approved by the Board of Trustees on 26/10/2023 and signed on their behalf by:


P Jones
Chairman

Date: 26/10/23

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash flows from operating activities					
Cash generated from operations	27	384,852	463,540	385,832	441,274
Cash provided by (used in) operating activities		<u>384,852</u>	<u>463,540</u>	<u>385,832</u>	<u>441,274</u>
Cash flows from investing activities					
Interest income		13,750	16,857	13,750	16,855
Proceeds on sale of investments		229,896	(414,837)	229,896	(414,837)
Proceeds on sale of fixed assets		-	-	-	-
Purchase of tangible fixed assets		(525,287)	(155,189)	(487,500)	(155,189)
Cash provided by (used in) investing activities		<u>(281,641)</u>	<u>(553,169)</u>	<u>(243,854)</u>	<u>(553,171)</u>
Cash flows from financing activities					
Cash inflows from new borrowing		21,996	-	-	-
Repayment of borrowing		(44,654)	(49,484)	(42,676)	(49,484)
Cash provided by (used in) financing activities		<u>(22,658)</u>	<u>(49,484)</u>	<u>(42,676)</u>	<u>(49,484)</u>
Change in cash and cash equivalents in the reporting period		80,553	(139,113)	99,302	(161,381)
Cash and cash equivalents at the beginning of the reporting period		487,282	626,395	452,018	613,399
Total cash at the end of the year	28	<u>567,835</u>	<u>487,282</u>	<u>551,320</u>	<u>452,018</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS

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 2019) - (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 £107k (2022: £139k) from operating activities and investing activities.

At the year end the group had free reserves totalling £283k (2022: negative £730k). 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.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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).

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 and goods for resale and their associated support costs.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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.

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 support 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 9.

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.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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.

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 effect 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 5. 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.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2023 £	Restricted funds 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £
Grants from institutions	-	1,241	-	-
Operation of leisure centres	4,648,444	-	3,713,624	-
	<u>4,648,444</u>	<u>1,241</u>	<u>3,713,624</u>	<u>-</u>

4. INCOME FROM DONATIONS

	2023 £	2022 £
Donated facilities	<u>564,000</u>	<u>621,754</u>

5. INCOME FROM OTHER TRADING ACTIVITIES

The wholly owned trading subsidiary the 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's leisure centres. A summary of the trading results is shown below.

	2023 £	2022 £
Turnover	251,390	157,573
Cost of sales and administration costs	(237,177)	(121,818)
Management charge expense	(12,000)	(9,843)
Other operating income	0	-
Interest receivable	130	2
Net (loss)/ profit	<u>2,344</u>	<u>25,914</u>
Amount gift aided to the charity	<u>(4,573)</u>	<u>-</u>
Retained in subsidiary	<u>(2,229)</u>	<u>25,914</u>
The assets and liabilities of the subsidiary were:		
Current assets	48,796	65,008
Current liabilities	(29,598)	(23,262)
Total net assets	<u>19,198</u>	<u>41,746</u>

6. INVESTMENT INCOME

	2023 £	2022 £
Bank interest	<u>13,750</u>	<u>16,857</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

7. DIRECT COSTS

	Provision of sporting and leisure facilities to the public	Total funds	Total funds
	2023	2023	2022
	£	£	£
Operational staff	2,083,983	2,083,983	1,524,715
Other finance expense (Note 17)	40,000	40,000	34,000
Equipment and materials	68,990	68,990	84,950
Subcontractors	130,446	130,446	96,052
Premises and equipment maintenance	358,323	358,323	233,874
Repair and replacement fixtures	75,472	75,472	52,969
Energy and utility	368,385	368,385	352,234
Third party support and insurance	109,401	109,401	71,486
Marketing, unrecoverable VAT and other	468,064	468,064	382,144
(Gains)/losses on disposal of fixed assets	5,286	5,286	2,290
Depreciation	356,268	356,268	421,086
Governance costs	48,403	48,403	59,279
Support costs	679,366	679,366	657,235
	<u>4,792,387</u>	<u>4,792,387</u>	<u>3,972,314</u>
Donated facilities	<u>564,000</u>	<u>564,000</u>	<u>621,754</u>
	<u><u>5,356,387</u></u>	<u><u>5,356,387</u></u>	<u><u>4,594,068</u></u>

Expenditure on charitable activities was £4,794,986 (2022: £3,972,314) of which £4,781,473 was unrestricted (2022: £3,972,314) and £13,513 was restricted (2022: £Nil).

