

# HALO LEISURE SERVICES LIMITED

England & Wales · Charity number 1091543

## Details

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Other names	HALO, HALO LEISURE
Status	Registered
Legal form	Charitable company
Company number	<a href="#">04335715</a>
Registered	2002-04-05
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	Halo Leisure Lion Yard Broad Street Leominster HR6 8BT
Phone	08452410340
Email	<a href="mailto:info@haloleisure.org.uk">info@haloleisure.org.uk</a>
Website	<a href="http://www.haloleisure.org.uk">www.haloleisure.org.uk</a>

## Activities

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**Objects:** 5. THE OBJECTS OF THE COMPANY ARE TO CARRY OUT THE FOLLOWING FOR THE BENEFIT OF THE COMMUNITY WITHIN THE BENEFIT AREA:5.1 TO PROVIDE OR ASSIST IN THE PROVISION OF FACILITIES FOR RECREATION OR OTHER LEISURE TIME OCCUPATION IN THE INTERESTS OF SOCIAL WELFARE WITH THE INTENTION OF IMPROVING THE CONDITIONS OF LIFE OF THOSE USING THE FACILITIES; 5.2 TO ORGANISE EVENTS FOR RECREATION OR LEISURE TIME OCCUPATION IN THE INTERESTS OF SOCIAL WELFARE WITH THE OBJECTS OF IMPROVING THE CONDITIONS OF LIFE OF THOSE ENGAGING IN THEM; 5.3 TO RELIEVE THE NEEDS OF PEOPLE WHO ARE ELDERLY, SICK OR WHO HAVE PHYSICAL OR MENTAL DISABILITIES, OR WHO ARE FROM SOCIALLY DISADVANTAGED BACKGROUNDS THROUGH THE PROVISION OF RECREATIONAL AND LEISURE TIME ACTIVITIES; 5.4 TO PROMOTE AND PRESERVE GOOD HEALTH AMONGST THE POPULATION THROUGH EXERCISE AND SPORT;5.5 TO PROMOTE PHYSICAL EDUCATION AND DEVELOPMENT AMONGST PUPILS AND STUDENTS OF SCHOOLS, COLLEGES OR ESTABLISHMENTS FOR THE PROVISION OF FURTHER OR HIGHER EDUCATION; 5.6 TO ADVANCE EDUCATION THROUGH THE PROVISION OF LIBRARIES AND OTHER COMMUNITY AND CULTURAL FACILITIES; AND 5.7 TO CARRY OUT ANY OTHER CHARITABLE ACTIVITY SUBJECT TO THE PRIOR WRITTEN CONSENT OF THE CHARITY COMMISSION FOR ENGLAND AND WALES, ("THE OBJECTS")

**Activities:** To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities; to carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales.

## Classification

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- **How:** Makes Grants To Individuals, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Amateur Sport, Recreation
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

## Geography

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- **Area of benefit:** NOT DEFINED. IN PRACTICE HEREFORDSHIRE
- Bridgend
- Herefordshire
- Shropshire
- Swindon

## Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£19,503,139	£15,550,557	£6,572,029	288
2023-12-31	£17,874,665	£14,467,798	£7,116,447	266
2022-12-31	£15,048,860	£16,226,777	£6,549,580	254
2021-12-31	£12,948,559	£13,153,834	£-10,606,503	233
2020-12-31	£10,571,370	£12,722,842	£-13,859,228	258

## Trustees

Name	Role	Appointed
<b>Reginald James Scott Curtis</b>	Chair	2018-10-24
Clare Edginton		2022-02-25
Graham Hotchen		2023-01-01
Justine Lee		2023-01-01
Kenneth Edward Bush		2016-01-27
Michael Rendell		2022-02-25
Owen Ross Whelan		2023-01-01
STEPHEN LEONARD BREWSTER		
Steve Curry		2024-06-01
Will Champion		2024-06-01

**HALO LEISURE SERVICES LIMITED**

England & Wales - Charity number 1091543

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# Accounts

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**HALO LEISURE SERVICES LIMITED**  
**REPORT OF THE TRUSTEES, STRATEGIC REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**CHARITY NO : 1091543**  
**COMPANY NO : 04335715**

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**for the Year Ended 31 December 2024**

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## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

The Trustees, who are also Directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 December 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

The name of the parent Charitable Company is Halo Leisure Services Limited.

**Principal and registered office:** Halo Support Centre  
Lion Yard  
Broad Street  
LEOMINSTER  
Herefordshire  
HR6 8BT

**Telephone:** 01568 618980

**Website:** [www.haloleisure.org.uk](http://www.haloleisure.org.uk)

**Company Registration Number:** 04335715 (England and Wales)

**Charity Registration Number:** 1091543

<b>Trustees during the year under review and up to the present date:</b>	<b>Date of appointment as Director/Trustee</b>	<b>Date of resignation as Director/Trustee</b>
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R J S Curtis [Chairman]

S Brewster

A Cavaghan

C E Edginton

M J Rendall

K E Bush

R Whelan

G Hotchen

J Lee

W Campion

S Curry

1 June 2024

1 June 2024

1 September 2024

**Chairman:** R J S Curtis

**Chief Executive:** S M Rolfe

**Company Secretary:** J G Huxley

**Auditors:** McCabe Ford Williams  
Chartered Accountants  
Statutory Auditors  
Building 1063, Cornforth Drive,  
Kent Science Park, Sittingbourne, Kent ME9 8PX

**Bankers:** National Westminster Bank plc  
12 Broad Street  
Hereford  
HR4 9AH

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS** **- continued**

**Solicitors:** T.A. Matthews  
32-35 Broad Street  
Hereford  
HR4 9AR

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Trustees**

The Trustees are also the Directors in accordance with the Companies Act 2006. The Board is made up of not less than 5 and no more than 15 Trustees. Trustees are required to retire after a term of three years but may be reappointed for a further three years to a maximum of four consecutive terms of three years. They may be appointed annually for further terms of one year under exceptional circumstances and with unanimous resolution by the Trustees. The Trustees are also members of the Charitable Company which is limited by guarantee.

##### **Structure of the Charity**

The Charity is incorporated as a company limited by Guarantee. There is one subsidiary which, through ownership of land, acts as a security to the parent for loans it may have from time to time. The Board of Trustees also act as Directors of the Limited Company and meet regularly during the year. Two sub committees have been established to advise, scrutinise and report to the main Board. These are the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee. The subsidiary company's Board is made up of a smaller number to the Trustees of the parent with an additional independent member, and report to the main Board on a regular basis.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charitable Company, supported by a Senior Management Team.

##### **Induction and training**

All Trustees receive induction training with regard to the organisation including its powers and objects and the Charitable Company itself. Regular update and refresher training is also provided regarding their role as Charity Trustees and Charitable Company Trustees.

##### **Organisational structure and decision making process**

The Full Board of Trustees retains overall accountability for the management of the Charitable Company and its subsidiaries. It delegates responsibility for day-to-day decision making to the Chief Executive and the Senior Management Team. Finance and Workforce Sub-Committees meet on a regular basis across the year taking responsibility for strategic decision making along with monitoring and review of outcomes. There is a scheme of delegation in place which is reviewed on a cyclical basis.

##### **Remuneration of Key Management Personnel**

Remuneration of Key Management Personnel is reviewed annually alongside the other employees of the company by both the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee, with a recommendation presented to the main Board. No Trustees or Directors receive remuneration other than reimbursement of direct expenses.

##### **Related parties**

The Charitable Company collaborates closely with the Local Authorities and bodies who have sub-contracted facility management to the Charity.

The Charitable Company is the sole shareholder of Severn Centre Trust Ltd, which is a registered Charity with similar aims and objects to the Charitable Company.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

##### **Co-operation with other organisations**

As a community-based organisation operating in Herefordshire, Bridgend, Merthyr Tydfil, Shropshire, Gloucestershire, Warwickshire and Wiltshire. Halo Leisure Services Limited (Halo) designs its strategic planning and operational service delivery with due regard to partner aims and objectives, as specified in the relevant contractual terms. The annual Business plan specifically identifies how Halo will contribute to delivering on broader social agendas, working with the health, education and voluntary sectors across local authorities and both local and national organisations. As a non-profit making charity Halo actively seeks to expand its operations beyond contractual terms through sourcing grants to support innovative wellbeing activities.

##### **Risk Assessment**

The Charitable Company maintains a comprehensive risk register to identify the internal and external risks it faces and documents the mitigation controls in place. This document is reviewed on a regular basis by the Trustees.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

- To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities.
- To organize events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those participating.
- To relieve the needs of people who are elderly, sick or who have physical or mental disabilities through the provision of recreational and leisure time activities.
- To promote and preserve good health amongst the population through exercise and sport; and
- To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education.

##### **Strategic themes**

As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

1. To provide a customer experience which exceeds expectations which attracts and retains customers in an increasingly competitive marketplace.
2. To deliver innovative products for our customers and partners to encourage healthier lifestyles, drive revenue and combat competition.
3. Employ and reward people who add value through their skills, knowledge and performance while delivering a lean workforce fit for future challenges.
4. To operate a financially sustainable organisation which uses commercial principles to drive performance and achieve our vision and goals.

#### **FUNDRAISING**

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its objectives. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation.

Fundraising activities carried out by the charity will comply with all relevant laws and the Charity Commission's publication 'Charity Fundraising' (CC20).

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **STRATEGIC REPORT**

##### **CHIEF EXECUTIVE'S REPORT** **OPERATING ENVIRONMENT**

The leisure industry continues to experience significant transformation, with providers like Halo facing intensifying competition, evolving customer expectations, ongoing cost-of-living pressures, and Local Authority funding constraints. Throughout these challenges, Halo has remained steadfast in its vision of creating healthier communities. The accelerating pace of technological change has substantially impacted leisure consumption patterns, requiring innovative approaches to community health engagement.

During 2024, Halo navigated considerable cost pressures stemming from:

- Staff cost increases driven primarily by National Living Wage adjustments
- Persistent general inflation
- Sustained high energy costs

To mitigate these challenges, the company implemented a flexible energy purchasing agreement extending to March 2029, optimising the balance between spot and forward purchases. Additionally, several of Halo's Local Authority partnerships include contractual protections against energy cost escalations. These prudent financial measures help ensure the sustainability of Halo's community health programmes.

Despite these headwinds, Halo's revenue has continued to grow, with participation and membership figures now exceeding pre-pandemic levels—a testament to the community's recognition of the value of health and wellbeing services. The company has pursued strategic expansion through:

- A short-term management arrangement with Merthyr Tydfil Borough Council for three leisure centres (May 2024)
- The freehold acquisition of a leisure centre in Warwickshire (December 2024)
- Securing contracts to commence operations across six additional sites from 1st April 2025

This controlled growth enables Halo to distribute corporate overhead across a broader portfolio while enhancing commercial resilience through diversified partnerships with staggered contract durations. More importantly, it extends Halo's mission of creating healthier communities to new regions, increasing its positive social impact.

#### **2024 PERFORMANCE**

These accounts represent the twenty-fourth year of trading for Halo Leisure Services Limited, marking over two decades of commitment to community health and wellbeing.

Halo's estate expanded during 2024 with additions in Merthyr Tydfil and Meon Vale (Warwickshire), concluding the year with operations across 26 leisure centres spanning Herefordshire, Bridgend, Merthyr Tydfil, Shropshire, Gloucestershire, Wiltshire and Warwickshire. Each new facility represents an opportunity to foster healthier communities through accessible, high-quality leisure services.

Significant capital investment in new fitness equipment yielded positive returns through increased membership acquisition and retention, enabling more community members to engage in regular physical activity. The company also completed the comprehensive refurbishment of the athletics track at Hereford Leisure Centre, reinforcing its commitment to providing high-quality sporting facilities that contribute to community health outcomes.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **STRATEGIC REPORT - continued**

#### **STRATEGIC PRIORITIES FOR 2025**

Halo's strategic focus for 2025 centres on two key objectives, both underpinned by the vision of creating healthier communities:

##### **1. Performance Enhancement of Established Operations**

- Revenue growth through innovative programming and targeted marketing that addresses community health needs
- Cost containment and efficiency improvements to ensure sustainable delivery of health-focused services
- Process optimisation, particularly within centralised functions, to better support frontline community health initiatives
- Enhanced digital engagement with customers to promote active lifestyles beyond facility walls

##### **2. Integration of New Partnerships**

- Seamless incorporation of new facilities into the Halo operational framework while respecting local health priorities
- Revenue stream diversification and optimisation aligned with community wellbeing objectives
- Strategic cost rationalisation that preserves essential health and fitness services
- Implementation of standardised Halo processes where operationally beneficial to community health outcomes
- Community engagement initiatives to establish strong local connections and promote the value of active, healthy lifestyles

By advancing these strategic priorities, Halo remains committed to its foundational purpose of creating healthier communities across all the regions it serves.

#### **FINANCIAL REVIEW**

The group has returned a surplus of £3,952,582 (2023: £3,406,867) before defined benefit pension remeasurement adjustments for the year ended 31 December 2024.

The Charitable Company continues to target a trading surplus.

The challenge has been addressed by a combination of additional cost savings, business expansion and service development, including modernization of systems and processes driven through investment, leading to improved sustainability and reduction in cost of employment. For example: secure access systems.

Key factors behind the reported performance of the Charitable Company have been:

1. Operational revenue recovering with membership numbers up 17% year on year and participants on swimming courses up 6.7% year on year.
2. Funding > £800,000 for major projects including the refurbishment of the athletic track in Hereford, tennis courts in Leominster, facilities in Ogmore Leisure Centre and solar panels at Ross.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **STRATEGIC REPORT – continued**

#### **FINANCIAL REVIEW - continued**

##### **Reserves policy**

The Charitable Company's principal financial management policy centers on the need to retain sufficient cash reserves to operate within the Charity Commission's guidelines.

Halo Leisure Services Limited has a relatively favourable cash flow as it receives much of its income in advance of its expenditure, but the impact of inflation and energy costs had a detrimental effect on cash generation from core business trading; leading to capital investment being sourced through financing options. The Trustees recognise the need for a level of financial reserves that will shield the Charitable Company from the possibility of adverse unforeseen circumstances. These include a number of specific risks that have been identified in the Charitable Company's Risk Register. The company's reserves policy is to achieve "a level of reserves sufficient to cover an average of three months expenditure plus a level of reserves sufficient to cover any actuarially determined crystallised pension deficit contribution that may be required, in excess of existing bonds."

The reserves policy suggests a desired level of unrestricted reserves of at least £3.9m, excluding any pension asset or liability. This compares with current unrestricted reserves, excluding the current pension asset, which are £557,154. The trustees will aim to build reserves. However, this will take a number of years given the continuing uncertainty. The Charitable Company also continues to seek opportunities where it can deliver both social benefit and financial improvement, and to maintain and improve cost control and efficiency across the business. The company is also following advice from the pension fund managers and the pension scheme actuaries to ensure that the pension scheme is funded at a rate which is sufficient, over the next 20 to 25 years.

Before accounting for any asset/liability arising from the Charitable Company's defined benefit pension scheme accumulated reserves for the group amounted to £5,062,029 (2023: £5,133,447), including restricted funds of £4,504,875 (2023: £3,503,629) and unrestricted funds of £557,154 (2023: £1,629,818).

However, after accounting for the Charitable Company's defined benefit pension scheme asset at the year end of £1,510,000 (2023: £1,983,000) the group has an unrestricted reserve surplus of £2,067,154 (2023: £3,612,818).

The pension asset/liability does not affect the Charitable Company's resources for general application as the Charitable Company pays pension contributions in line with the rates prescribed by professionally qualified actuaries which are calculated to prevent any potential pension deficit in the long term. The Trustees are satisfied that the Charitable Company can meet its obligations as and when they fall due.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a register of the key business risks faced by the Charitable Company and seeks to ensure that appropriate policies are in place to manage, monitor or mitigate those risks.

Much of the Charitable Company's income is received from short term membership commitments and daily till income with no guarantees of renewal. Whereas Halo has longer term commitments to staff and maintenance of the property portfolio. The variance between the timing of Halo's commitments and its customers' commitments is judged to be a risk that Halo faces, along with the stability of some of its key partners in the form of Local Authority funding in the short and medium term.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2024**

#### **STRATEGIC REPORT – continued**

##### **FUTURE PLANS**

Halo will continue to promote an environment of high performance from a happy and well-motivated workforce alongside driving down energy consumption through a combination of good practice and targeted investment. The company will continue to work with its partners to provide the best possible service and promote the overall objectives of preserving and improving good health and wellbeing amongst the population. Halo has a strategic objective to grow through acquisition of new contracts, in circumstances where the geographical proximity complements the existing business.

##### **DISABLED PERSONS AND DIVERSITY**

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Halo has a strong commitment to diversity inclusion and engagement and works with partners to target groups and break down barriers to activity and participation, taking positive steps to increase representation and participation from under-represented groups, believing in a culture of safety, value and inclusion.

Halo has partnered with the National Centre for Diversity and achieved the Investors in Diversity Award during 2023.

**HALO LEISURE SERVICES LIMITED**

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2024**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company and group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company and group's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**APPROVAL OF REPORTS**

In approving the Report of the Trustees, the Trustees of the Charitable Company also approve the Strategic Report in their capacity as Directors.

**ON BEHALF OF THE BOARD:**

.....  
R J S Curtis – Chairman

.....  
J G Huxley – Secretary

.....  
G Hotchen – Trustee

Date: .....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**HALO LEISURE SERVICES LIMITED**

**Opinion**

We have audited the consolidated financial statements of Halo Leisure Services Limited Group for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2024 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HALO LEISURE SERVICES LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and their 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.

### **Responsibilities of trustees**

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

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

### **Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

**Use of our report**

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

Ashley Phillips FCCA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and  
Chartered Accountants  
Building 1063, Cornforth Drive  
Kent Science Park  
Sittingbourne  
Kent  
ME9 8PX

Date:

**HALO LEISURE SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating a consolidated Income and Expenditure Account and**  
**Statement of Other Comprehensive Income) for the Year Ended 31 December 2024**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2024 £	Total Funds Year to 31.12.2023 £
<b>INCOME</b>						
Donations and legacies	3	165	563,311	-	563,476	499,251
<i>Income from charitable activities:</i>						
Operation of Leisure sites	4	17,507,591	1,118,419	-	18,626,010	17,227,624
Investment income	5	112,353	-	-	112,353	42,920
Other income	7	201,300	-	-	201,300	104,870
<b>TOTAL INCOME</b>		<b>17,821,409</b>	<b>1,681,730</b>	<b>-</b>	<b>19,503,139</b>	<b>17,874,665</b>
<b>EXPENDITURE</b>						
<i>Expenditure on charitable activities:</i>						
Leisure activities	12	18,894,073	680,484	(4,024,000)	15,550,557	14,467,798
<b>TOTAL EXPENDITURE</b>		<b>18,894,073</b>	<b>680,484</b>	<b>(4,024,000)</b>	<b>15,550,557</b>	<b>14,467,798</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>(1,072,664)</b>	<b>1,001,246</b>	<b>4,024,000</b>	<b>3,952,582</b>	<b>3,406,867</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET (EXPENDITURE) / INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>(1,072,664)</b>	<b>1,001,246</b>	<b>4,024,000</b>	<b>3,952,582</b>	<b>3,406,867</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
<i>Remeasurements on defined benefit pension schemes</i>	28	-	-	(4,497,000)	(4,497,000)	(2,840,000)
<b>NET INCOME / (EXPENDITURE)</b>		<b>(1,072,664)</b>	<b>1,001,246</b>	<b>(473,000)</b>	<b>(544,418)</b>	<b>566,867</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>1,629,818</b>	<b>3,503,629</b>	<b>1,983,000</b>	<b>7,116,447</b>	<b>6,549,580</b>
<b>FUNDS CARRIED FORWARD</b>		<b>557,154</b>	<b>4,504,875</b>	<b>1,510,000</b>	<b>6,572,029</b>	<b>7,116,447</b>

All of the above results are derived from continuing activities. The group has no other recognised gains and losses other than those stated above.

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 December 2024**

	Notes	31.12.24		31.12.23	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		10,333		-
Tangible assets	15		<u>14,476,921</u>		<u>13,737,649</u>
			14,487,254		13,737,649
<b>CURRENT ASSETS</b>					
Stocks	17	12,489		25,058	
Debtors	18	596,799		376,074	
Cash at bank and in hand		<u>1,780,160</u>		<u>2,909,656</u>	
			2,389,448		3,310,788
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>3,690,779</u>		<u>3,515,949</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(1,301,331)</u>		<u>(205,161)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,185,923		13,532,488
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		(8,070,171)		(8,320,798)
<b>DEFERRED INCOME</b>	24		(53,723)		(78,243)
<b>NET ASSETS BEFORE PENSION (ASSET)/LIABILITY</b>			<u>5,062,029</u>		<u>5,133,447</u>
<b>PENSION (ASSET)/LIABILITY</b>	28		(1,510,000)		(1,983,000)
<b>FUNDS</b>					
Unrestricted income funds	25	2,067,154		3,612,818	
Restricted funds	25	<u>4,504,875</u>		<u>3,503,629</u>	
<b>TOTAL FUNDS</b>	25		<u>6,572,029</u>		<u>7,116,447</u>
			<u>5,062,029</u>		<u>5,133,447</u>

**ON BEHALF OF THE BOARD:**

.....  
R J S Curtis - Chairman

.....  
G Hotchen - Trustee

.....  
J G Huxley - Company Secretary

Date:

**COMPANY BALANCE SHEET**  
**31 December 2024**

	Notes	31.12.24		31.12.23	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		10,333		-
Tangible assets	15		<u>12,593,387</u>		<u>11,801,350</u>
			12,603,720		11,801,350
<b>CURRENT ASSETS</b>					
Stocks	17	12,489		25,058	
Debtors	18	538,674		369,165	
Cash at bank and in hand		<u>1,734,418</u>		<u>2,807,286</u>	
		2,285,581		3,201,509	
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>3,647,927</u>		<u>3,465,964</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(1,362,346)</u>		<u>(264,455)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,241,374		11,536,895
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		(8,070,173)		(8,320,798)
<b>DEFERRED INCOME</b>	24		(53,723)		(78,243)
<b>NET ASSETS BEFORE PENSION (ASSET)/LIABILITY</b>			<u>3,117,478</u>		<u>3,137,854</u>
<b>PENSION (ASSET)/LIABILITY</b>	28		(1,510,000)		(1,983,000)
<b>FUNDS</b>					
Unrestricted income funds	25	1,991,894		3,546,206	
Unrestricted designated funds	25	-		-	
Restricted funds	25	<u>2,635,584</u>		<u>1,574,648</u>	
<b>TOTAL FUNDS</b>	25		<u>4,627,478</u>		<u>5,120,854</u>
			<u>3,117,478</u>		<u>3,137,854</u>

**ON BEHALF OF THE BOARD:**

.....  
R J S Curtis - Chairman

.....  
G Hotchen - Trustee

.....  
J G Huxley - Company Secretary

Date:

**HALO LEISURE SERVICES LIMITED****CONSOLIDATED CASH FLOW STATEMENT**  
**for the Year Ended 31 December 2024**

	Notes	Year to 31.12.24 £	Year to 31.12.23 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,335,302	2,802,754
Interest received		<u>(34,420)</u>	<u>(42,920)</u>
Net cash from operating activities		<u>1,300,882</u>	<u>2,759,834</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(12,000)	-
Purchase of tangible fixed assets		(1,803,161)	(2,486,050)
Interest received		<u>34,420</u>	<u>42,920</u>
Net cash from investing activities		<u>(1,780,741)</u>	<u>(2,443,130)</u>
<b>Cash flows from financing activities</b>			
New finance lease agreements in year		667,786	148,680
Repayment of bank loans		(150,000)	(150,000)
Hire purchase repayments in year		(601,805)	(207,426)
Interest element of hire purchase and lease payments		<u>(565,618)</u>	<u>(111,264)</u>
Net cash from financing activities		<u>(649,637)</u>	<u>(320,010)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(1,129,496)</u>	<u>(3,306)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>2,909,656</u>	<u>2,912,962</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u>1,780,160</u>	<u>2,909,656</u>

The notes form part of these financial statements

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the Year Ended 31 December 2024

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

	Year to 31.12.24 £	Year to 31.12.23 £
Net movement in funds	(544,418)	566,867
Actuarial (gains)/losses on defined benefit pension schemes	4,497,000	2,840,000
Interest element of hire purchase/finance lease payments	565,618	111,264
Depreciation/amortisation charges	1,065,556	838,154
Losses on asset revaluation	-	1,783,370
Gain on finance lease revaluation	-	(4,189,337)
Decrease/(increase) in stocks	12,569	15,000
Decrease/(increase) in debtors	(220,725)	186,589
Increase/(decrease) in creditors	8,222	752,513
Movement in deferred capital grants	(24,520)	(25,666)
Difference between pension charge, including finance costs, and cash contributions	<u>(4,024,000)</u>	<u>(76,000)</u>
<b>Net cash inflow from operating activities</b>	<b><u>1,335,302</u></b>	<b><u>2,802,754</u></b>

#### 2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Year to 31.12.24 £	Year to 31.12.23 £
Cash in hand and at bank	<u>1,780,160</u>	<u>2,909,656</u>
<b>Total cash and cash equivalents</b>	<b><u>1,780,160</u></b>	<b><u>2,909,656</u></b>

#### 3. ANALYSIS OF CHANGES IN NET DEBT

	31.12.2023	Cash Flows	Non-Cash Changes New Finance Leases / Bank Loans	Other non- cash changes	31.12.2024
Cash in hand & bank	2,909,656	(1,129,496)	-	-	1,780,160
Debt due within one year	(529,850)	17,253	(150,000)	(33,861)	(696,458)
Debt due greater than one year	(8,320,798)	1,575,170	(667,786)	(656,757)	(8,070,171)
	<u>(5,940,992)</u>	<u>462,927</u>	<u>(817,786)</u>	<u>(690,618)</u>	<u>(6,986,469)</u>

The notes form part of these financial statements

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **for the Year Ended 31 December 2024**

#### **1. ACCOUNTING POLICIES**

Halo Leisure Services Limited is a private company limited by guarantee, registered in England and Wales. The company is also a charity registered in England and Wales. The company number, charity number and registered office can be found on the company information page.

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

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

##### **Going concern**

Revenue has continued to grow through 2024 as marketing activity and investment in new gym equipment drive sales and retention of members. This has been enhanced by price increases to cover both general inflationary increases and the wage cost increases driven by changes to the National Living Wage.

Cost of utilities, primarily gas and electricity, remain a risk, although prices have softened through 2024 and Halo maintains a flexible purchasing agreement for forward purchases.

Group and charitable company cash flow forecasts have been produced based on revenue and cost forecasts for the foreseeable future. These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due.

The Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

**1. ACCOUNTING POLICIES - continued**

**Functional currency and presentation currency**

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

**Funds**

Unrestricted funds 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

**Income recognition**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

**Management fee**

The management fee is unrestricted funding which is available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company. Income received for capital expenditure is treated as deferred income and is credited to the Statement of Financial Activities by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Expenditure recognition**

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

**Support costs**

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

**Irrecoverable VAT**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

1. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives.

In respect of leases held over the leisure facilities, capitalised when deemed to be finance leases due to their duration, cost is determined on the basis of the net present value of minimum lease payments calculated in accordance with the Charitable Company's incremental borrowing rate.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- 2% on cost
Leasehold Property	- over remaining term of lease
Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 10 years, 15% on cost
Fixtures and Fittings	- straight line over 5 years, 15% on cost
Fitness Equipment	- straight line over 5 years and straight line over 3 years
Computer Equipment	- straight line over 3 years

**Intangible fixed assets**

Amortisation is provided at the following annual rate in order to write off the asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Software	- straight line over 3 or 5 years
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**Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

**Group financial statements**

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

**Charitable Company status**

The Charitable Company is a company limited by guarantee. At 31 December 2024 there were ten members, each of whom, on winding up, has undertaken to contribute an amount not exceeding £1.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

1. **ACCOUNTING POLICIES – continued**

**Service Concession Arrangements**

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

The buildings and plant at the centres are leased to the Charitable Company as part of the overall contractual relationship with the Authority but the Authority maintains ultimate control of these assets. Accordingly the access which the Charitable Company has in the use of these assets is to enable it to operate the leisure centres, so that the Charitable Company can provide the public service it is contracted to provide, not to effectively own these public service assets. The leased buildings are for such a length of time that they are recognized as finance leases on the Charitable Company's Balance Sheet however other assets leased from the Local Authority are not recognised on the Charitable Company's Balance Sheet.

*Receipts*

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

**Taxation**

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Leasing and hire purchase**

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Government grants**

Government grants are recognised when the performance related conditions imposed upon the receipt of the grant have been met. Where these have not been satisfied, these grants are recognised as liabilities. If grants are not conditional on future performance related conditions, then income is recognised when the grant proceeds are receivable. During the year, the following grants were received:

Government Business Grants relate to the retail, hospitality and leisure industries.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

**1. ACCOUNTING POLICIES – continued**

**Pension costs and other post-retirement benefits**

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates three defined benefits pension schemes for which pension charges are based on full actuarial valuations dated 31 March 2022, rolled forward to the balance sheet date, for the Worcestershire County Council Pension Fund, Shropshire County Pension Fund and the Rhondda Cynon Taf County Borough Council Pension Fund. A further defined benefit pension scheme is operated in respect of the Gloucestershire Local Government Pension scheme however this is not recognized on the balance sheet of the Charitable Company due to a pass-through arrangement.

The Charitable Company provides pension benefits for eligible staff through these administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. See note 28 for further information in connection with the Charitable Company's defined benefit schemes.

**Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed have been used by the actuaries in valuing the pensions liability at 31 December 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset/liability. In determining the value of the pension asset/liability the impact of an asset ceiling has been included to assess for recoverability, in accordance with the requirements of FRS102.

The recoverability of certain assets and valuation of investments within the Local Government Pension Fund may have been impacted by COVID-19, however it is not possible to determine at the current time to what extent that is.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2024**

#### **2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY**

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiary, Severn Centre Trust Ltd.

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

	Year to 31.12.24 £	Year to 31.12.23 £
Incoming resources	19,234,640	17,637,510
Expenditure on charitable activities after LGPS adjustment	<u>(15,231,016)</u>	<u>(14,189,950)</u>
Net (expenditure)/income	4,003,624	3,447,560
Actuarial (losses)/gains on defined benefit pension schemes	5,201,000	1,077,000
Impact of asset ceiling movement	<u>(9,698,000)</u>	<u>(3,917,000)</u>
	<u>493,376</u>	<u>607,560</u>

#### **3. DONATIONS AND LEGACIES**

	Unrestricted funds 31 December 2024 £	Restricted funds 31 December 2024 £	Total funds Year to 31 December 2024 £	Total funds Year to 31 December 2023 £
National Exercise Referral Scheme (see note 25)	-	265,596	265,596	197,635
Donations	165	500	665	150
Other project grants	<u>-</u>	<u>297,215</u>	<u>297,215</u>	<u>301,466</u>
Total	<u>165</u>	<u>563,311</u>	<u>563,476</u>	<u>499,251</u>

#### **4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 31 December 2024 £	Restricted funds 31 December 2024 £	Total funds Year to 31 December 2024 £	Total funds Year to 31 December 2023 £
Operation of leisure centres	15,935,302	722,225	16,657,527	15,429,434
Management fee	1,547,769	-	1,547,769	1,464,870
Government grants	<u>24,520</u>	<u>396,194</u>	<u>420,714</u>	<u>333,320</u>
Total	<u>17,507,591</u>	<u>1,118,419</u>	<u>18,626,010</u>	<u>17,227,624</u>

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2024**

#### **5. INVESTMENT INCOME**

	Unrestricted funds 31 December 2024 £	Restricted funds 31 December 2024 £	Total funds Year to 31 December 2024 £	Total funds Year to 31 December 2023 £
Interest received	34,420	-	34,420	42,920
Rental income	<u>77,933</u>	<u>-</u>	<u>77,933</u>	<u>-</u>
Total	<u>112,353</u>	<u>-</u>	<u>112,353</u>	<u>42,920</u>

#### **6. OTHER INCOME**

	Unrestricted funds 31 December 2024 £	Restricted funds 31 December 2024 £	Total funds Year to 31 December 2024 £	Total funds Year to 31 December 2023 £
Insurance claim	<u>201,300</u>	<u>-</u>	<u>201,300</u>	<u>104,870</u>
Total	<u>201,300</u>	<u>-</u>	<u>201,300</u>	<u>104,870</u>

In 2024, the Group received £201,300 (2023: £104,870 COVID-19 relief) of income related to the flooding of Hereford Leisure Centre on its insurance policy.

#### **8. NET EXPENDITURE/INCOME OF THE PARENT CHARITABLE COMPANY**

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net deficit after the actuarial gains/losses under defined benefit schemes for the financial year was £493,376 (2023: £607,560 surplus).

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2024

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

	Year to 31.12.24 £	Year to 31.12.23 £
Wages and salaries	9,659,043	8,249,440
Social security costs	640,548	553,710
Other pension costs	592,059	493,090
Defined benefit pension scheme adjustments	(3,754,000)	143,000
	<u>7,137,650</u>	<u>9,439,240</u>

Included within 2024's wages and salaries above are settlements totaling £12,758, relating to three employees, there were no such payments in 2023.

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

	Year to 31.12.24	Year to 31.12.23
Leisure Centres	664	607
Support	60	57
Management and administration	<u>4</u>	<u>4</u>
	<u>728</u>	<u>668</u>

The average monthly full-time equivalent number of employees during the period was as follows:

	Year to 31.12.24	Year to 31.12.23
Leisure Centres	225	215
Support	59	47
Management and administration	<u>4</u>	<u>4</u>
	<u>288</u>	<u>266</u>

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

	Year to 31.12.24	Year to 31.12.23
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	<u>1</u>	<u>1</u>

During the year, Trustees received £nil remuneration (2023: £nil) and Trustees received £nil benefits in kind (2023: £nil).

The Trustees neither received nor waived any emoluments during the year.

During the year, expenses of £434 (2023: £304) were reimbursed to Trustees of the Charitable Company for travel expenses to board meetings.

The total amount of employee benefits received by key management personnel is £415,107 (2023: £395,932). The trust considers its key management personnel comprise of the Chief Executive, Finance Director, HR Director and Operations Director.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2024**

#### **10. NET INCOME FOR THE YEAR**

The net income is stated after charging:

	Year to 31.12.24	Year to 31.12.23
	£	£
Equipment repairs, maintenance and lease	129,020	138,130
Depreciation - owned assets	565,525	503,924
Depreciation - assets on hire purchase contracts or finance leases	498,364	334,230
Computer software amortisation	1,667	-
Impairment losses on tangible fixed assets	-	1,783,370
Auditors remuneration	36,900	26,870
Non audit work – statutory accounts preparation	<u>18,436</u>	<u>8,200</u>

#### **11. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31.12.24	Year to 31.12.23
	£	£
Finance lease and hire purchase interest	<u>565,618</u>	<u>(4,068,780)</u>
	<u>565,618</u>	<u>(4,068,780)</u>

Finance lease interest was a large credit last year due to a revaluation of the finance lease liabilities caused by renegotiation of the property leases to which they relate.

#### **12. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Direct costs	Staff costs	Support costs	Total for Year to 31.12.24	Total for Year to 31.12.23
	£	£	£	£	£
Leisure centres	<u>3,537,018</u>	<u>7,137,650</u>	<u>4,875,889</u>	<u>15,550,557</u>	<u>14,467,798</u>

##### **Major components of Support Costs**

	Year to 31.12.24	Year to 31.12.23
	£	£
Premises Costs	1,561,469	1,569,090
Advertising & Promotions	153,385	66,940
Office Administration	348,049	348,784
Finance and Compliance	996,556	(3,702,790)
Other Finance Costs re FRS 102	(271,000)	(225,000)
Irrecoverable VAT	1,043,983	871,860
Equipment Repairs, Maintenance and Lease	129,020	138,130
Other Costs	859,091	1,131,754
Governance Costs	<u>55,336</u>	<u>35,070</u>
	<u>4,875,889</u>	<u>233,838</u>

All staff and support costs relate to the sole activity of the Charitable Company and its wholly owned charitable subsidiary, being the provision of leisure facilities. Governance costs are made up of auditors' remuneration of £36,900 (2023: £26,870).