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	
	2023	2022
	£	£
Costs	(4,792,387)	(3,972,314)
Income from sport and leisure facilities	4,649,685	3,713,624
Net income to fund future costs and projects	<u><u>(142,702)</u></u>	<u><u>(258,690)</u></u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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.

		General Support	Governance function	Total
	Basis of apportionment	2023 £	2023 £	2023 £
Audit, legal and professional (Note 11)	Governance	27,456	48,087	75,543
Trustee expenses and indemnity insurance	Governance	-	316	316
Corporate office staff costs	Time allocated	586,484	-	586,484
IT and payroll running costs	As invoiced	65,426	-	65,426
Council pension settlement	Support	-	-	-
		<u>679,366</u>	<u>48,403</u>	<u>727,769</u>

10. TURNOVER

All turnover arose within the United Kingdom.

11. NET INCOMING RESOURCES

	2023 £	2022 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
Owned by the charitable group	295,888	421,490
Assets held under finance lease	71,216	71,216
(Surplus)/Loss on disposal of fixed assets	5,286	2,290
Auditor's remuneration:		
Audit fees	11,150	-
Other advice	3,000	-
Auditor's remuneration (previous auditors):		
Audit fees	(646)	14,850
Other advice	-	3,780
Operating leases - equipment	<u>9,806</u>	<u>9,808</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

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

	2023 £	2022 £
Staff costs were as follows:		
Wages and salaries	2,458,767	1,933,520
Social security costs	161,787	125,339
Other pension costs (Note 29)	49,913	49,129
	<u>2,670,467</u>	<u>2,107,988</u>

	2023 No.	2022 No.
The number of higher paid employees was:		
In the band		
£80,001 - £90,000		1
£90,001 - £100,000	1	

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 (2022: £NIL).

During the year, no trustees received any benefits in kind (2022: £NIL).

Two trustees received reimbursement of expenses amounting to £67 in the current year, (2022: one trustee received £501).

The key management personnel of the parent charity comprise the trustees, and the senior management team consisting of the Chief Executive, Head of Operations, Head of People and Culture, Head of Finance, Head of Marketing and Commercial Director. The total employee benefits of the key management personnel of the Charity were £343,912 (2022: £315,452).

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

	2023 No.	2022 No.
Management	6	5
Other	171	137
	<u>177</u>	<u>142</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

14. RELATED PARTIES

In 2023 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 (2022: £1,084).

The provision of management and administrative services by the Charity to Borough of Havant Sport and Leisure Trading Limited totalling £12,000 (2022: £9,843).

The transfer under gift aid of the trading profits of Borough of Havant Sport and Leisure Trading Limited to the Charity of £4,573 (2022: £Nil).

At the balance sheet date the Charity owed Borough of Havant Sport and Leisure Trading Limited £19,742 (2022: £14,775). The majority of this balance represents receipts received by the Charity on behalf of Borough of Havant Sport and Leisure Trading Limited which were not paid to the Trading Company as at 31 March 2023.

During the year it was agreed to offer free leisure centre membership to trustees pending successful review of their contributions over the year, in which five trustees were granted membership.

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:

	2023 £	2022 £
Government grants	-	269,664

16. CORPORATION TAX

As a charity, the 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

	2023 £	2022 £
Expected return on pension scheme assets	111,000	86,000
Interest on pension scheme liabilities	(141,000)	(120,000)
	(30,000)	(34,000)

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

18. TANGIBLE FIXED ASSETS - GROUP

	Assets under construction £	L/Term Leashold Property £	Plant and Machinery £	Income generating equipment £	Operational Equipment £	Total £
COST						
At 1 April 2022	22,276	6,906,373	37,606	1,361,277	619,566	8,947,098
Additions	17,729	375,840	15,791	39,844	76,083	525,287
Disposals	-	(10,534)	(12,619)	(39,832)	(14,238)	(77,223)
At 31 March 2023	40,005	7,271,679	40,778	1,361,289	681,411	9,395,162
DEPRECIATION						
At 1 April 2022	-	2,727,916	36,134	1,249,043	510,204	4,523,297
Charge for year	-	241,970	2,803	78,072	44,259	367,104
Eliminated on disposals	-	(5,404)	(12,619)	(39,832)	(14,238)	(72,093)
At 31 March 2023	-	2,964,482	26,318	1,287,283	540,225	4,818,308
NET BOOK VALUE						
At 31 March 2023	40,005	4,307,197	14,460	74,006	141,186	4,576,854
At 31 March 2022	22,276	4,178,457	1,472	112,234	109,362	4,423,801