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2023 £
<b>INCOME</b>					
Donations and legacies	3	150	499,101	-	499,251
<i>Income from charitable activities:</i>					
Operation of Leisure sites	4	15,547,323	1,680,301	-	17,227,624
Investment income	5	42,920	-	-	42,920
Other income	6	104,870	-	-	104,870
<b>TOTAL INCOME</b>		<b>15,695,263</b>	<b>2,179,402</b>	<b>-</b>	<b>17,874,665</b>
<b>EXPENDITURE</b>					
<i>Expenditure on charitable activities:</i>					
Leisure activities	12	13,463,512	1,080,286	(76,000)	14,467,798
<b>TOTAL EXPENDITURE</b>		<b>13,463,512</b>	<b>1,080,286</b>	<b>(76,000)</b>	<b>14,467,798</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>2,231,751</b>	<b>1,099,116</b>	<b>76,000</b>	<b>3,406,867</b>
<b>TAXATION</b>					
<i>Taxation on trading profit</i>		-	-	-	-
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		-	-	-	-
<b>NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>2,231,751</b>	<b>1,099,116</b>	<b>76,000</b>	<b>3,406,867</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
<i>Remeasurements on defined benefit pension schemes</i>	28	-	-	(2,840,000)	(2,840,000)
<b>NET INCOME / (EXPENDITURE)</b>		<b>2,231,751</b>	<b>1,099,116</b>	<b>(2,764,000)</b>	<b>566,867</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>(601,933)</b>	<b>2,404,513</b>	<b>4,747,000</b>	<b>6,549,580</b>
<b>FUNDS CARRIED FORWARD</b>		<b>1,629,818</b>	<b>3,503,629</b>	<b>1,983,000</b>	<b>7,116,447</b>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****14. INTANGIBLE FIXED ASSETS****Group**

	Computer software £
<b>COST</b>	
At 1 January 2024	-
Additions	<u>12,000</u>
At 31 December 2024	<u>12,000</u>
<b>AMORTISATION</b>	
At 1 January 2024	-
Amortisation charged in the year	<u>1,667</u>
At 31 December 2024	<u>1,667</u>
<b>NET BOOK VALUE</b>	
At 31 December 2024	<u><u>10,333</u></u>
At 31 December 2023	<u><u>-</u></u>

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2024	-
Additions	<u>12,000</u>
At 31 December 2024	<u>12,000</u>
<b>AMORTISATION</b>	
At 1 January 2024	-
Amortisation charged in the year	<u>1,667</u>
At 31 December 2024	<u>1,667</u>
<b>NET BOOK VALUE</b>	
At 31 December 2024	<u><u>10,333</u></u>
At 31 December 2023	<u><u>-</u></u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

15. **TANGIBLE FIXED ASSETS**

<b>Group</b>	Freehold property	Leasehold property	Improvement to property	Plant and machinery	Fixtures and fittings	Fitness equipment	Computer equipment	Assets Under Construction	Totals
	£	£	£	£	£	£	£		£
<b>COST</b>									
At 1 January 2024	2,297,613	8,611,767	5,563,212	576,872	651,488	847,919	287,414	-	18,836,285
Additions	191,594	-	792,660	69,205	55,970	672,732	-	21,000	1,803,161
Disposals	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 31 December 2024	<u>2,489,207</u>	<u>8,611,767</u>	<u>6,355,872</u>	<u>646,077</u>	<u>707,458</u>	<u>1,520,651</u>	<u>287,414</u>	<u>21,000</u>	<u>20,639,446</u>
<b>DEPRECIATION</b>									
At 1 January 2024	368,631	809,159	2,714,209	208,667	418,912	517,341	61,717	-	5,098,636
Charge for year	59,976	139,317	329,445	103,979	77,344	258,024	95,804	-	1,063,889
Eliminated on disposal	-	-	-	-	-	-	-	-	-
At 31 December 2024	<u>428,607</u>	<u>948,476</u>	<u>3,043,654</u>	<u>312,646</u>	<u>496,256</u>	<u>775,365</u>	<u>157,521</u>	<u>-</u>	<u>6,162,525</u>
<b>NET BOOK VALUE</b>									
At 31 December 2024	<u>2,060,600</u>	<u>7,663,291</u>	<u>3,312,218</u>	<u>333,431</u>	<u>211,202</u>	<u>745,286</u>	<u>129,893</u>	<u>21,000</u>	<u>14,476,921</u>
At 31 December 2023	<u>1,928,982</u>	<u>7,802,608</u>	<u>2,849,003</u>	<u>368,205</u>	<u>232,576</u>	<u>330,578</u>	<u>225,697</u>	<u>-</u>	<u>13,737,649</u>

continued...

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****15. TANGIBLE FIXED ASSETS - continued****Group - continued**

Cost or valuation at 31 December 2024 is represented by:

	Assets Under Construction £	Freehold property £	Long leasehold £	Improvements to property £	Plant and machinery £
Initial valuation	-	-	-	-	-
Valuation in 2023	-	-	(1,783,370)	-	-
Cost	<u>21,000</u>	<u>2,489,207</u>	<u>10,395,137</u>	<u>6,355,872</u>	<u>646,077</u>
	<u>21,000</u>	<u>2,489,207</u>	<u>8,611,767</u>	<u>6,355,872</u>	<u>646,077</u>

	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
Initial valuation	-	-	-	-
Valuation in 2023	-	-	-	(1,783,370)
Cost	<u>707,458</u>	<u>1,520,651</u>	<u>287,414</u>	<u>22,422,816</u>
	<u>707,458</u>	<u>1,520,651</u>	<u>287,414</u>	<u>20,639,446</u>

If long leasehold property had not been revalued it would have been included at the following historical cost:

	31.12.24 £	31.12.23 £
Cost	<u>10,395,137</u>	<u>10,395,137</u>
Aggregate depreciation	<u>948,476</u>	<u>809,159</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024****15. TANGIBLE FIXED ASSETS - continued****Group - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2024	8,611,767	612,914	148,681	493,101	280,961	-	10,147,424
Additions	-	-	3,820	-	660,147	-	663,967
Disposals	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
At 31 December 2024	<u>8,611,767</u>	<u>612,914</u>	<u>152,501</u>	<u>493,101</u>	<u>941,108</u>	<u>-</u>	<u>10,811,391</u>
<b>DEPRECIATION</b>							
At 1 January 2024	809,159	510,762	-	282,070	132,347	-	1,734,338
Charge for year	139,314	51,076	55,229	49,310	203,435	-	498,364
Elimination on disposal	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
At 31 December 2024	<u>948,473</u>	<u>561,838</u>	<u>55,229</u>	<u>331,380</u>	<u>335,782</u>	<u>-</u>	<u>2,232,702</u>
<b>NET BOOK VALUE</b>							
At 31 December 2024	<u>7,663,294</u>	<u>51,076</u>	<u>97,272</u>	<u>161,721</u>	<u>605,326</u>	<u>-</u>	<u>8,578,689</u>
At 31 December 2023	<u>7,802,608</u>	<u>102,152</u>	<u>148,681</u>	<u>211,031</u>	<u>148,614</u>	<u>-</u>	<u>8,413,086</u>

continued...

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

15. **TANGIBLE FIXED ASSETS - continued**

**Company**

	Freehold Property	Leasehold property	Improvement to property	Plant and machinery	Fixtures and fittings	Fitness equipment	Computer equipment	Assets Under Construction	Totals
	£	£	£	£	£	£	£		£
<b>COST</b>									
At 1 January 2024	-	8,611,767	5,563,207	559,801	647,584	847,923	287,412	-	16,517,694
Additions	191,594	-	792,665	60,166	55,970	672,728	-	21,000	1,794,123
Disposals	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 31 December 2024	<u>191,594</u>	<u>8,611,767</u>	<u>6,355,872</u>	<u>619,967</u>	<u>703,554</u>	<u>1,520,651</u>	<u>287,412</u>	<u>21,000</u>	<u>18,311,817</u>
<b>DEPRECIATION</b>									
At 1 January 2024	-	809,159	2,714,209	198,919	415,008	517,334	61,715	-	4,716,344
Charge for year	286	139,323	329,445	101,853	77,344	258,031	95,804	-	1,002,086
Eliminated on disposal	-	-	-	-	-	-	-	-	-
At 31 December 2024	<u>286</u>	<u>948,482</u>	<u>3,043,654</u>	<u>300,772</u>	<u>492,352</u>	<u>775,365</u>	<u>157,519</u>	<u>-</u>	<u>5,718,430</u>
<b>NET BOOK VALUE</b>									
At 31 December 2024	<u>191,308</u>	<u>7,663,285</u>	<u>3,312,218</u>	<u>319,195</u>	<u>211,202</u>	<u>745,286</u>	<u>129,893</u>	<u>21,000</u>	<u>12,593,387</u>
At 31 December 2023	<u>-</u>	<u>7,802,608</u>	<u>2,848,998</u>	<u>360,882</u>	<u>232,576</u>	<u>330,589</u>	<u>225,697</u>	<u>-</u>	<u>11,801,350</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****15. TANGIBLE FIXED ASSETS - continued****Company - continued**

Cost or valuation at 31 December 2024 is represented by:

	Assets Under Construction £	Freehold property £	Long leasehold £	Improvements to property £	Plant and machinery £
Initial valuation	-	-	-	-	-
Valuation in 2023	-	-	(1,783,370)	-	-
Cost	<u>21,000</u>	<u>191,594</u>	<u>10,395,137</u>	<u>6,355,872</u>	<u>619,967</u>
	<u>21,000</u>	<u>191,594</u>	<u>8,611,767</u>	<u>6,355,872</u>	<u>619,967</u>

	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
Initial valuation	-	-	-	-
Valuation in 2023	-	-	-	(1,783,370)
Cost	<u>703,554</u>	<u>1,520,651</u>	<u>287,412</u>	<u>20,095,187</u>
	<u>703,554</u>	<u>1,520,651</u>	<u>287,412</u>	<u>18,311,817</u>

If long leasehold property had not been revalued it would have been included at the following historical cost:

	31.12.24 £	31.12.23 £
Cost	<u>10,395,137</u>	<u>10,395,137</u>
Aggregate depreciation	<u>948,482</u>	<u>809,159</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****15. TANGIBLE FIXED ASSETS - continued****Company - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2024	8,611,767	612,914	148,678	493,099	212,250	-	10,078,708
Additions	-	-	-	-	660,147	-	660,147
Disposals	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
At 31 December 2024	<u>8,611,767</u>	<u>612,914</u>	<u>148,678</u>	<u>493,099</u>	<u>872,397</u>	<u>-</u>	<u>10,738,855</u>
<b>DEPRECIATION</b>							
At 1 January 2024	809,164	510,763	-	283,570	63,630	-	1,667,127
Charge for year	139,314	51,076	54,274	49,310	203,435	-	497,409
Eliminated on disposal	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
At 31 December 2024	<u>948,478</u>	<u>561,839</u>	<u>54,274</u>	<u>332,880</u>	<u>267,065</u>	<u>-</u>	<u>2,164,536</u>
<b>NET BOOK VALUE</b>							
At 31 December 2024	<u>7,663,289</u>	<u>51,075</u>	<u>94,404</u>	<u>160,219</u>	<u>605,332</u>	<u>-</u>	<u>8,574,319</u>
At 31 December 2023	<u>7,802,603</u>	<u>102,151</u>	<u>148,678</u>	<u>209,529</u>	<u>148,620</u>	<u>-</u>	<u>8,411,581</u>

continued...

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2024

#### 16. FIXED ASSET INVESTMENTS

##### **Company**

Halo Leisure Services Limited is the 100% controlling company of Severn Centre Trust Limited, a company limited by guarantee.

##### **Subsidiary**

##### **Severn Centre Trust Ltd**

Nature of business: Provision of leisure facilities

Class of shares:	%		
Limited by guarantee	holding		
	100.00	31.12.24	31.12.23
		£	£
Aggregate funds		<u>1,944,557</u>	<u>1,995,598</u>

#### 17. STOCKS

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Stocks	<u>12,489</u>	<u>25,058</u>	<u>12,489</u>	<u>25,058</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Trade debtors	335,376	221,664	266,761	149,560
Amounts owed by group undertakings	-	-	11,607	66,320
Other debtors	17,645	12,520	17,645	12,520
Prepayments and accrued income	<u>243,778</u>	<u>141,890</u>	<u>242,661</u>	<u>140,765</u>
	<u>596,799</u>	<u>376,074</u>	<u>538,674</u>	<u>369,165</u>

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Finance leases & hire purchase (note 21)	546,458	379,850	543,048	379,850
Trade creditors	1,330,815	1,304,690	1,324,685	1,296,310
Other creditors	23,684	60,110	23,383	59,810
Other Taxes and PAYE	227,730	391,879	221,024	383,569
Accruals	1,356,559	1,115,864	1,345,145	1,094,683
Deferred income (excluding capital grants)	55,533	113,556	40,642	101,742
Bank loans	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>3,690,779</u>	<u>3,515,949</u>	<u>3,647,927</u>	<u>3,465,964</u>

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Deferred income (excluding capital grants)				
Deferred income at 1 January	113,556	171,578	101,742	162,842
Resources deferred in the year	55,533	113,556	40,642	101,742
Amounts released from previous periods	<u>(113,556)</u>	<u>(171,578)</u>	<u>(101,742)</u>	<u>(162,842)</u>
Deferred income at 31 December	<u>55,533</u>	<u>113,556</u>	<u>40,642</u>	<u>101,742</u>

Deferred income at 31 December 2024 represents annual leisure membership income and swimming courses income, where the consideration has been received in the year ended 31 December 2024 but the services were provided in the year ending 31 December 2025.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Finance leases & hire purchase (note 21)	7,945,171	8,045,798	7,945,173	8,045,798
Bank loans	<u>125,000</u>	<u>275,000</u>	<u>125,000</u>	<u>275,000</u>
	<u>8,070,171</u>	<u>8,320,798</u>	<u>8,070,173</u>	<u>8,320,798</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****21. FINANCE LEASES AND HIRE PURCHASE**

An analysis of the maturity of finance lease and hire purchase agreements is given below:

	<b>Group</b>		<b>Company</b>	
	31.12.24 £	31.12.23 £	31.12.24 £	31.12.23 £
Due in less than 1 year	546,458	379,850	543,048	379,850
Due between 1-2 years	465,953	406,590	465,953	406,590
Due between 2-5 years	1,065,082	835,500	1,065,082	835,500
Due in more than 5 years	6,414,136	6,803,708	6,414,136	6,803,708
	<u>8,491,629</u>	<u>8,425,648</u>	<u>8,488,219</u>	<u>8,425,648</u>

**22. SECURED DEBTS**

At the year end there were £275,000 in secured debts included within creditors (2023: £425,000). The debenture dated 9 September 2020 is over all assets of the company. The loan is further secured over all the assets of subsidiary, Severn Centre Trust Ltd, by way of fixed and floating charges.

Charges dated 4 April 2012 and 28 July 2015 are held in favour of National Westminster Bank plc over bank deposit balances of £91,100 and £27,000 and all amounts credited to the charitable company's bank account in the future.

**23. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS**

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

<b>Group</b>	Land and buildings		Other operating leases	
	31.12.24 £	31.12.23 £	31.12.24 £	31.12.23 £
Payments falling due:				
Within one year	-	-	11,449	11,769
Within one to two years	-	-	7,216	7,872
Within two to five years	-	-	-	7,216
	<u>-</u>	<u>-</u>	<u>18,665</u>	<u>26,857</u>
<b>Company</b>				
Payments falling due:				
Within one year	-	-	11,449	11,769
Within one to two years	-	-	7,216	7,872
Within two to five years	-	-	-	7,216
	<u>-</u>	<u>-</u>	<u>18,665</u>	<u>26,857</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****24. DEFERRED CAPITAL INCOME**

	<b>Group</b>		<b>Company</b>	
	31.12.24	31.12.23	31.12.24	31.12.23
	£	£	£	£
Deferred capital grants	<u>53,723</u>	<u>78,243</u>	<u>53,723</u>	<u>78,243</u>

During the year £24,520 (2023: £25,666) of deferred capital grants were released into the Statement of Financial Activities as income.

**25. RECONCILIATION OF MOVEMENTS IN FUNDS****Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2024	3,612,818	3,503,629	7,116,447
Incoming resources	17,821,409	1,681,730	19,503,139
Outgoing resources	(14,870,073)	(680,484)	(15,550,557)
Actuarial gains on defined benefit schemes	(4,497,000)	-	(4,497,000)
At 31 December 2024	<u>2,067,154</u>	<u>4,504,875</u>	<u>6,572,029</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2024	3,546,206	1,574,648	5,120,854
Incoming resources	17,552,910	1,681,730	19,234,640
Outgoing resources	(14,610,222)	(620,794)	(15,231,016)
Actuarial gains on defined benefit schemes	(4,497,000)	-	(4,497,000)
At 31 December 2024	<u>1,991,894</u>	<u>2,635,584</u>	<u>4,627,478</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Restricted Funds – Group**

	At 1 January 2024 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2024 £
NERS scheme	-	265,596	(265,596)	-	-
Severn Centre Building Fund	1,928,981	-	(59,690)	-	1,869,291
Cycle Track	1,573,153	70,555	(54,136)	-	1,589,572
Athletics Track	-	651,670	(1,852)	-	649,818
Other restricted project income	1,495	297,215	(298,710)	-	-
Donations	-	500	(500)	-	-
Other grant income	-	396,194	-	-	396,194
<b>Total</b>	<b>3,503,629</b>	<b>1,681,730</b>	<b>(680,484)</b>	<b>-</b>	<b>4,504,875</b>

**Restricted Funds – Company**

	At 1 January 2024 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2024 £
NERS scheme	-	265,596	(265,596)	-	-
Cycle Track	1,573,153	70,555	(54,136)	-	1,589,572
Athletics Track	-	651,670	(1,852)	-	649,818
Other restricted project income	1,495	297,215	(298,710)	-	-
Donations	-	500	(500)	-	-
Other grant income	-	396,194	-	-	396,194
<b>Total</b>	<b>1,574,648</b>	<b>1,681,730</b>	<b>(620,794)</b>	<b>-</b>	<b>2,635,584</b>

NERS scheme

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

Severn Centre Building Fund

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

Cycle Track

Grants and community funding have been received to build a 1km cycle track in Hereford.

Athletics Track

Grants have been received to build an athletics track in Hereford.

Other restricted project income

The charity is in receipt of a number of smaller grants and income, which are restricted for use towards the costs of the projects to which the grants or income relate to.

Other grant income

Various grants are received from the local councils and other sources to facilitate operational changes at the applicable sites.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024**

25. **RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Unrestricted Funds – Group**

	At 1 January 2024 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2024 £
Unrestricted pension	1,983,000	-	4,024,000	(4,497,000)	1,510,000
Unrestricted general	1,629,818	17,821,409	(18,894,073)	-	557,154
Total unrestricted	<u>3,612,818</u>	<u>17,821,409</u>	<u>(14,870,073)</u>	<u>(4,497,000)</u>	<u>2,067,154</u>

**Unrestricted Funds – Company**

	At 1 January 2024 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2024 £
Unrestricted pension	1,983,000	-	4,024,000	(4,497,000)	1,510,000
Unrestricted general	1,563,206	17,552,910	(18,634,222)	-	481,894
Total unrestricted	<u>3,546,206</u>	<u>17,552,910</u>	<u>(14,610,222)</u>	<u>(4,497,000)</u>	<u>1,991,894</u>

26. **COMPARATIVE YEAR MOVEMENTS IN FUNDS**

**Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2023	4,145,067	2,404,513	6,549,580
Incoming resources	15,695,263	2,179,402	17,874,665
Outgoing resources	(13,387,512)	(1,080,286)	(14,467,798)
Actuarial gains on defined benefit schemes	(2,840,000)	-	(2,840,000)
At 31 December 2023	<u>3,612,818</u>	<u>3,503,629</u>	<u>7,116,447</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2023	4,097,456	415,838	4,513,294
Incoming resources	15,458,108	2,179,402	17,637,510
Outgoing resources	(13,169,358)	(1,020,592)	(14,189,950)
Actuarial gains on defined benefit schemes	(2,840,000)	-	(2,840,000)
At 31 December 2023	<u>3,546,206</u>	<u>1,574,648</u>	<u>5,120,854</u>

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2024**

#### **26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued**

##### **Restricted Funds – Group**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2023 £
NERS scheme	-	197,635	(197,635)	-	-
Severn Centre Building Fund	1,988,675	-	(59,694)	-	1,928,981
Cycle Track	-	1,680,302	(107,149)	-	1,573,153
Other restricted project grants	415,838	301,465	(715,808)	-	1,495
<b>Total</b>	<b>2,404,513</b>	<b>2,179,402</b>	<b>(1,080,286)</b>	<b>-</b>	<b>3,503,629</b>

##### **Restricted Funds – Company**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2023 £
NERS scheme	-	197,635	(197,635)	-	-
Cycle Track	-	1,680,302	(107,149)	-	1,573,153
Other restricted project grants	415,838	301,465	(715,808)	-	1,495
<b>Total</b>	<b>415,838</b>	<b>2,179,402</b>	<b>(1,020,592)</b>	<b>-</b>	<b>1,574,648</b>

##### **NERS scheme**

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

##### **Severn Centre Building Fund**

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

##### **Cycle Track**

Grants and community funding have been received to build a 1km cycle track in Hereford.

##### **Athletics Track**

Grants have been received to build an athletics track in Hereford.

##### **Other restricted project income**

The charity is in receipt of a number of smaller grants and income, which are restricted for use towards the costs of the projects to which the grants or income relate to.

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2024

#### 26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued

##### Unrestricted Funds – Group

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2023 £
Unrestricted pension	4,747,000	-	76,000	(2,840,000)	1,983,000
Unrestricted general	(601,933)	15,695,263	(13,463,512)	-	1,629,818
Total unrestricted	<u>4,145,067</u>	<u>15,695,263</u>	<u>(13,387,512)</u>	<u>(2,840,000)</u>	<u>3,612,818</u>

##### Unrestricted Funds – Company

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2023 £
Unrestricted pension	4,747,000	-	76,000	(2,840,000)	1,983,000
Unrestricted general	(649,544)	15,458,108	(13,245,358)	-	1,563,206
Total unrestricted	<u>4,097,456</u>	<u>15,458,108</u>	<u>(13,169,358)</u>	<u>(2,840,000)</u>	<u>3,546,206</u>

#### 27. ANALYSIS OF NET ASSETS BETWEEN FUNDS

##### Group

	Unrestricted funds £	LGPS £	Restricted funds £	31.12.24 Total funds £	31.12.23 Total funds £
Fixed assets	10,378,573	-	4,108,681	14,487,254	13,737,649
Current assets	1,993,254	-	396,194	2,389,448	3,310,788
Current liabilities	(3,690,779)	-	-	(3,690,779)	(3,515,949)
Long term liabilities	(8,070,171)	-	-	(8,070,171)	(8,320,798)
Accruals and deferred income	(53,723)	-	-	(53,723)	(78,243)
Pension asset	-	1,510,000	-	1,510,000	1,983,000
	<u>557,154</u>	<u>1,510,000</u>	<u>4,504,875</u>	<u>6,572,029</u>	<u>7,116,447</u>

##### Company

	Unrestricted funds £	LGPS £	Restricted funds £	31.12.24 Total funds £	31.12.23 Total funds £
Fixed assets	10,364,330	-	2,239,390	12,603,720	11,801,327
Current assets	1,889,387	-	396,194	2,285,581	3,201,514
Current liabilities	(3,647,927)	-	-	(3,647,927)	(3,465,945)
Long term liabilities	(8,070,173)	-	-	(8,070,173)	(8,320,798)
Accruals and deferred income	(53,723)	-	-	(53,723)	(78,243)
Pension asset	-	1,510,000	-	1,510,000	1,983,000
	<u>481,894</u>	<u>1,510,000</u>	<u>2,635,584</u>	<u>4,627,478</u>	<u>5,120,855</u>

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2024

#### 28. EMPLOYEE BENEFIT OBLIGATIONS

The Charitable Company has employees who are admitted into one of three Local Government Pension Schemes administered either by Worcestershire County Council, Rhondda Cynon Taf County Borough Council or Shropshire County Council. The deficits for past service up to the point of transfers have been guaranteed by Rhondda Cynon Taf County Borough Council and Shropshire County Council respectively.

Halo participates as an employer in the Gloucestershire Local Government Pension Fund under a pass-through arrangement with Greenshaw Trust and the liability for those members therefore sits with the Greenshaw Trust, as a result there is no provision in these financial statements

The pension costs and provision for the year ended 31 December 2024 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2022 for all 3 pension funds.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.24	31.12.23
	£	£
Present value of funded obligations	(21,638,000)	(24,342,000)
Fair value of plan assets	<u>32,846,000</u>	<u>30,242,000</u>
	11,208,000	5,900,000
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Surplus/ (Deficit)	<u>11,208,000</u>	<u>5,900,000</u>
Impact of asset ceiling	<u>(9,698,000)</u>	<u>(3,917,000)</u>
Surplus/(deficit) recognised	<u>1,510,000</u>	<u>1,983,000</u>

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

	Defined benefit pension plans	
	31.12.24	31.12.23
	£	£
Current service cost	375,000	386,000
Past service cost	-	-
Net Interest from net defined benefit asset/liability	(271,000)	(225,000)
Administration expenses	1,000	6,000
Effect of curtailments	<u>-</u>	<u>-</u>
	<u>105,000</u>	<u>167,000</u>
Actual return on plan assets	<u>5,201,000</u>	<u>2,221,000</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2024****28. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.24	31.12.23
	£	£
Opening defined benefit obligation	24,342,000	22,684,000
Current service cost	375,000	386,000
Change in financial assumptions	(4,152,000)	(162,000)
Past service cost	-	-
Contributions by scheme participants	124,000	125,000
Interest cost	1,121,000	1,069,000
Remeasurement (gains) / losses	315,000	593,000
Curtailments	-	-
Benefits paid	<u>(487,000)</u>	<u>(353,000)</u>
	<u>21,638,000</u>	<u>24,342,000</u>

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

	Defined benefit pension plans	
	31.12.24	31.12.23
	£	£
Opening fair value of scheme assets	30,242,000	27,431,000
Interest on plan assets	1,392,000	1,294,000
Contributions by employer	212,000	243,000
Contributions by scheme participants	124,000	125,000
Remeasurement gains / (losses)	1,364,000	1,508,000
Administration expenses	(1,000)	(6,000)
Benefits paid	<u>(487,000)</u>	<u>(353,000)</u>
	<u>32,846,000</u>	<u>30,242,000</u>

The amounts recognised in other comprehensive income are as follows:

	31.12.24	31.12.23
	£	£
Remeasurement gains/ (losses)	<u>5,201,000</u>	<u>1,077,000</u>
Cumulative amount of actuarial remeasurement losses	<u>(5,578,000)</u>	<u>(10,779,000)</u>

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2024

#### 28. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.24	31.12.23
Equities	63.57%	65.10%
Government bonds	3.83%	3.23%
Corporate bonds	5.07%	4.07%
Other bonds	6.90%	5.80%
Cash/liquidity	0.97%	1.00%
Property	11.33%	6.57%
Other	8.33%	14.23%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date:

	31.12.24	31.12.23
Discount rate	4.95 – 5.55%	4.40 – 4.80%
Rate of Inflation	2.60 – 2.70%	2.40 – 2.60%
Future salary increases	3.85 – 4.20%	3.65 – 4.10%
Future pension increases	2.60 – 2.70%	2.40 – 2.70%

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Worcestershire County Council Pension Fund:

Change in assumption at 31 December 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount
0.1% decrease in Real Discount Rate	2%	277,000
1 year increase in member life expectancy	4%	480,000
0.1% increase in Salary Increase Rate	0%	11,000
0.1% increase in the Pension Increase Rate	2%	273,000

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2024**

**28. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Rhondda Cynon Taf County Borough Council Pension Fund:

	+0.1% p.a.	Base figure	-0.1% p.a.
<i>Adjustment to discount rate</i>			
Present value of total obligation (£)	8,354,000	8,524,000	8,964,000
% change in present value of total obligation	(2.0%)		2.0%
Projected service cost (£)	127,000	132,000	137,000
Approximate % change in projected service cost	(3.69%)		4.0%
<i>Adjustment to salary increase rate</i>			
Present value of total obligation (£)	8,541,000	8,524,000	8,507,000
% change in present value of total obligation	0.2%		(0.2%)
Projected service cost (£)	132,000	132,000	132,000
Approximate % change in projected service cost	0%		0%
<i>Adjustment to pension increase rate</i>			
Present value of total obligation (£)	8,677,000	8,524,000	8,371,000
% change in present value of total obligation	1.8%		(1.8%)
Projected service cost (£)	137,000	132,000	127,000
Approximate % change in projected service cost	4.0%		(3.69%)
<i>Adjustment to mortality age rating assumption</i>			
Present value of total obligation (£)	8,729,000	8,524,000	8,319,000
% change in present value of total obligation	2.4%		(2.4%)
Projected service cost (£)	136,000	132,000	128,000
Approximate % change in projected service cost	3.2%		(3.2%)

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Shropshire County Pension Fund:

	Central	+ 0.5% discount rate	+0.25% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	1,106,000	1,027,000	1,148,000	1,128,000
Assets	(1,363,000)	(1,363,000)	(1,363,000)	(1,363,000)
Deficit/(surplus)	(257,000)	(336,000)	(215,000)	(235,000)
Projected service cost for next year	18,000	19,000	19,000	18,000
Projected interest cost for next year	(14,000)	(12,000)	(12,000)	(13,000)

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2024**

#### **28. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Amounts for the current and previous four periods are as follows:

	31.12.24	31.12.23	31.12.22	31.12.21	31.12.20
	£	£	£	£	£
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(21,638,000)	(24,342,000)	(22,684,000)	(42,588,000)	(41,627,000)
Fair value of scheme assets	32,846,000	30,242,000	27,431,000	29,882,000	26,345,000
Surplus/(deficit)	11,208,000	5,900,000	4,747,000	(12,706,000)	(15,282,000)
Experience gains/(losses)	5,201,000	1,077,000	18,334,000	3,458,000	(5,666,000)
Impact of asset ceiling	(9,698,000)	(3,917,000)	-	-	-
Surplus/(deficit) recognised	1,510,000	1,983,000	4,747,000	(12,706,000)	(15,282,000)

In addition to the accounting disclosures under FRS102, it is important to appreciate how the LGPS pension schemes work and how ongoing contributions requirements are calculated to ensure the schemes remain or become fully funded in the long term.

FRS102 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions and any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions asset/liability calculation used for accounting purposes are based largely on the actuarial ongoing basis calculations (such as inflation, life expectancy etc) but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the “ongoing basis” uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the ongoing basis – and therefore much higher net present pension scheme deficits.

The FRS102 asset/liability is therefore based on the latest tri-annual ongoing basis calculations but is re-calculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors.

#### **29. RELATED PARTY DISCLOSURES**

The parent Charitable Company, Halo Leisure Services Limited, has taken advantage of the exemption afforded under FRS 102 from disclosing transactions and balances with its wholly owned subsidiary, Severn Centre Trust Ltd, within these consolidated financial statements.

#### **30. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Board of Trustees and management team who are responsible for the strategic and operational decisions of the Charitable Company.

#### **31. CONTINGENT LIABILITIES**

##### Performance Guarantees

The Charitable Company has contingent liabilities in respect of Performance Guarantees amounting to £276,500 with Rhondda Cynon Taff C.B.C (2023: £166,600) and £85,000 held with Shropshire County Pension Fund (2023: £85,000).

#### **32. CAPITAL COMMITMENTS**

At 31 December 2024 the group and charitable company had capital commitments to the value of £nil (2023: £424,139) in respect of fitness equipment.

**HALO LEISURE SERVICES LIMITED**

England & Wales - Charity number 1091543

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# Accounts

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**HALO LEISURE SERVICES LIMITED**  
**REPORT OF THE TRUSTEES, STRATEGIC REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**CHARITY NO : 1091543**  
**COMPANY NO : 04335715**

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**for the Year Ended 31 December 2023**

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## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2023**

The Trustees, who are also Directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 December 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

The name of the parent Charitable Company is Halo Leisure Services Limited.

**Principal and registered office:**

Halo Support Centre  
Lion Yard  
Broad Street  
LEOMINSTER  
Herefordshire  
HR6 8BT

**Telephone:**

01568 618980

**Website:**

[www.haloleisure.org.uk](http://www.haloleisure.org.uk)

**Company Registration Number:**

04335715 (England and Wales)

**Charity Registration Number:**

1091543

**Trustees during the year under review  
and up to the present date:**

**Date of appointment  
as Director/Trustee**

**Date of resignation  
as Director/Trustee**

R J S Curtis [Chairman]  
S Brewster  
N A Sellar [Treasurer]  
A Cavaghan  
C E Edginton  
M J Rendall  
K Bush  
R Whelan  
G Hotchen  
J Lee

1 January 2023  
1 January 2023  
1 January 2023

31 August 2023

**Chairman:**

R J S Curtis

**Chief Executive:**

S M Rolfe

**Company Secretary:**

J G Huxley

**Auditors:**

McCabe Ford Williams  
Chartered Accountants  
Statutory Auditors  
Building 1063, Cornforth Drive,  
Kent Science Park, Sittingbourne, Kent ME9 8PX

**Bankers:**

National Westminster Bank plc  
12 Broad Street  
Hereford  
HR4 9AH

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2023**

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS** **- continued**

**Solicitors:**

T.A. Matthews  
32-35 Broad Street  
Hereford  
HR4 9AR

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Trustees**

The Trustees are also the Directors in accordance with the Companies Act 2006. The Board is made up of not less than 5 and no more than 15 Trustees. Trustees are required to retire after a term of three years but may be reappointed for a further three years to a maximum of four consecutive terms of three years. They may be appointed annually for further terms of one year under exceptional circumstances and with unanimous resolution by the Trustees. The Trustees are also members of the Charitable Company which is limited by guarantee.

##### **Structure of the Charity**

The Charity is incorporated as a company limited by Guarantee. There is one subsidiary which, through ownership of land, acts as a security to the parent for loans it may have from time to time. The Board of Trustees also act as Directors of the Limited Company and meet regularly during the year. Two sub committees have been established to advise, scrutinise and report to the main Board. These are the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee. The subsidiary company's Board is made up of a smaller number to the Trustees of the parent with an additional independent member, and report to the main Board on a regular basis.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the Charitable Company, supported by a Senior Management Team.

##### **Induction and training**

All Trustees receive induction training with regard to the organisation including its powers and objects and the Charitable Company itself. Regular update and refresher training is also provided regarding their role as Charity Trustees and Charitable Company Trustees.

##### **Organisational structure and decision making process**

The Full Board of Trustees retains overall accountability for the management of the Charitable Company and its subsidiaries. It delegates responsibility for day-to-day decision making to the Chief Executive and the Senior Management Team. Finance and Workforce Sub-Committees meet on a regular basis across the year taking responsibility for strategic decision making along with monitoring and review of outcomes. There is a scheme of delegation in place which is reviewed on a cyclical basis.

##### **Remuneration of Key Management Personnel**

Remuneration of Key Management Personnel is reviewed annually alongside the other employees of the company by both the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee, with a recommendation presented to the main Board. No Trustees or Directors receive remuneration other than reimbursement of direct expenses.

##### **Related parties**

The Charitable Company works closely with the Local Authorities and bodies who have sub-contracted facility management to the Charity.

The Charitable Company is the sole guarantor of Severn Centre Trust Ltd, which is a registered Charity with similar aims and objects to the Charitable Company.

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2023**

**STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

**Co-operation with other organisations**

As a community-based organisation operating in Herefordshire, Bridgend, Shropshire, Gloucestershire and Wiltshire. Halo Leisure Services Limited (Halo) designs its strategic planning and operational service delivery with due regard to partner aims and objectives, as specified in the relevant contractual terms. The annual Business plan specifically identifies how Halo will contribute to delivering on broader social agendas, working with the health, education and voluntary sectors across local authorities and both local and national organisations. As a non-profit making charity Halo actively seeks to expand its operations beyond contractual terms through sourcing grants to support innovative wellbeing activities.

**Risk Assessment**

The Charitable Company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. This document is reviewed on a regular basis by the Trustees.

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

- To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities;
- To organize events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;
- To relieve the needs of people who are elderly, sick or who have physical or mental disabilities through the provision of recreational and leisure time activities;
- To promote and preserve good health amongst the population through exercise and sport; and
- To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education.

**Strategic themes**

As a Social Enterprise, the Charitable Company takes its role within the communities it serves seriously and sees social responsibility at the heart of all it does. The Charitable Company's four corporate themes are:

1. To provide a customer experience which exceeds expectations which attracts and retains customers in an increasingly competitive marketplace.
2. To deliver innovative products for our customers and partners to encourage healthier lifestyles, drive revenue and combat competition.
3. Employ and reward people who add value through their skills, knowledge and performance while delivering a lean workforce fit for future challenges.
4. To operate a financially sustainable organisation which uses commercial principles to drive performance and achieve our vision and goals.

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2023**

**STRATEGIC REPORT**

In common with other providers Halo's market has been characterized by increasing competition, changing customer requirements, cost of living crisis, Local Authority funding restrictions, the fast moving pace of technology and its impact on how people consume leisure. In 2023, Halo faced significant cost pressures from staff costs, primarily increases driven by the National Living Wage, general inflation and the continuing energy cost increases. In the past Halo has used fixed price purchasing arrangements to secure its energy costs. These arrangements terminated in 2022 leaving the company exposed to market volatility, plans were prepared for several scenarios in 2023 but fortunately market pricing allowed for operations to continue with minimal disruption. Many organisations in the leisure sector did not fare so well. A new flexible purchasing agreement has been put in place until March 2026 and for the winter of 2023 a fixed price deal was activated when it became available at a reasonable cost. Some Halo contracts with local authorities also provide protection from energy cost increases.