TANGIBLE FIXED ASSETS - CHARITY

	Assets under construction £	L/Term Leashold Property £	Plant and Machinery £	Income generating equipment £	Operational Equipment £	Total £
COST						
At 1 April 2022	22,276	6,906,373	-	1,353,807	619,566	8,902,022
Additions	17,729	375,840	-	17,848	76,083	487,500
Disposals	-	(10,534)	-	(39,832)	(14,238)	(64,604)
At 31 March 2023	40,005	7,271,679	-	1,331,823	681,411	9,324,918
DEPRECIATION						
At 1 April 2022	-	2,727,916	-	1,241,572	510,204	4,479,692
Charge for year	-	241,970	-	76,094	44,259	362,323
Eliminated on disposals	-	(5,404)	-	(39,832)	(14,238)	(59,474)
At 31 March 2023	-	2,964,482	-	1,277,834	540,225	4,782,541
NET BOOK VALUE						
At 31 March 2023	40,005	4,307,197	-	53,989	141,186	4,542,377
At 31 March 2022	22,276	4,178,457	-	112,235	109,362	4,422,330

Included in tangible fixed assets are assets totalling £343,960 in relation to the Guildford Project which are not being depreciated as at 31 March 2023.

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

19. FIXED ASSET INVESTMENTS

Group	Listed Securities £
Market value	
At 1 April 2022	610,329
Revaluations	9,953
At 31 March 2023	<u>620,282</u>
Historical cost	<u>175,000</u>

The listed securities are all held in unit trusts limited on the UK Stock exchange

Charity	Listed Securities £	Shares in group undertakings £	Total £
Market Value			
At 1 April 2022	610,329	2	610,331
Revaluations	9,953	0	9,953
At 31 March 2023	<u>620,282</u>	<u>2</u>	<u>620,284</u>
Historical cost	<u>175,000</u>	<u>2</u>	<u>175,002</u>

The Charity owns the whole of the issued share capital of the 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

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Catering supplies	<u>7,411</u>	<u>7,917</u>	<u>-</u>	<u>-</u>

21. CURRENT ASSET INVESTMENT

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash on deposit between 3 and 12 months	<u>1,515,798</u>	<u>1,745,694</u>	<u>1,515,798</u>	<u>1,745,694</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

22. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade debtors	42,066	21,826	37,274	18,623
Prepayments and accrued income	155,333	129,035	154,992	129,035
Other debtors	-	-	-	-
Amounts owed by group undertakings	-	10,000	-	13,869
	<u>197,399</u>	<u>160,861</u>	<u>192,266</u>	<u>161,527</u>

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	185,653	113,094	175,966	103,067
Social security and other taxes	61,100	43,096	49,961	37,431
Other creditors	5,079	11,198	5,079	11,198
Finance leases	49,442	42,110	42,110	42,110
Amounts owed to group undertakings	-	-	19,742	18,624
Accruals and deferred income	232,431	179,867	230,990	176,169
	<u>533,705</u>	<u>389,365</u>	<u>523,848</u>	<u>388,599</u>

DEFERRED INCOME

Deferred income comprises advance bookings of fitness classes, swimming lessons and parties that take place after the year end.

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Brought forward	59,303	42,683	59,303	42,683
Amount released to incoming resources	(59,303)	(42,683)	(59,303)	(42,683)
Amount deferred in year	105,532	59,303	105,532	59,303
Carried forward	<u>105,532</u>	<u>59,303</u>	<u>105,532</u>	<u>59,303</u>

24. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Finance leases	17,794	47,784	5,108	47,784
	<u>17,794</u>	<u>47,784</u>	<u>5,108</u>	<u>47,784</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