**FUNDRAISING**

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its objectives. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation.

In carrying out fundraising, the charity adheres to the following standards:

- The Trustees will have regard to the Charity Commission's publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the charity will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the charity's stated mission and purpose.
- The charity will comply with GDPR Legislation in relation to all personal data collected.
- Nobody directly or indirectly employed by or volunteering for the charity shall accept commissions, bonuses or payments for fundraising activities.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the charity.
- All Trustees, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the charity to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

**ACHIEVEMENTS AND PERFORMANCE**

**2023 Performance**

These accounts represent the nineteenth year of trading for Halo Leisure Services Limited. (previously trading as The Herefordshire Community Leisure Trust for 2 years)

There were no changes to the estate during 2023 with Halo operating 22 leisure centres across Herefordshire, Bridgend, Shropshire, Gloucestershire and Wiltshire.

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2023**

**STRATEGIC REPORT - continued**

**FINANCIAL REVIEW**

The group has returned a surplus of £3,330,867 (2022: £296,917 deficit) before defined benefit pension remeasurement adjustments for the year ended 31 December 2023.

The Charitable Company continues to target a trading surplus.

The challenge has been addressed by a combination of additional cost savings, business expansion and service development, including modernization of systems and processes driven through investment, leading to improved sustainability and reduction in cost of employment. For example: secure access systems.

Key factors behind the reported performance of the Charitable Company have been:

1. Operational revenue recovering following the end of COVID restrictions.
2. Non-operational revenue boosted by a payment from the Welsh Hardship Scheme of £191,446 and an interest payment related to COVID business interruption insurance of £104,872.
3. Funding of £1,698,000 for the construction of an all weather cycle track in Hereford.

**Reserves policy**

The Charitable Company's principal financial management policy centers around the need to retain sufficient cash reserves to operate within the Charity Commissions guidelines.

Halo Leisure Services Limited has a relatively favourable cash flow as it receives much of its income in advance of its expenditure, but the impact of inflation and energy costs had a detrimental effect on cash generation from core business trading; leading to capital investment being sourced through financing options. The Trustees recognise the need for a level of financial reserves that will shield the Charitable Company from the possibility of adverse unforeseen circumstances. These include a number of specific risks that have been identified in the Charitable Company's Risk Register. The company's reserves policy is to achieve "a level of reserves sufficient to cover an average of three months expenditure plus a level of reserves sufficient to cover any actuarially determined crystallised pension deficit contribution that may be required, in excess of existing bonds."

The reserves policy suggests a desired level of unrestricted reserves of at least £3.9m, excluding any pension asset or liability. This compares with current unrestricted reserves, excluding the current pension asset, which are £1,630k. Reserves have fallen over recent years due to long lasting effects of the COVID pandemic. The trustees will aim to build reserves. However, this will take a number of years given the continuing uncertainty. The Charitable Company also continues to seek opportunities where it can deliver both social benefit and financial improvement, and to maintain and improve cost control and efficiency across the business. The company is also following advice from the pension fund managers and the pension scheme actuaries to ensure that the pension scheme is funded at a rate which is sufficient, over the next 20 to 25 years.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2023**

#### **STRATEGIC REPORT – continued**

#### **FINANCIAL REVIEW - continued**

##### **Reserves in deficit in the previous year**

Before accounting for any asset/liability arising from the Charitable Company's defined benefit pension scheme accumulated reserves for the group amounted to £5,133,447 (2022: £1,802,580), including restricted funds of £3,503,629 (2022: £2,404,513) and unrestricted funds of £1,629,818 (2022: £601,933 deficit).

However, after accounting for the Charitable Company's defined benefit pension scheme asset at the year end of £1,983,000 (2022: £4,747,000, liability) the group has an unrestricted reserve surplus of £3,612,818 (2022: £4,145,067).

The pension asset/liability does not affect the Charitable Company's resources for general application as the Charitable Company pays pension contributions in line with the rates prescribed by professionally qualified actuaries which are calculated to prevent any potential pension deficit in the long term. The Trustees are satisfied that the Charitable Company can meet its obligations as and when they fall due.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a register of the key business risks faced by the Charitable Company and seeks to ensure that appropriate policies are in place to manage, monitor or mitigate those risks.

Much of the Charitable Company's income is received from short term membership commitments and daily till income with no guarantees of renewal. Whereas Halo has longer term commitments to staff and maintenance of the property portfolio. The variance between the timing of Halo's commitments and its customers' commitments is judged to be a risk that Halo faces, along with the stability of some of its key partners in the form of Local Authority funding in the short and medium term.

#### **FUTURE PLANS**

Halo will continue to promote an environment of high performance from a happy and well-motivated workforce alongside driving down energy consumption through a combination of good practice and targeted investment. The company will continue to work with its partners to provide the best possible service and promote the overall objectives of preserving and improving good health and wellbeing amongst the population. Halo has a strategic objective to grow through acquisition of new contracts, in circumstances where the geographical proximity complements the existing business. During 2024, work will commence on the replacement of the athletics track at Hereford, which is a major project and has been funded by community and national organisations.

#### **DISABLED PERSONS AND DIVERSITY**

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Halo has a strong commitment to diversity inclusion and engagement and works with partners to target groups and break down barriers to activity and participation, taking positive steps to increase representation and participation from under-represented groups, believing in a culture of safety, value and inclusion.

Halo has partnered with the National Centre for Diversity and has achieved the Investors in Diversity Award during 2023.

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2023**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

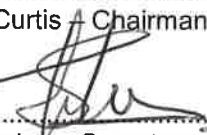
So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.


**APPROVAL OF REPORTS**

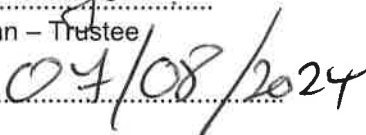
In approving the Report of the Trustees, the Trustees of the Charitable Company also approve the Strategic Report in their capacity as Directors.

**ON BEHALF OF THE BOARD:**

  
.....  
R J S Curtis – Chairman

  
.....  
J G Huxley – Secretary

  
.....  
A Cavaghan – Trustee

Date: ..... 

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Opinion**

We have audited the consolidated financial statements of Halo Leisure Services Limited Group for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HALO LEISURE SERVICES LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and their 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.

### **Responsibilities of trustees**

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

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

### **Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

**Use of our report**

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

Ashley Phillips FCCA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and  
Chartered Accountants  
Building 1063, Cornforth Drive  
Kent Science Park  
Sittingbourne  
Kent  
ME9 8PX

Date:

**HALO LEISURE SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating a consolidated Income and Expenditure Account and**  
**Statement of Other Comprehensive Income) for the Year Ended 31 December 2023**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2023 £	Total Funds Year to 31.12.2022 £
<b>INCOME</b>						
Donations and legacies	3	150	499,101	-	499,251	313,164
<i>Income from charitable activities:</i>						
Operation of Leisure sites	4	15,547,323	1,680,301	-	17,227,624	14,123,428
<i>Income from other trading activities:</i>						
Commercial trading operations	5	-	-	-	-	134,527
Investment income	6	42,920	-	-	42,920	368,448
Other income	7	104,870	-	-	104,870	109,293
<b>TOTAL INCOME</b>		<u>15,695,263</u>	<u>2,179,402</u>	<u>-</u>	<u>17,874,665</u>	<u>15,048,860</u>
<b>EXPENDITURE</b>						
<i>Costs of raising funds:</i>						
Commercial trading operations	5	-	-	-	-	41,982
<i>Expenditure on charitable activities:</i>						
Leisure activities	12	13,463,512	1,080,286	(76,000)	14,467,798	16,184,795
<b>TOTAL EXPENDITURE</b>		<u>13,463,512</u>	<u>1,080,286</u>	<u>(76,000)</u>	<u>14,467,798</u>	<u>16,226,777</u>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<u>2,231,751</u>	<u>1,099,116</u>	<u>76,000</u>	<u>3,406,867</u>	<u>(1,177,917)</u>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		-	-	-	-	-
<b>NET (EXPENDITURE) / INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<u>2,231,751</u>	<u>1,099,116</u>	<u>76,000</u>	<u>3,406,867</u>	<u>(1,177,917)</u>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
<i>Remeasurements on defined benefit pension schemes</i>	27	-	-	(2,840,000)	(2,840,000)	18,334,000
<b>NET INCOME / (EXPENDITURE)</b>		<u>2,231,751</u>	<u>1,099,116</u>	<u>(2,764,000)</u>	<u>566,867</u>	<u>17,156,083</u>
<b>FUNDS BROUGHT FORWARD</b>		<u>(601,933)</u>	<u>2,404,513</u>	<u>4,747,000</u>	<u>6,549,580</u>	<u>(10,606,503)</u>
<b>FUNDS CARRIED FORWARD</b>		<u>1,629,818</u>	<u>3,503,629</u>	<u>1,983,000</u>	<u>7,116,447</u>	<u>6,549,580</u>

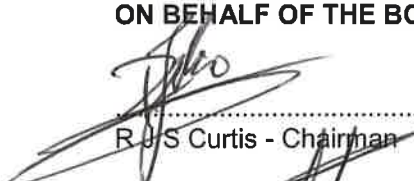
All of the above results are derived from continuing activities. The group has no other recognised gains and losses other than those stated above.


The notes form part of these financial statements

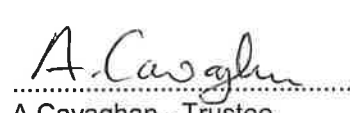
**CONSOLIDATED BALANCE SHEET**  
**31 December 2023**

	Notes	31.12.23	31.12.22
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	14	-	-
Tangible assets	15	<u>13,737,649</u>	<u>13,878,233</u>
		13,737,649	13,878,233
<b>CURRENT ASSETS</b>			
Stocks	17	25,058	40,058
Debtors	18	376,074	562,663
Cash at bank and in hand		<u>2,909,656</u>	<u>2,912,962</u>
		3,310,788	3,515,683
<b>CREDITORS</b>			
Amounts falling due within one year	19	<u>3,515,949</u>	<u>4,595,655</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(205,161)</u>	<u>(1,079,972)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		13,532,488	12,798,261
<b>CREDITORS</b>			
Amounts falling due after more than one year	20	(8,320,798)	(10,891,772)
<b>DEFERRED INCOME</b>	24	(78,243)	(103,909)
<b>NET ASSETS BEFORE PENSION (ASSET)/LIABILITY</b>		<u>5,133,447</u>	<u>1,802,580</u>
<b>PENSION (ASSET)/LIABILITY</b>	27	(1,983,000)	(4,747,000)
<b>FUNDS</b>			
Unrestricted income funds	25	3,612,818	4,145,067
Unrestricted designated funds	25	-	-
Restricted funds	25	<u>3,503,629</u>	<u>2,404,513</u>
<b>TOTAL FUNDS</b>	25	<u>7,116,447</u>	<u>6,549,580</u>
		<u>5,133,447</u>	<u>1,802,580</u>

**ON BEHALF OF THE BOARD:**

  
.....  
R S Curtis - Chairman

  
.....  
J G Huxley - Company Secretary

  
.....  
A Cavaghan - Trustee

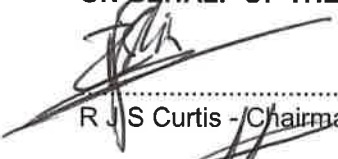
Date:

The notes form part of these financial statements

**COMPANY BALANCE SHEET**  
**31 December 2023**

	Notes	31.12.23		31.12.22	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		-		-
Tangible assets	15		11,801,350		11,882,790
Investments	16		-		-
			<u>11,801,350</u>		<u>11,882,790</u>
<b>CURRENT ASSETS</b>					
Stocks	17	25,058		40,058	
Debtors	18	369,165		508,846	
Cash at bank and in hand		<u>2,807,286</u>		<u>2,827,845</u>	
			3,201,509		3,376,749
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>3,465,964</u>		<u>4,497,564</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(264,455)</u>		<u>(1,120,815)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			11,536,895		10,761,975
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		(8,320,798)		(10,891,772)
<b>DEFERRED INCOME</b>	24		(78,243)		(103,909)
<b>NET LIABILITIES BEFORE PENSION (ASSET)/LIABILITY</b>			<u>3,137,854</u>		<u>(233,706)</u>
<b>PENSION (ASSET)/LIABILITY</b>	27		(1,983,000)		(4,747,000)
<b>FUNDS</b>					
Unrestricted income funds	25	3,546,206		4,097,456	
Unrestricted designated funds	25	-		-	
Restricted funds	25	<u>1,574,648</u>		<u>415,838</u>	
<b>TOTAL FUNDS</b>	25		<u>5,120,854</u>		<u>4,513,294</u>
			<u>3,137,854</u>		<u>(233,706)</u>

ON BEHALF OF THE BOARD:

  
.....  
R J S Curtis - Chairman

  
.....  
J G Huxley - Company Secretary

  
.....  
A Cavaghan - Trustee

Date:

The notes form part of these financial statements

**HALO LEISURE SERVICES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2023**

	Notes	Year to 31.12.23 £	Year to 31.12.22 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,802,754	628,616
Proceeds from sale of investment		-	(350,000)
Interest received		(42,920)	(18,448)
Net cash from operating activities		<u>2,760,464</u>	<u>260,168</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(2,486,050)	(541,037)
Proceeds from sale of investment		-	350,000
Proceeds from fixed asset disposal		-	2,263
Interest received		42,920	18,448
Net cash from investing activities		<u>(2,443,130)</u>	<u>(170,326)</u>
<b>Cash flows from financing activities</b>			
New finance lease agreements in year		148,680	-
Repayment of bank loans		(150,000)	(150,000)
Hire purchase repayments in year		(208,056)	-
Interest element of hire purchase and lease payments		(111,264)	(468,806)
Net cash from financing activities		<u>(320,640)</u>	<u>(618,806)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(3,306)</u>	<u>(528,964)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>2,912,962</u>	<u>3,441,926</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u>2,909,656</u>	<u>2,912,962</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2023**

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

	Year to 31.12.23 £	Year to 31.12.22 £
Net movement in funds	566,867	17,156,083
Actuarial (gains)/losses on defined benefit pension schemes	2,840,000	(18,334,000)
Interest element of hire purchase/finance lease payments	111,264	468,806
Depreciation/amortisation charges	838,154	702,999
Losses on asset revaluation	1,783,370	-
Gain on finance lease revaluation	(4,189,337)	-
Decrease/(increase) in stocks	15,000	(5,690)
(Profit)/loss on disposal	-	(2,263)
Decrease/(increase) in debtors	186,589	(59,184)
Increase/(decrease) in creditors	752,513	(153,469)
Movement in deferred capital grants	(25,666)	(25,666)
Difference between pension charge, including finance costs, and cash contributions	<u>(76,000)</u>	<u>881,000</u>
<b>Net cash inflow from operating activities</b>	<u><u>2,802,754</u></u>	<u><u>628,616</u></u>

**2. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Year to 31.12.23 £	Year to 31.12.22 £
Cash in hand and at bank	<u>2,909,656</u>	<u>2,912,962</u>
<b>Total cash and cash equivalents</b>	<u><u>2,909,656</u></u>	<u><u>2,912,962</u></u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	31.12.2022	Cash Flows	Non-Cash Changes		31.12.2023
			New Finance Leases / Bank Loans	Other non- cash changes	
Cash in hand & bank	2,912,962	(3,306)	-	-	2,909,656
Debt due within one year	(2,362,088)	196,974	(50,851)	1,686,115	(529,850)
Debt due greater than one year	(10,891,772)	-	(97,829)	2,668,803	(8,320,798)
	<u>(10,340,898)</u>	<u>193,668</u>	<u>(148,680)</u>	<u>4,354,918</u>	<u>(5,940,992)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2023**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

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

**Going concern**

Revenue has continued to recover through 2023 following the COVID-19 disruption of the previous years and this has been enhanced by price increases to cover both general inflationary increases and the wage cost increases driven by changes to the National Living Wage.

Cost of utilities, primarily gas and electricity, remain a risk, although prices have softened through 2023. Halo has an agreement in place for forward purchases when pricing is favourable but this is not a fixed price contract. This means Halo continues to be exposed to short/medium term price shocks.

Group and charitable company cash flow forecasts have been produced based on revenue and cost forecasts for the foreseeable future. These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due.

The Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**1. ACCOUNTING POLICIES - continued**

**Functional currency and presentation currency**

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

**Funds**

Unrestricted funds 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

**Income recognition**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

**Management fee**

The management fee is unrestricted funding which is available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company. Income received for capital expenditure is treated as deferred income and is credited to the Statement of Financial Activities by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Expenditure recognition**

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

**Support costs**

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

**Irrecoverable VAT**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives.

In respect of leases held over the leisure facilities, capitalised when deemed to be finance leases due to their duration, cost is determined on the basis of the net present value of minimum lease payments calculated in accordance with the Charitable Company's incremental borrowing rate.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- 2% on cost
Leasehold Property	- over remaining term of lease
Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 10 years, 15% on cost
Fixtures and Fittings	- straight line over 5 years, 15% on cost
Fitness Equipment	- straight line over 5 years and straight line over 3 years
Computer Equipment	- straight line over 3 years

**Intangible fixed assets**

Amortisation is provided at the following annual rate in order to write off the asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Software	- straight line over 3 or 5 years
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**Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

**Group financial statements**

The financial statements consolidate the results of the Charitable Company and its wholly owned subsidiaries Halo Leisure Enterprises Limited (up to the date of sale of the company) and Severn Centre Trust Ltd on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account is not presented for the Charitable Company itself in accordance with the exemptions afforded by paragraph 397 of the SORP.

**Charitable Company status**

The Charitable Company is a company limited by guarantee. At 31 December 2023 there were nine members, each of whom, on winding up, has undertaken to contribute an amount not exceeding £1.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

1. **ACCOUNTING POLICIES – continued**

**Service Concession Arrangements**

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

The buildings and plant at the centres are leased to the Charitable Company as part of the overall contractual relationship with the Authority but the Authority maintains ultimate control of these assets. Accordingly the access which the Charitable Company has in the use of these assets is to enable it to operate the leisure centres, so that the Charitable Company can provide the public service it is contracted to provide, not to effectively own these public service assets. The leased buildings are for such a length of time that they are recognized as finance leases on the Charitable Company's Balance Sheet however other assets leased from the Local Authority are not recognised on the Charitable Company's Balance Sheet.

*Receipts*

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

**Taxation**

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Leasing and hire purchase**

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Government grants**

Government grants are recognised when the performance related conditions imposed upon the receipt of the grant have been met. Where these have not been satisfied, these grants are recognised as liabilities. If grants are not conditional on future performance related conditions, then income is recognised when the grant proceeds are receivable. During the year, the following grants were received:

Government Business Grants relating to the retail, hospitality and leisure industries awarded during the lockdown periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**1. ACCOUNTING POLICIES – continued**

**Pension costs and other post-retirement benefits**

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates three defined benefits pension schemes for which pension charges are based on full actuarial valuations dated 31 March 2022, rolled forward to the balance sheet date, for the Worcestershire County Council Pension Fund, Shropshire County Pension Fund and the Rhondda Cynon Taf County Borough Council Pension Fund. A further defined benefit pension scheme is operated in respect of the Gloucestershire Local Government Pension scheme however this is not recognized on the balance sheet of the charitable company due to a pass-through arrangement.

The Charitable Company provides pension benefits for eligible staff through these administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. See note 27 for further information in connection with the Charitable Company's defined benefit schemes.

**Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed have been used by the actuaries in valuing the pensions liability at 31 December 2023. . Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset/liability. In determining the value of the pension asset/liability the impact of an asset ceiling has been included to assess for recoverability, in accordance with the requirements of FRS102.

The recoverability of certain assets and valuation of investments within the Local Government Pension Fund may have been impacted by COVID-19, however it is not possible to determine at the current time to what extent that is.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY**

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiaries, Halo Leisure Enterprises Limited to the date of sale and Severn Centre Trust Ltd.

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

	Year to 31.12.23 £	Year to 31.12.22 £
Incoming resources excluding gift aid from subsidiary	17,637,510	14,683,487
Expenditure on charitable activities	<u>(14,189,950)</u>	<u>(15,871,413)</u>
Net (expenditure)/income	3,447,560	(1,187,926)
Actuarial (losses)/gains on defined benefit pension schemes	<u>2,840,000</u>	<u>18,334,000</u>
	607,560	17,146,074
Distribution from subsidiary	<u>-</u>	<u>86,712</u>
	<u>607,560</u>	<u>17,232,786</u>

**3. DONATIONS AND LEGACIES**

	Unrestricted funds 31 December 2023 £	Restricted funds 31 December 2023 £	Total funds Year to 31 December 2023 £	Total funds Year to 31 December 2022 £
National Exercise Referral Scheme (see note 25)	-	197,635	197,635	182,441
Donations	150	-	150	-
Other project grants	<u>-</u>	<u>301,466</u>	<u>301,466</u>	<u>130,723</u>
Total	<u>150</u>	<u>499,101</u>	<u>499,251</u>	<u>313,164</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 31 December 2023 £	Restricted funds 31 December 2023 £	Total funds Year to 31 December 2023 £	Total funds Year to 31 December 2022 £
Operation of leisure centres	14,056,787	1,372,647	15,429,434	12,267,853
Management fee	1,464,870	-	1,464,870	1,576,674
Government grants	<u>25,666</u>	<u>307,654</u>	<u>333,320</u>	<u>278,901</u>
Total	<u>15,547,323</u>	<u>1,680,301</u>	<u>17,227,624</u>	<u>14,123,428</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023****5. INCOME FROM OTHER TRADING ACTIVITIES**

A summary of the trading results of the subsidiary, Halo Leisure Enterprises Limited, that was wholly owned until its sale in July 2022 is shown below:

	Year to 31.12.22
	£
Turnover	134,527
Cost of sales and administration costs (including intra-group)	<u>(41,982)</u>
Net profit	<u>92,545</u>

The subsidiary company gift aided its profits to the parent Charitable Company at the point of sale.

Included within Turnover is £nil (2022: £nil) of sales to other group companies and £nil (2022: £350,000) in sales proceeds of the trading subsidiary.

Included within Costs of sales and administration costs is £nil (2022: £5,833) of management fees payable to the parent charitable company, Halo Leisure Services Limited.

**6. INVESTMENT INCOME**

	Unrestricted funds 31 December 2023 £	Restricted funds 31 December 2023 £	Total funds Year to 31 December 2023 £	Total funds Year to 31 December 2022 £
Interest received	42,920	-	42,920	18,448
Proceeds from sale of investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total	<u>42,920</u>	<u>-</u>	<u>42,920</u>	<u>368,448</u>

**7. OTHER INCOME**

	Unrestricted funds 31 December 2023 £	Restricted funds 31 December 2023 £	Total funds Year to 31 December 2023 £	Total funds Year to 31 December 2022 £
Insurance claim	<u>104,870</u>	<u>-</u>	<u>104,870</u>	<u>109,293</u>
Total	<u>104,870</u>	<u>-</u>	<u>104,870</u>	<u>109,293</u>

In 2023, the Group received £104,870 (2022: £109,293) of income related to a Covid Business Interruption Claim on its insurance policy.

**8. NET EXPENDITURE/INCOME OF THE PARENT CHARITABLE COMPANY**

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net surplus after the gift aid of profits from the subsidiary, proceed of its sale and actuarial gains/losses under defined benefit schemes for the financial year was £607,560 (2022: £17,232,786).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

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

	Year to 31.12.23	Year to 31.12.22
	£	£
Wages and salaries	8,249,440	7,214,199
Social security costs	553,710	502,948
Other pension costs	<u>636,090</u>	<u>1,216,734</u>
	<u>9,439,240</u>	<u>8,933,881</u>

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

	Year to 31.12.23	Year to 31.12.22
Leisure Centres	607	522
Support	57	55
Management and administration	<u>4</u>	<u>4</u>
	<u>668</u>	<u>581</u>

The average monthly full-time equivalent number of employees during the period was as follows:

	Year to 31.12.23	Year to 31.12.22
Leisure Centres	215	205
Support	47	45
Management and administration	<u>4</u>	<u>4</u>
	<u>266</u>	<u>254</u>

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

	Year to 31.12.23	Year to 31.12.22
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

During the year, Trustees received £nil remuneration (2022: £Nil) and Trustees received £nil benefits in kind (2022: £nil).

The Trustees neither received nor waived any emoluments during the year.

During the year, expenses of £304 (2022: £219) were reimbursed to Trustees of the Charitable Company for travel expenses to board meetings.

The total amount of employee benefits received by key management personnel is £395,932 (2022: £384,940). The trust considers its key management personnel comprise of the Chief Executive, Finance Director, HR Director and Operations Director.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023****10. NET INCOME FOR THE YEAR**

The net income is stated after charging:

	Year to 31.12.23	Year to 31.12.22
	£	£
Equipment repairs, maintenance and lease	138,130	221,169
Depreciation - owned assets	503,924	338,438
Depreciation - assets on hire purchase contracts or finance leases	334,230	356,512
Computer software amortisation	-	8,051
Impairment losses on tangible fixed assets	1,783,370	-
Auditors remuneration	26,870	25,000
Non audit work – statutory accounts preparation	<u>8,200</u>	<u>6,223</u>

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31.12.23	Year to 31.12.22
	£	£
Finance lease and hire purchase interest	<u>(4,068,780)</u>	<u>468,806</u>
	<u>(4,068,780)</u>	<u>468,806</u>

**12. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Direct costs	Staff costs	Support costs	Total for Year to 31.12.23	Total for Year to 31.12.22
	£	£	£	£	£
Leisure centres	<u>4,794,720</u>	<u>9,439,240</u>	<u>233,838</u>	<u>14,467,798</u>	<u>16,184,795</u>

**Major components of Support Costs**

	Year to 31.12.23	Year to 31.12.22
	£	£
Premises Costs	1,569,090	1,404,829
Advertising & Promotions	66,940	60,760
Office Administration	348,784	256,262
Finance and Compliance	(3,702,790)	873,261
Other Finance Costs re FRS 102	(225,000)	224,000
Irrecoverable VAT	871,860	777,958
Equipment Repairs, Maintenance and Lease	138,130	221,169
Other Costs	1,131,754	843,826
Governance Costs	<u>35,070</u>	<u>31,223</u>
	<u>233,838</u>	<u>4,693,288</u>

All staff and support costs relate to the sole activity of the Charitable Company and its wholly owned charitable subsidiary, being the provision of leisure facilities. Governance costs are made up of auditor's remuneration of £26,870 (2022: £25,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2022 £
<b>INCOME</b>					
Donations and legacies	3	-	313,164	-	313,164
<i>Income from charitable activities:</i>					
Operation of Leisure sites	4	13,707,590	415,838	-	14,123,428
<i>Income from other trading activities:</i>					
Commercial trading operations	5	134,527	-	-	134,527
Investment income	6	368,448	-	-	368,448
Other income	7	109,292	-	-	109,292
<b>TOTAL INCOME</b>		<b>14,319,858</b>	<b>729,002</b>	<b>-</b>	<b>15,048,859</b>
<b>EXPENDITURE</b>					
<i>Costs of raising funds:</i>					
Commercial trading operations	5	41,982	-	-	41,982
<i>Expenditure on charitable activities:</i>					
Leisure activities	12	13,900,077	1,403,718	881,000	16,184,795
<b>TOTAL EXPENDITURE</b>		<b>13,942,059</b>	<b>1,403,718</b>	<b>881,000</b>	<b>16,226,777</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>377,799</b>	<b>(674,716)</b>	<b>(881,000)</b>	<b>(1,177,917)</b>
<b>TAXATION</b>					
<i>Taxation on trading profit</i>		-	-	-	-
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		-	-	-	-
<b>NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>377,799</b>	<b>(674,716)</b>	<b>(881,000)</b>	<b>(1,183,751)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
<i>Remeasurements on defined benefit pension schemes</i>	27	-	-	18,334,000	18,334,000
<b>NET INCOME / (EXPENDITURE)</b>		<b>377,799</b>	<b>(674,716)</b>	<b>17,453,000</b>	<b>17,156,083</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>(979,732)</b>	<b>3,079,229</b>	<b>(12,706,000)</b>	<b>(10,606,503)</b>
<b>FUNDS CARRIED FORWARD</b>		<b>(601,933)</b>	<b>2,404,513</b>	<b>4,747,000</b>	<b>6,549,580</b>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**14. **INTANGIBLE FIXED ASSETS****Group**

	Computer software £
<b>COST</b>	
At 1 January 2023	27,363
Disposals	<u>(27,363)</u>
At 31 December 2023	-
<b>AMORTISATION</b>	
At 1 January 2023	27,363
Amortisation eliminated on disposal	<u>(27,363)</u>
At 31 December 2023	-
<b>NET BOOK VALUE</b>	
At 31 December 2023	<u>-</u>
At 31 December 2022	<u>-</u>

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2023	27,363
Disposals	<u>(27,363)</u>
At 31 December 2023	-
<b>AMORTISATION</b>	
At 1 January 2023	27,363
Amortisation eliminated on disposal	<u>(27,363)</u>
At 31 December 2023	-
<b>NET BOOK VALUE</b>	
At 31 December 2023	<u>-</u>
At 31 December 2022	<u>-</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

15. **TANGIBLE FIXED ASSETS**

Group	Freehold property	Leasehold property	Improvement to property	Plant and machinery	Fixtures and fittings	Fitness equipment	Computer equipment	Assets Under Construction	Totals
	£	£	£	£	£	£	£	£	£
<b>COST</b>									
At 1 January 2023	2,297,613	10,395,137	3,404,711	888,592	864,958	1,685,709	107,464	424,211	20,068,395
Additions	-	-	1,773,450	319,080	52,150	125,000	216,370	-	2,486,050
Disposals	-	-	(39,160)	(630,800)	(265,620)	(962,790)	(36,420)	-	(1,934,790)
Reclassification	-	-	424,211	-	-	-	-	(424,211)	-
Revaluation	-	(1,783,370)	-	-	-	-	-	-	(1,783,370)
At 31 December 2023	2,297,613	8,611,767	5,563,212	576,872	651,488	847,919	287,414	-	18,836,285
<b>DEPRECIATION</b>									
At 1 January 2023	308,937	669,849	2,437,389	772,917	611,822	1,350,851	38,397	-	6,190,162
Charge for year	59,694	139,310	315,980	66,380	67,760	129,290	59,740	-	838,154
Eliminated on disposal	-	-	(39,160)	(630,630)	(260,670)	(962,790)	(36,420)	-	(1,929,680)
At 31 December 2023	368,631	809,159	2,714,209	208,667	418,912	517,351	61,717	-	5,098,636
<b>NET BOOK VALUE</b>									
At 31 December 2023	1,928,982	7,802,608	2,849,003	368,205	232,576	330,568	225,697	-	13,737,649
At 31 December 2022	1,988,676	9,725,288	967,322	115,675	253,136	334,858	69,067	424,211	13,878,233

continued...

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**15. TANGIBLE FIXED ASSETS - continued**

**Group - continued**

Cost or valuation at 31 December 2023 is represented by:

	Freehold property £	Long leasehold £	Improvements to property £	Plant and machinery £
Initial valuation	-	10,395,137	-	-
Valuation in 2023	-	(1,783,370)	-	-
Cost	<u>2,297,613</u>	<u>-</u>	<u>5,563,212</u>	<u>576,872</u>
	<u>2,297,613</u>	<u>8,611,767</u>	<u>5,563,212</u>	<u>576,872</u>

	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
Initial valuation	-	-	-	10,395,137
Valuation in 2023	-	-	-	(1,783,370)
Cost	<u>651,488</u>	<u>847,919</u>	<u>287,414</u>	<u>10,224,518</u>
	<u>651,488</u>	<u>847,919</u>	<u>287,414</u>	<u>18,836,285</u>

If long leasehold property had not been revalued it would have been included at the following historical cost:

	31.12.23	31.12.22
	£	£
Cost	<u>-</u>	<u>-</u>
Aggregate depreciation	<u>-</u>	<u>-</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**15. TANGIBLE FIXED ASSETS - continued**

**Group - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2023	10,395,137	612,914	7,551	555,121	719,151	-	12,289,874
Additions	-	-	148,680	-	-	-	148,680
Disposals	-	-	(7,550)	(41,460)	(438,190)	-	(487,200)
Transfer to ownership	-	-	-	(20,560)	-	-	(20,560)
Revaluation	(1,783,370)	-	-	-	-	-	(1,783,370)
At 31 December 2023	8,611,767	612,914	148,681	493,101	280,961	-	10,147,424
<b>DEPRECIATION</b>							
At 1 January 2023	669,849	452,092	7,390	277,990	489,287	-	1,896,608
Charge for year	139,310	58,670	160	54,840	81,250	-	334,230
Elimination on disposal	-	-	(7,550)	(44,460)	(438,190)	-	(490,200)
Transfer to ownership	-	-	-	(6,300)	-	-	(6,300)
At 31 December 2023	809,159	510,762	-	282,070	132,347	-	1,734,338
<b>NET BOOK VALUE</b>							
At 31 December 2023	7,802,608	102,152	148,681	211,031	148,614	-	8,413,086
At 31 December 2022	9,725,288	160,822	161	277,131	229,864	-	10,393,266

continued...

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**15. TANGIBLE FIXED ASSETS - continued**

**Company**

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Assets Under Construction £	Totals £
<b>COST</b>								
At 1 January 2023	10,395,137	3,404,707	841,175	861,054	1,685,711	107,464	424,211	17,719,459
Additions	-	1,773,450	316,572	52,152	125,003	216,372	-	2,483,549
Disposals	-	(39,161)	(597,946)	(265,622)	(962,721)	(36,424)	-	(1,901,944)
Reclassification		424,211	-	-	-	-	(424,211)	-
Revaluation	(1,783,370)	-	-	-	-	-	-	(1,783,370)
At 31 December 2023	8,611,767	5,563,207	559,801	647,584	847,923	287,412	-	16,517,694
<b>DEPRECIATION</b>								
At 1 January 2023	669,849	2,437,386	732,268	607,919	1,350,850	38,397	-	5,836,669
Charge for year	139,310	315,984	64,437	67,760	129,286	59,742	-	776,519
Eliminated on disposal	-	(39,161)	(597,786)	(260,671)	(962,792)	(36,424)	-	(1,896,844)
At 31 December 2023	809,159	2,714,209	198,919	415,008	517,344	61,715	-	4,716,344
<b>NET BOOK VALUE</b>								
At 31 December 2023	7,802,608	2,848,998	360,892	232,576	335,509	225,697	-	11,801,350
At 31 December 2022	9,725,288	967,321	108,907	253,135	334,861	69,067	424,211	11,882,790

continued...

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023****15. TANGIBLE FIXED ASSETS - continued****Company - continued**

Cost or valuation at 31 December 2023 is represented by:

	Long leasehold £	Improvements to property £	Plant and machinery £
Valuation in 2023	(1,783,370)	-	-
Cost	<u>10,395,137</u>	<u>5,563,207</u>	<u>559,801</u>
	<u>8,611,767</u>	<u>5,563,207</u>	<u>559,801</u>

	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
Valuation in 2023	-	-	-	(1,783,370)
Cost	<u>647,584</u>	<u>847,923</u>	<u>287,412</u>	<u>18,301,064</u>
	<u>647,584</u>	<u>847,923</u>	<u>287,412</u>	<u>16,517,694</u>

If long leasehold property had not been revalued it would have been included at the following historical cost:

	31.12.23 £	31.12.22 as restated £
Cost	<u>10,395,137</u>	<u>-</u>
Aggregate depreciation	<u>809,159</u>	<u>-</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**15. TANGIBLE FIXED ASSETS - continued**

**Company - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2023	10,395,137	612,914	7,551	555,121	650,440	-	12,221,163
Additions	-	-	148,678	-	-	-	148,678
Disposals	-	-	(7,551)	(41,461)	(438,190)	-	(487,202)
Transfer to ownership	-	-	-	(20,561)	-	-	(20,561)
Revaluation	(1,783,370)	-	-	-	-	-	(1,783,370)
At 31 December 2023	8,611,767	612,914	148,678	493,099	212,250	-	10,078,708
<b>DEPRECIATION</b>							
At 1 January 2023	669,849	452,092	7,390	279,490	420,576	-	1,829,397
Charge for year	139,315	58,671	161	54,843	81,246	-	334,235
Eliminated on disposal	-	-	(7,551)	(44,460)	(438,191)	-	(490,202)
Transfer to ownership	-	-	-	(6,303)	-	-	(6,303)
At 31 December 2023	809,164	510,763	-	283,570	63,630	-	1,667,127
<b>NET BOOK VALUE</b>							
At 31 December 2023	7,802,603	102,151	148,678	209,529	148,620	-	8,411,581
At 31 December 2022	9,725,287	160,824	161	275,632	229,864	-	10,391,766

continued...