25. STATEMENT OF FUNDS

	Brought forward 1 April 22 £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains / (losses) £	Carried forward 31 March 23 £
DESIGNATED FUNDS						
Operational reserve	-	-	-	-	-	-
Improvement reserve	1,561,769	-	-	(888,300)	-	673,469
Life cycle programme reserve	200,000	-	-	-	-	200,000
LGPS deficit reserve	80,000	-	-	70,000	-	150,000
Fixed asset reserve	4,422,330	-	-	(134,237)	-	4,288,093
Guildford project reserve	-	-	-	888,300	-	888,300
	<u>6,264,099</u>	<u>-</u>	<u>-</u>	<u>(64,237)</u>	<u>-</u>	<u>6,199,862</u>
GENERAL FUNDS						
General reserve	388,806	5,359,714	(5,422,051)	89,457	9,953	425,880
Pension reserve	(1,119,000)	118,000	(158,000)	-	1,016,000	(143,000)
Total unrestricted funds	<u>5,533,905</u>	<u>5,477,714</u>	<u>(5,580,051)</u>	<u>25,220</u>	<u>1,025,953</u>	<u>6,482,742</u>
RESTRICTED FUNDS						
WLC Extension fund	182,863	-	(8,708)	(17,416)	-	156,739
GP Referral training grant	460	-	-	(460)	-	-
Refurbishment project fund	150,527	-	(3,672)	(7,344)	-	139,511
Disabled changing room fund	11,980	-	(867)	-	-	11,113
Community Against Cancer Fund	-	1,241	(266)	-	-	975
Total restricted funds	<u>345,830</u>	<u>1,241</u>	<u>(13,513)</u>	<u>(25,220)</u>	<u>-</u>	<u>308,338</u>
Total of funds	<u>5,879,735</u>	<u>5,478,955</u>	<u>(5,593,564)</u>	<u>-</u>	<u>1,025,953</u>	<u>6,791,080</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

Comparatives for movement in funds

	Brought forward 1 April 21 £	Incoming resources £	Resources expended £	Transfers in/(out) £	Gains / (losses) £	Carried forward 31 March 22 £
DESIGNATED FUNDS						
Operational reserve	550,000	-	-	(550,000)	-	-
Improvement reserve	2,044,326	-	-	(482,557)	-	1,561,769
Life cycle programme reserve	200,000	-	-	-	-	200,000
LGPS deficit reserve	10,000	-	-	70,000	-	80,000
Fixed asset reserve	4,322,497	-	-	99,833	-	4,422,330
	7,126,823	-	-	(862,724)	-	6,264,099
GENERAL FUNDS						
General reserve	(391,783)	4,396,808	(4,545,886)	862,724	66,943	388,806
Pension reserve	(1,630,000)	113,000	(170,000)	-	568,000	(1,119,000)
Total unrestricted fund:	5,105,040	4,509,808	(4,715,886)	-	634,943	5,533,905
RESTRICTED FUNDS						
WLC Extension fund	182,863	-	-	-	-	182,863
GP Referral training grant	460	-	-	-	-	460
Refurbishment project fund	150,527	-	-	-	-	150,527
Disabled changing room fund	11,980	-	-	-	-	11,980
Total restricted funds	345,830	-	-	-	-	345,830
Total of funds	5,450,870	4,509,808	(4,715,886)	-	634,943	5,879,735

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 set aside for 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.

LGPS deficit reserve:

Funds set aside to pay off LGPS deficit.

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

**REPORT OF THE TRUSTEES
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The restricted funds consist of:

WLC extension fund:

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

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.

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

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

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FOR THE YEAR ENDED 31 MARCH 2023**

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	4,576,854	-	4,576,854
Fixed asset investments	-	620,282	-	620,282
Current assets	977,379	1,002,726	308,338	2,288,443
Creditors due within one year	(533,705)	-	-	(533,705)
Creditors due after one year	(17,794)	-	-	(17,794)
Provisions for liabilities and charges	(143,000)	-	-	(143,000)
	<u>282,880</u>	<u>6,199,862</u>	<u>308,338</u>	<u>6,791,080</u>

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

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Net income/(expenditure)	(104,655)	(139,135)	(102,428)	(165,049)
Adjustments for:				
Depreciation charges	367,104	421,470	362,323	419,946
Losses/(gains) on investments	(9,953)	(66,941)	(9,953)	(66,941)
(Profit)/loss on disposal of fixed assets	5,130	3,608	5,130	3,428
Interest received	(13,750)	(16,857)	(13,750)	(16,855)
(Increase)/Decrease in stock	506	(2,349)	-	-
(Increase)/Decrease in debtors	(36,538)	121,955	(30,739)	122,285
Increase/(Decrease) in creditors	137,008	84,789	135,249	87,460
FRS17 adjustment	40,000	57,000	40,000	57,000
	<u>384,852</u>	<u>463,540</u>	<u>385,832</u>	<u>441,274</u>

28. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash at bank and in hand	567,835	487,282	551,320	452,018
	<u>567,835</u>	<u>487,282</u>	<u>551,320</u>	<u>452,018</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

29. 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 £8,000 (2022: £27,000). Contributions totalling £Nil (2022: £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 2022, 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 scheme at 31 March are:

	2023 £	2022 £
Scheme assets at fair value		
Equities	2,232,000	2,337,000
Government bonds	639,000	755,000
Multi asset credit	-	386,000
Cash	43,000	38,000
Property	263,000	289,000
Other	697,000	390,000
Fair value of scheme assets	3,874,000	4,195,000
Present value of scheme liabilities	(4,017,000)	(5,315,000)
	<u>(143,000)</u>	<u>(1,120,000)</u>

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

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

	2023 £	2022 £
Current service cost	(17,000)	(50,000)
Net interest on defined benefit liability	(30,000)	(34,000)
Total recognised in net income	<u>(47,000)</u>	<u>(84,000)</u>
Asset gains/(losses) arising during the period	(270,000)	207,000
Liability gains/(losses) arising during the period	1,286,000	361,000
Total recognised in other comprehensive income	<u>1,016,000</u>	<u>568,000</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
Main assumptions:	%	%
Discount rate	4.7	2.7
CPI Inflation assumption	2.7	3.0
Pension increases	2.7	3.0
Pension accounts revaluation rate	2.7	3.0
Salary increases	3.7	4.0
Post-retirement mortality:		
Current pensioners at 65 - male	23.3	22.9
Future pensioners at 65 - male	23.8	24.7
Current pensioners at 65 - female	25.7	25.4
Future pensioners at 65 - female	26.7	27.1

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:

	2023	2022
	£	£
Opening defined benefit obligation	5,315,000	5,884,000
Current service cost	17,000	50,000
Interest expense on defined benefit obligation	141,000	120,000
Contributions by scheme participants	2,000	12,000
Benefits paid	(172,000)	(390,000)
Actuarial losses/(gains)	(1,286,000)	(361,000)
Closing defined benefit obligation	<u>4,017,000</u>	<u>5,315,000</u>

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

	2023	2022
	£	£
Opening fair value of scheme assets	4,195,000	4,253,000
Remeasurement (losses)/gains	(270,000)	207,000
Interest income on assets	111,000	86,000
Contributions by employers	8,000	27,000
Benefits paid	(172,000)	12,000
Contributions by scheme participants	2,000	(390,000)
Closing defined benefit obligation	<u>3,874,000</u>	<u>4,195,000</u>

BOROUGH OF HAVANT SPORT AND LEISURE TRUST

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

30. OPERATING LEASE COMMITMENTS

Group

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

	2023	2022
	£	£
Less than 1 year	96,257	9,806
Between 1 and 2 years	96,257	9,633
Between 2 and five years	168,415	19,115
More than 5 years	-	-
	<u>360,929</u>	<u>38,554</u>

31. SUBSEQUENT EVENTS

During the 2022/23 financial year, Horizon has focused on opportunities for growth, investment and shaping our health and wellbeing strategy, all of which underpin our vision to empower communities to lead happier, healthier lives. Through our evolving partnership with Havant Borough Council the first Wellbeing Hub was launched in June 2023. Located in the Meridian Centre shopping centre in Havant, the Hub provides health checks and support for local people who are taking their first steps to a healthier lifestyle. The project was supported with £30,000 Section 106 funding from Havant Borough Council. The second new wellbeing facility is located in Merrow Guildford and offers high quality health and fitness facilities, Spa, and a pool facilities. Horizon Guildford has achieved around 60% of its target membership by August 2023, and is on target to make a surplus in the 2024/25 financial year. A designated reserve is in place to value of £888,300 at the 23/24 year end.

32. CAPITAL COMMITMENTS

As at 31 March 2023, there was £596,694 committed in relation to the Guildford Project.