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023****16. FIXED ASSET INVESTMENTS****Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2023	-
Disposals	<u>          </u>
At 31 December 2023	<u>          </u>
<b>NET BOOK VALUE</b>	
At 31 December 2023	<u>          </u>
At 31 December 2022	<u>          </u>

Halo Leisure Services Limited is the 100% controlling company of Severn Centre Trust Limited, a company limited by guarantee.

**Subsidiary****Severn Centre Trust Ltd**

Nature of business: Provision of leisure facilities

	%	31.12.23	31.12.22
Class of shares:	holding	£	£
Limited by guarantee	100.00		
Aggregate funds		<u>1,995,598</u>	<u>2,037,613</u>

**17. STOCKS**

	Group		Company	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Stocks	<u>25,058</u>	<u>40,058</u>	<u>25,058</u>	<u>40,058</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Trade debtors	221,664	424,516	149,560	370,358
Amounts owed by group undertakings	-	-	66,320	3,506
Other debtors	12,520	32,042	12,520	32,042
Prepayments and accrued income	<u>141,890</u>	<u>106,105</u>	<u>140,765</u>	<u>102,940</u>
	<u>376,074</u>	<u>562,663</u>	<u>369,165</u>	<u>508,846</u>

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Finance leases & hire purchase (note 21)	379,850	2,212,088	379,850	2,212,088
Trade creditors	1,304,690	694,773	1,296,310	681,421
Other creditors	60,110	89,950	59,810	89,401
Other Taxes and PAYE	391,879	294,914	383,569	265,611
Accruals	1,115,864	982,352	1,094,683	936,201
Deferred income	113,556	171,578	101,742	162,842
Bank loans	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>3,515,949</u>	<u>4,595,655</u>	<u>3,465,964</u>	<u>4,497,564</u>

	<b>Group</b>		<b>Company</b>	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Deferred income (excluding capital grants)				
Deferred income at 1 January	171,578	252,317	162,842	243,084
Resources deferred in the year	113,556	171,578	101,742	162,842
Amounts released from previous periods	<u>(171,578)</u>	<u>(252,317)</u>	<u>(162,842)</u>	<u>(243,084)</u>
Deferred income at 31 December	<u>113,556</u>	<u>171,578</u>	<u>101,742</u>	<u>162,842</u>

Deferred income at 31 December 2023 represents annual leisure membership income and swimming courses income, where the consideration has been received in the year ended 31 December 2023 but the services were provided in the year ending 31 December 2024.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Finance leases & hire purchase (note 21)	8,045,798	10,466,772	8,045,798	10,466,772
Bank loans	<u>275,000</u>	<u>425,000</u>	<u>275,000</u>	<u>425,000</u>
	<u>8,320,798</u>	<u>10,891,772</u>	<u>8,320,798</u>	<u>10,891,772</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**21. FINANCE LEASES AND HIRE PURCHASE**

An analysis of the maturity of finance lease and hire purchase agreements is given below:

	<b>Group</b>		<b>Company</b>	
	31.12.23 £	31.12.22 £	31.12.23 £	31.12.22 £
Due in less than 1 year	379,850	2,212,088	379,850	2,212,088
Due between 1-2 years	406,590	381,348	406,590	381,348
Due between 2-5 years	835,500	1,049,026	835,500	1,049,026
Due in more than 5 years	6,803,708	9,036,398	6,803,708	9,036,398
	<u>8,425,648</u>	<u>12,678,860</u>	<u>8,425,648</u>	<u>12,678,860</u>

**22. SECURED DEBTS**

At the year end there were £425,000 in secured debts included within creditors (2022: £575,000). The debenture dated 9 September 2020 is over all assets of the company. The loan is further secured over all the assets of subsidiary, Severn Centre Trust Ltd, by way of fixed and floating charges.

Charges dated 4 April 2012 and 28 July 2015 are held in favour of National Westminster Bank plc over bank deposit balances of £91,100 and £27,000 and all amounts credited to the charitable company's bank account in the future.

**23. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS**

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

<b>Group</b>	Land and buildings		Other operating leases	
	31.12.23 £	31.12.22 £	31.12.23 £	31.12.22 £
Payments falling due:				
Within one year	-	-	11,769	12,498
Within one to two years	-	-	7,872	7,872
Within two to five years	-	-	7,216	15,088
	<u>-</u>	<u>-</u>	<u>26,857</u>	<u>35,458</u>
<b>Company</b>				
Payments falling due:				
Within one year	-	-	11,769	12,498
Within one to two years	-	-	7,872	7,872
Within two to five years	-	-	15,088	15,088
	<u>-</u>	<u>-</u>	<u>26,857</u>	<u>35,458</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2023**

**24. DEFERRED INCOME**

	<b>Group</b>		<b>Company</b>	
	31.12.23	31.12.22	31.12.23	31.12.22
	£	£	£	£
Deferred capital grants	<u>78,243</u>	<u>103,909</u>	<u>78,243</u>	<u>103,909</u>

During the year £25,666 (2022: £25,891) of deferred capital grants were released into the Statement of Financial Activities as income.

**25. RECONCILIATION OF MOVEMENTS IN FUNDS**

**Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2023	4,145,067	2,404,513	6,549,580
Incoming resources	15,695,263	2,179,402	17,874,665
Outgoing resources	(13,387,512)	(1,080,286)	(14,467,798)
Actuarial gains on defined benefit schemes	(2,840,000)	-	(2,840,000)
At 31 December 2023	<u>3,612,818</u>	<u>3,503,629</u>	<u>7,116,447</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2023	4,097,456	415,838	4,513,294
Incoming resources	15,458,108	2,179,402	17,637,510
Outgoing resources	(13,169,358)	(1,020,592)	(14,189,950)
Actuarial gains on defined benefit schemes	(2,840,000)	-	(2,840,000)
At 31 December 2023	<u>3,546,206</u>	<u>1,574,648</u>	<u>5,120,854</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Restricted Funds – Group**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2023 £
NERS scheme	-	197,635	(197,635)	-	-
Severn Centre Building Fund	1,988,675	-	(59,694)	-	1,928,981
Cycle Track	-	1,680,302	(107,149)	-	1,573,153
Other restricted project income	415,838	301,465	(715,808)	-	1,495
<b>Total</b>	<b>2,404,513</b>	<b>2,179,402</b>	<b>(1,080,286)</b>	<b>-</b>	<b>3,503,629</b>

**Restricted Funds – Company**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2023 £
NERS scheme	-	197,635	(197,635)	-	-
Cycle Track	-	1,680,302	(107,149)	-	1,573,153
Other restricted project income	415,838	301,465	(715,808)	-	1,495
<b>Total</b>	<b>415,838</b>	<b>2,179,402</b>	<b>(1,020,592)</b>	<b>-</b>	<b>1,574,648</b>

NERS scheme

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

Severn Centre Building Fund

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

Cycle Track

Grants and community funding have been received to build a 1km cycle track in Hereford.

Other restricted project income

The charity is in receipt of a number of smaller grants and income, which are restricted for use towards the costs of the projects to which the grants or income relate to.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Unrestricted Funds – Group**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2023 £
Unrestricted pension	4,747,000	-	76,000	(2,840,000)	1,983,000
Unrestricted general	(601,933)	15,695,263	(13,463,512)	-	1,629,818
<b>Total unrestricted</b>	<b>4,145,067</b>	<b>15,695,263</b>	<b>(13,387,512)</b>	<b>(2,840,000)</b>	<b>3,612,818</b>

**Unrestricted Funds – Company**

	At 1 January 2023 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2023 £
Unrestricted pension	4,747,000	-	76,000	(2,840,000)	1,983,000
Unrestricted general	(649,544)	15,458,108	(13,245,358)	-	1,563,206
<b>Total unrestricted</b>	<b>4,097,456</b>	<b>15,458,108</b>	<b>(13,169,358)</b>	<b>(2,840,000)</b>	<b>3,546,206</b>

**26. COMPARATIVE YEAR MOVEMENTS IN FUNDS**

**Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2022	(13,685,732)	3,079,229	(10,606,503)
Incoming resources	14,319,858	729,002	15,048,860
Outgoing resources	(14,823,059)	(1,403,718)	(16,226,777)
Actuarial gains on defined benefit schemes	18,334,000	-	18,334,000
At 31 December 2022	<u>4,145,067</u>	<u>2,404,513</u>	<u>6,549,580</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2022	(13,751,202)	1,031,710	(12,719,492)
Incoming resources	14,041,197	729,002	14,770,199
Outgoing resources	(14,526,539)	(1,344,874)	(15,871,413)
Actuarial gains on defined benefit schemes	18,334,000	-	18,334,000
At 31 December 2022	<u>4,097,456</u>	<u>415,838</u>	<u>4,513,294</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023**

**26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued**

**Restricted Funds – Group**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2022 £
NERS scheme	477,295	182,441	(659,736)	-	-
Severn Centre Building Fund	2,047,519	-	(58,844)	-	1,988,675
Asset improvement grant - Pencoed	129,850	-	(129,850)	-	-
Other restricted project grants	424,565	546,561	(555,288)	-	415,838
<b>Total</b>	<b>3,079,229</b>	<b>729,002</b>	<b>(1,403,718)</b>	<b>-</b>	<b>2,404,513</b>

**Restricted Funds – Company**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2022 £
NERS scheme	477,295	182,441	(659,736)	-	-
Asset improvement grant - Pencoed	129,850	-	(129,850)	-	-
Other restricted project grants	424,565	546,561	(555,288)	-	415,838
<b>Total</b>	<b>1,031,710</b>	<b>729,002</b>	<b>(1,344,874)</b>	<b>-</b>	<b>415,838</b>

NERS scheme

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

Severn Centre Building Fund

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

Asset Improvement Grant – Pencoed

A grant received which is restricted for the use towards improving the assets at the Pencoed Leisure Centre.

Other restricted project grants

The charity is in receipt of a number of smaller grants, which are restricted for use towards the costs of the projects to which the grants relate to.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2023****26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued****Unrestricted Funds – Group**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2022 £
Unrestricted pension	(12,706,000)	-	(881,000)	18,334,000	4,747,000
Unrestricted general	(979,732)	14,319,858	(13,942,059)	-	(601,933)
Total unrestricted	<u>(13,685,732)</u>	<u>14,319,858</u>	<u>(14,823,059)</u>	<u>18,344,000</u>	<u>4,145,067</u>

**Unrestricted Funds – Company**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2022 £
Unrestricted pension	(12,706,000)	-	(881,000)	18,334,000	4,747,000
Unrestricted general	(1,045,202)	14,041,197	(13,645,539)	-	(649,544)
Total unrestricted	<u>(13,751,202)</u>	<u>14,041,197</u>	<u>(14,526,539)</u>	<u>18,344,000</u>	<u>4,097,456</u>

**HALO LEISURE SERVICES LIMITED**

England & Wales - Charity number 1091543

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# Accounts

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**HALO LEISURE SERVICES LIMITED**  
**REPORT OF THE TRUSTEES, STRATEGIC REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**CHARITY NO : 1091543**  
**COMPANY NO : 04335715**

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**for the Year Ended 31 December 2022**

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## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

The Trustees, who are also Directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 December 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

The name of the parent Charitable Company is Halo Leisure Services Limited.

<b>Principal and registered office:</b>	Halo Support Centre Lion Yard Broad Street LEOMINSTER Herefordshire HR6 8BT	
<b>Telephone:</b>	01568 618980	
<b>Website:</b>	<a href="http://www.haloleisure.org.uk">www.haloleisure.org.uk</a>	
<b>Company Registration Number:</b>	04335715 (England and Wales)	
<b>Charity Registration Number:</b>	1091543	
<b>Trustees during the year under review and up to the present date:</b>	<b>Date of appointment as Director/Trustee</b>	<b>Date of resignation as Director/Trustee</b>
R J S Curtis [Chairman]		
S Brewster		
N A Sellar [Treasurer]		
A Cavaghan		
K E Bush		
V A Hill		30 September 2022
J L Coulthurst		10 August 2022
L J Hornik		31 December 2022
C E Edginton	25 February 2022	
M J Rendall	25 February 2022	
R Whelan	1 January 2023	
G Hotchen	1 January 2023	
J Lee	1 January 2023	
<b>Chairman:</b>	R J S Curtis	
<b>Chief Executive:</b>	S M Rolfe	
<b>Company Secretary:</b>	J G Huxley	
<b>Auditors:</b>	McCabe Ford Williams Chartered Accountants Statutory Auditors Bank Chambers, 1 Central Avenue Sittingbourne, Kent ME10 4AE	
<b>Bankers:</b>	National Westminster Bank plc 12 Broad Street Hereford HR4 9AH	

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS** **- continued**

**Solicitors:**

T.A. Matthews  
32-35 Broad Street  
Hereford  
HR4 9AR

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Trustees**

The Trustees are also the Directors in accordance with the Companies Act 2006. The Board is made up of not less than 5 and no more than 15 Trustees. Trustees are required to retire after a term of three years but may be reappointed for a further three years to a maximum of four consecutive terms of three years. They may be appointed annually for further terms of one year under exceptional circumstances and with unanimous resolution by the Trustees. The Trustees are also members of the Charitable Company which is limited by guarantee.

##### **Structure of the Charity**

The Board of Trustees meets regularly during the year Two sub committees have been established to advise, scrutinise and report to the main Board. These are the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee. The Boards of the company's subsidiaries also report to the main Board on a regular basis.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the Charitable Company, supported by a Senior Management Team.

##### **Induction and training**

All Trustees receive induction training with regard to the organisation including its powers and objects and the Charitable Company itself. Regular update and refresher training is also provided regarding their role as Charity Trustees and Charitable Company Trustees.

##### **Organisational structure and decision making process**

The Full Board retains overall accountability for the management of the Charitable Company. It delegates responsibility for day-to-day decision making to the Chief Executive and the Senior Management Team. Sub-Committees meet on a regular basis across the year taking responsibility for some strategic decision making. There is a scheme of delegation in place which is reviewed on a cyclical basis.

##### **Remuneration of Key Management Personnel**

Remuneration of Key Management Personnel is reviewed annually alongside the other employees of the company by both the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee, with a recommendation presented to the main Board.

##### **Related parties**

The Charitable Company works closely with the Local Authorities and bodies who have sub-contracted facility management to the Charity.

At the start of 2022 the Charitable Company owned 100% of the ordinary issued share capital of Halo Leisure Enterprises Limited whose business is that of a provider of software systems for asset management. During the year this subsidiary was sold, and continues to provide the software for the charitable company to utilize. The Charitable Company is also the sole shareholder of Severn Centre Trust Ltd, which is a registered Charity with similar aims and objects to the Charitable Company.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

##### **Co-operation with other organisations**

As a community-based organisation operating in Herefordshire, Bridgend, Shropshire, Gloucestershire and Wiltshire, Halo Leisure Services Limited structures large elements of its strategic planning and operational service delivery having due regard to partner aims and objectives. Work plans specifically identify how Halo Leisure Services Limited will contribute to delivering on broader social agendas, working with the health, education and voluntary sectors in addition to local authorities and local businesses.

##### **Risk Assessment**

The Charitable Company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. This document is reviewed on a regular basis by the Trustees.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

- To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities;
- To organize events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;
- To relieve the needs of people who are elderly, sick or who have physical or mental disabilities through the provision of recreational and leisure time activities;
- To promote and preserve good health amongst the population through exercise and sport; and
- To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education.

##### **Strategic themes**

As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

1. To provide a Customer Experience which exceeds expectations and attracts and retains customers in an increasingly competitive marketplace.
2. To deliver innovative Products for our customers and partners to encourage healthier lifestyles, drive revenue and combat competition.
3. Employ and reward People who add value through their skills, knowledge and performance while delivering a lean workforce fit for future challenges.
4. To operate a financially sustainable organisation which uses commercial principles to drive performance and achieve our Vision.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

#### **STRATEGIC REPORT**

In common with other providers Halo's market is characterized by increasing competition, changing customer requirements, potential economic downturn, Local Authority funding restrictions, the fast moving pace of technology and its impact on how people consume leisure. In addition Halo now faces significant cost pressures from staff costs, primarily increases driven by the National Living Wage, general inflation and most significantly energy costs. In the past Halo has used fixed price purchasing arrangements to secure its energy costs. These arrangements terminated in 2022 leaving the company exposed to market volatility. A new flexible purchasing agreement has been put in place with purchases made at day ahead and month ahead rates. There is price protection in place until March 2024 under the Energy Bill Relief Scheme and some contracts with local authorities also provide protection from energy cost increases. However, the current pricing represents a sizable increase over the previous contract price and Halo remains vulnerable to price increases under the short term purchasing arrangement.

#### **FUNDRAISING**

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its objectives. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organization.

In carrying out fundraising, the charity adheres to the following standards:

- The Trustees will have regard to the Charity Commission's publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the charity will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the charity's stated mission and purpose.
- The charity will comply with GDPR Legislation in relation to all personal data collected.
- Nobody directly or indirectly employed by or volunteering for the charity shall accept commissions, bonuses or payments for fundraising activities.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the charity.
- All Trustees, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the charity to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **2022 Performance**

These accounts represent the seventeenth year of trading for Halo Leisure Services Limited.

2022 saw fewer COVID restrictions with no site closures, however, some constraints on the number of people in rooms, classes and changing for swimming persisted until April. This impacted participation rates. membership and participation levels remain at approximately 80- 90% of the pre-pandemic levels. The financial effect of this shortfall along with inflationary increases across utilities and other costs have been partially mitigated by a price increase across the English sites on 1st November 2022. Halo commenced operation of two new sites in Gloucester on 1st March 2022 in partnership with Greenshaw Learning Trust. This brings the number of operational leisure centres to 22.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

#### **STRATEGIC REPORT - continued**

##### **FINANCIAL REVIEW**

The group has returned a deficit of £296,917 (2021: £675,725 surplus) before defined benefit pension remeasurement adjustments for the year ended 31 December 2022.

The Charitable Company continues to target a return to a trading surplus.

The challenge has been addressed by a combination of additional cost savings, business expansion and service development, including modernization of systems and processes driven through investment, leading to improved sustainability and reduction in cost of employment. For example secure access and cashless systems.

Key factors behind the reported performance of the Charitable Company have been:

1. Operational revenue recovering following the end of COVID restrictions
2. Non-operational revenue boosted by a payment from the Welsh Hardship Scheme of £144,081
3. The improvement in the funding of the defined benefit pension plans following revised valuations by the schemes' actuaries.
4. The sale of Halo Enterprises Ltd

##### **Reserves policy**

The Charitable Company's principal financial management policy centers around the need to retain sufficient cash reserves to operate within the Charity Commissions guidelines.

Halo Leisure Services Limited has a relatively favourable cash flow as it receives much of its income in advance of its expenditure, but the impact of the pandemic and in 2022 inflation and energy costs had a detrimental effect on cash generation from core business trading; leading to capital investment being sourced through financing options. The Trustees recognise the need for a level of financial reserves that will shield the Charitable Company from the possibility of adverse unforeseen circumstances. These include a number of specific risks that have been identified in the Charitable Company's Risk Register. The company's reserves policy is to achieve "a level of reserves sufficient to cover an average of three months expenditure plus a level of reserves sufficient to cover any actuarially determined crystallised pension deficit contribution that may be required."

The reserves policy suggests a desired level of unrestricted reserves of at least £3.9m, excluding any pension asset or liability. This compares with current unrestricted reserves, excluding the current pension asset, which are in deficit of £602k. Reserves have fallen over recent years due to long lasting effects of the COVID pandemic. The trustees will aim to build reserves, however, this will take a number of years given the continuing uncertainty. The Charitable Company also continues to seek opportunities where it can deliver both social benefit and financial improvement, and to maintain and improve cost control and efficiency across the business. The company is also following advice from the pension fund managers and the pension scheme actuaries to ensure that the pension scheme is funded at a rate which is sufficient, over the next 20 to 25 years.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2022**

#### **STRATEGIC REPORT – continued**

#### **FINANCIAL REVIEW - continued**

##### **Reserves in deficit**

Before accounting for any asset/liability arising from the Charitable Company's defined benefit pension scheme accumulated reserves for the group amounted to £1,802,580 (2021: £2,099,497), including restricted funds of £2,404,513 (2021: £3,079,229) and unrestricted funds of £601,933 deficit (2021: £979,732 deficit).

However after accounting for the Charitable Company's defined benefit pension scheme asset at the year end of £4,747,000 (2021: £12,706,000, liability) the group has an unrestricted reserve surplus of £4,145,067 (2021: £13,685,732, deficit).

The pension asset/liability does not affect the Charitable Company's resources for general application as the Charitable Company pays pension contributions in line with the rates prescribed by professionally qualified actuaries which are calculated to prevent any potential pension deficit in the long term. The Trustees are satisfied that the Charitable Company can meet its obligations as and when they fall due. Restricted reserves are not available for offset against the deficit on unrestricted reserves.

The going concern accounting policy within note 1 sets out the actions being taken to mitigate risks to the business as a result of the deficit unrestricted funds position.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a register of the key business risks faced by the Charitable Company and seeks to ensure that appropriate policies are in place to manage, monitor or mitigate those risks.

Much of the Charitable Company's income is received as daily till income where there is no commitment for further sales from the customer along with short term membership commitments with no guarantees of renewal. Whereas Halo has longer term commitments to staff and suppliers. The variance between the timing of Halo's commitments and its customers' commitments is judged to be a core risk that Halo faces along with the current nature of the utilities market which precludes the ability to secure fixed term purchasing arrangements and leaves the company at risk from price spikes. Albeit with a degree of protection from the Government price protection scheme which is in place until 31<sup>st</sup> March 2024.

#### **FUTURE PLANS**

Halo, along with the rest of the leisure sector will continue to face challenges relating to rising costs, particularly employment and energy costs and revenue streams under pressure during a cost of living crisis. To counter this, Halo will continue to promote an environment of high performance from a happy and well-motivated workforce alongside driving down energy consumption through a combination of good practice and targeted investment. The company will continue to work with its partners to provide the best possible service and promote the overall objectives of preserving and improving good health and wellbeing amongst the population.

#### **DISABLED PERSONS AND DIVERSITY**

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Halo has a strong commitment to diversity inclusion and engagement and works with partners to target groups and break down barriers to activity and participation, taking positive steps to increase representation and participation from under-represented groups, believing in a culture of safety, value and inclusion.

Halo has partnered with the National Centre for Diversity and is committed to achieving the Investors in Diversity standard by the Autumn of 2023.

**HALO LEISURE SERVICES LIMITED**

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2022**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**APPROVAL OF REPORTS**

In approving the Report of the Trustees, the Trustees of the Charitable Company also approve the Strategic Report in their capacity as Directors:

**ON BEHALF OF THE BOARD:**

  
.....  
B J S Curjis – Chairman

  
.....  
J G Huxley – Secretary

  
.....  
N A Sellar – Trustee

Date: 9/8/23

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Opinion**

We have audited the consolidated financial statements of Halo Leisure Services Limited Group for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**HALO LEISURE SERVICES LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and their 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.

**Responsibilities of trustees**

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

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

**Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

**Use of our report**

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

*AP*

Ashley Phillips FCCA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and  
Chartered Accountants  
Bank Chambers  
1 Central Avenue  
SITTINGBOURNE  
Kent  
ME10 4AE

Date: 8 September 2022

**HALO LEISURE SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating a consolidated Income and Expenditure Account and**  
**Statement of Other Comprehensive Income) for the Year Ended 31 December 2022**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2022 £	Total Funds Year to 31.12.2021 £
<b>INCOME</b>						
Donations and legacies	3	-	313,164	-	313,164	2,348,327
<i>Income from charitable activities:</i>						
Operation of Leisure sites	4	13,707,590	415,838	-	14,123,428	9,243,420
<i>Income from other trading activities:</i>						
Commercial trading operations	5	134,527	-	-	134,527	180,773
Investment income	6	368,448	-	-	368,448	-
Other income	7	109,293	-	-	109,293	1,176,039
<b>TOTAL INCOME</b>		<b>14,319,858</b>	<b>729,002</b>	<b>-</b>	<b>15,048,860</b>	<b>12,948,559</b>
<b>EXPENDITURE</b>						
<i>Costs of raising funds:</i>						
Commercial trading operations	5	41,982	-	-	41,982	49,447
<i>Expenditure on charitable activities:</i>						
Leisure activities	12	13,900,077	1,403,718	881,000	16,184,795	13,104,387
<b>TOTAL EXPENDITURE</b>		<b>13,942,059</b>	<b>1,403,718</b>	<b>881,000</b>	<b>16,226,777</b>	<b>13,153,834</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>377,799</b>	<b>(674,716)</b>	<b>(881,000)</b>	<b>(1,177,917)</b>	<b>(205,275)</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET (EXPENDITURE) / INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>377,799</b>	<b>(674,716)</b>	<b>(881,000)</b>	<b>(1,177,917)</b>	<b>(205,275)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
<i>Remeasurements on defined benefit pension schemes</i>	27	-	-	18,334,000	18,334,000	3,458,000
<b>NET INCOME / (EXPENDITURE)</b>		<b>377,799</b>	<b>(674,716)</b>	<b>17,453,000</b>	<b>17,156,083</b>	<b>3,252,725</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>(979,732)</b>	<b>3,079,229</b>	<b>(12,706,000)</b>	<b>(10,606,503)</b>	<b>(13,859,228)</b>
<b>FUNDS CARRIED FORWARD</b>		<b>(601,933)</b>	<b>2,404,513</b>	<b>4,747,000</b>	<b>6,549,580</b>	<b>(10,606,503)</b>

All of the above results are derived from continuing activities. The group has no other recognised gains and losses other than those stated above.

The notes form part of these financial statements

**HALO LEISURE SERVICES LIMITED**Company Registered number: 04335715  
Registered Charity number: 1091543**CONSOLIDATED BALANCE SHEET**  
**31 December 2022**

	Notes	31.12.22		31.12.21	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		-		12,821
Tangible assets	15		<u>13,878,233</u>		<u>13,702,661</u>
			13,878,233		13,715,482
<b>CURRENT ASSETS</b>					
Stocks	17	40,058		34,368	
Debtors	18	562,663		503,479	
Cash at bank and in hand		<u>2,912,962</u>		<u>3,441,926</u>	
		3,515,683		3,979,773	
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>4,595,655</u>		<u>2,921,923</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(1,079,972)</u>		<u>1,057,850</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,798,261		14,773,332
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		<u>(10,891,772)</u>		<u>(12,544,260)</u>
<b>DEFERRED INCOME</b>	24		<u>(103,909)</u>		<u>(129,575)</u>
<b>NET ASSETS BEFORE PENSION (ASSET)/LIABILITY</b>			<u>1,802,580</u>		<u>2,099,497</u>
<b>PENSION (ASSET)/LIABILITY</b>	27		<u>(4,747,000)</u>		<u>12,706,000</u>
<b>FUNDS</b>					
Unrestricted income funds	25	4,145,067		(13,685,732)	
Unrestricted designated funds	25	-		-	
Restricted funds	25	<u>2,404,513</u>		<u>3,079,229</u>	
<b>TOTAL FUNDS</b>	25		<u>6,549,580</u>		<u>(10,606,503)</u>
			<u>1,802,580</u>		<u>2,099,497</u>

ON BEHALF OF THE BOARD:

  
 .....  
 R J S Curtis - Chairman

  
 .....  
 J G Huxley - Company Secretary

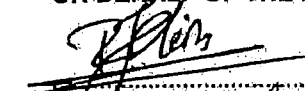
Date: 9/8/23

  
 .....  
 N A Sellar - Trustee

**HALO LEISURE SERVICES LIMITED**Company Registered number: 04335715  
Registered Charly number: 1091543**COMPANY BALANCE SHEET**  
**31 December 2022**

	Notes	31.12.22		31.12.21	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets:	14	-	-	-	8,051
Tangible assets:	15	11,882,790	-	11,642,901	-
Investments	16	-	-	-	1
			11,882,790		11,650,953
<b>CURRENT ASSETS</b>					
Stocks	17	40,058	-	34,368	-
Debtors	18	508,846	-	617,998	-
Cash at bank and in hand		<u>2,827,845</u>	-	<u>3,183,103</u>	-
			3,376,749		3,835,469
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>4,497,564</u>	-	<u>2,826,079</u>	-
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(1,120,815)		1,009,390
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,761,975		12,660,343
<b>CREDITORS</b>					
Amounts falling due after more than one year	20	-	(10,891,772)	-	(12,544,260)
<b>DEFERRED INCOME</b>	24	-	(103,909)	-	(129,575)
<b>NET LIABILITIES BEFORE PENSION (ASSET)/LIABILITY</b>			<u>(233,706)</u>		<u>(13,492)</u>
<b>PENSION (ASSET)/LIABILITY</b>	27	-	(4,747,000)	-	12,706,000
<b>FUNDS</b>					
Unrestricted income funds	25	4,097,456	-	(13,751,202)	-
Unrestricted designated funds	25	-	-	-	-
Restricted funds	25	<u>415,838</u>	-	<u>1,031,710</u>	-
<b>TOTAL FUNDS</b>	25		<u>4,513,294</u>		<u>(12,719,492)</u>
			<u>(233,706)</u>		<u>(13,492)</u>

ON BEHALF OF THE BOARD:

  
 R J S Curtis - Chairman

  
 J G Huxley - Company Secretary

Date: 9/8/23

  
 N A Sellar - Trustee

**HALO LEISURE SERVICES LIMITED****CONSOLIDATED CASH FLOW STATEMENT**  
**for the Year Ended 31 December 2022**

	Notes	Year to 31.12.22 £	Year to 31.12.21 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	628,616	1,950,559
Proceeds from sale of investment		(350,000)	-
Interest received		<u>(18,448)</u>	<u>-</u>
Net cash from operating activities		<u>260,168</u>	<u>1,950,559</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		(870,520)	(31,547)
Proceeds from sale of investment		350,000	-
Proceeds from fixed asset disposal		2,263	-
Interest received		<u>18,448</u>	<u>-</u>
Net cash from investing activities		<u>(499,809)</u>	<u>(31,547)</u>
<b>Cash flows from financing activities</b>			
New finance lease agreements in year		(205,269)	-
New bank loan		-	-
Repayment of bank loans		(150,000)	(25,000)
Hire purchase repayments in year		534,753	(223,911)
Interest element of hire purchase and lease payments		<u>(468,806)</u>	<u>(162,143)</u>
Net cash from financing activities		<u>(289,322)</u>	<u>(411,054)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(528,964)</u>	<u>1,507,958</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>3,441,926</u>	<u>1,933,968</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u>2,912,962</u>	<u>3,441,926</u>

The notes form part of these financial statements

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the Year Ended 31 December 2022

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

	Year to 31.12.22 £	Year to 31.12.21 £
Net movement in funds	17,156,083	3,252,725
Actuarial (gains)/losses on defined benefit pension schemes	(18,334,000)	(3,458,000)
Interest element of hire purchase/finance lease payments	468,806	500,727
Depreciation/amortisation charges	702,999	713,792
(Increase)/decrease in stocks	(5,690)	215
(Profit)/loss on disposal	(2,263)	274
(Increase)/decrease in debtors	(59,184)	230,202
Decrease in creditors	(153,469)	(145,485)
Movement in deferred capital grants	(25,666)	(25,891)
Difference between pension charge, including finance costs, and cash contributions	<u>881,000</u>	<u>882,000</u>
<b>Net cash inflow from operating activities</b>	<u><u>628,616</u></u>	<u><u>1,950,559</u></u>

#### 2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Year to 31.12.22 £	Year to 31.12.21 £
Cash in hand and at bank	<u>2,912,962</u>	<u>3,441,926</u>
<b>Total cash and cash equivalents</b>	<u><u>2,912,962</u></u>	<u><u>3,441,926</u></u>

#### 3. ANALYSIS OF CHANGES IN NET DEBT

	31.12.2021	Cash Flows	Non-Cash Changes		31.12.2022
			New Finance Leases / Bank Loans	Other non-cash changes	
Cash in hand & bank	3,441,926	(528,963)	-	-	2,912,963
Debt due within one year	(384,887)	(1,812,596)	(150,000)	(14,605)	(2,362,088)
Debt due greater than one year	(11,969,260)	1,751,420	(219,731)	(454,201)	(10,891,772)
	<u>(8,912,221)</u>	<u>(590,139)</u>	<u>(369,731)</u>	<u>(468,806)</u>	<u>(10,340,897)</u>

The notes form part of these financial statements

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 December 2022

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

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

##### **Going concern**

COVID-19 caused considerable disruption to Halo Leisure operations for most of 2020, all of 2021 and the first quarter of 2022. Recovery to more normal operating activity levels following enforced closures and changes to customer attitudes continued through 2022.

The group was supported through the pandemic by the furlough scheme (CJRS), various grants, extra management fee payments, a business interruption insurance claim and securing a Coronavirus Business Interruption Loan Scheme (CBILS) loan.

Revenue has continued to recover through 2022 and this has been enhanced by price increases during October to cover inflationary increases and the wage cost increases driven by changes to the National Living Wage.

Cost of utilities, primarily gas and electricity, are now a concern. Service contract price protection is in place for more than 50% of the portfolio (based on turnover). For the balance, a fixed price purchasing contract ended in November 2022 and the Group reverted to a flexible arrangement based on the best pricing combination of day and month ahead. This means Halo is exposed to short term price shocks but is protected by the Government Energy Bill Relief Scheme (EBRS) and Energy Bills Discount Scheme (EBDS) to March 2024.

Group and charitable company cash flow forecasts have been produced based on revenue and cost forecasts for the foreseeable future. These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due.

Due to the nature of its activities the group is in a favourable cash position, which assists with its ability to continue to service its debts.

The Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **1. ACCOUNTING POLICIES - continued**

##### **Functional currency and presentation currency**

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

##### **Funds**

Unrestricted funds 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

##### **Income recognition**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

##### **Management fee**

The management fee is unrestricted funding which is available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company. Income received for capital expenditure is treated as deferred income and is credited to the Statement of Financial Activities by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

##### **Expenditure recognition**

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

##### **Support costs**

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

##### **Irrecoverable VAT**

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

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **1. ACCOUNTING POLICIES - continued**

##### **Tangible fixed assets**

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives.

In respect of leases held over the leisure facilities, capitalised when deemed to be finance leases due to their duration, cost is determined on the basis of the net present value of minimum lease payments calculated in accordance with the Charitable Company's incremental borrowing rate.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- 2% on cost
Leasehold Property	- over remaining term of lease
Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 10 years, 15% on cost
Fixtures and Fittings	- straight line over 5 years, 15% on cost
Fitness Equipment	- straight line over 5 years and straight line over 3 years
Computer Equipment	- straight line over 3 years

##### **Intangible fixed assets**

Amortisation is provided at the following annual rate in order to write off the asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Software	- straight line over 3 or 5 years
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##### **Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

##### **Group financial statements**

The financial statements consolidate the results of the Charitable Company and its wholly owned subsidiaries Halo Leisure Enterprises Limited (up to the date of sale of the company) and Severn Centre Trust Ltd on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account is not presented for the Charitable Company itself in accordance with the exemptions afforded by paragraph 397 of the SORP.

##### **Charitable Company status**

The Charitable Company is a company limited by guarantee. At 31 December 2022 there were ten members, each of whom, on winding up, has undertaken to contribute an amount not exceeding £1.

##### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### **Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### **Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **1. ACCOUNTING POLICIES – continued**

##### **Service Concession Arrangements**

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

##### *Property, plant and equipment*

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

##### *Receipts*

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

##### **Taxation**

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

##### **Leasing and hire purchase**

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

##### **Government grants**

Government grants are recognised when the performance related conditions imposed upon the receipt of the grant have been met. Where these have not been satisfied, these grants are recognised as liabilities. If grants are not conditional on future performance related conditions, then income is recognised when the grant proceeds are receivable. During the year, the following grants were received:

Government Business Grants relating to the retail, hospitality and leisure industries awarded during the lockdown periods.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **1. ACCOUNTING POLICIES – continued**

##### **Pension costs and other post-retirement benefits**

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates three defined benefits pension schemes and pension charges are based on full actuarial valuations dated 31 March 2019, rolled forward to the balance sheet date, for the Worcestershire County Council Pension Fund, Shropshire County Pension Fund and the Rhondda Cynon Taf County Borough Council Pension Fund.

The Charitable Company provides pension benefits for eligible staff through these administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. See note 27 for further information in connection with the Charitable Company's defined benefit schemes.

##### **Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed have been used by the actuaries in valuing the pensions liability at 31 December 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The recoverability of certain assets and valuation of investments within the Local Government Pension Fund may have been impacted by COVID-19, however it is not possible to determine at the current time to what extent that is.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY**

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd.

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

	Year to 31.12.22 £	Year to 31.12.21 £
Incoming resources excluding gift aid from subsidiary	14,683,487	12,546,421
Expenditure on charitable activities	<u>(15,871,413)</u>	<u>(12,881,165)</u>
Net (expenditure)/income	(1,187,926)	(334,744)
Actuarial (losses)/gains on defined benefit pension schemes	<u>18,334,000</u>	<u>3,458,000</u>
	17,146,074	3,123,256
Distribution from subsidiary	<u>86,712</u>	<u>127,084</u>
	<u>17,232,786</u>	<u>3,250,340</u>

**3. DONATIONS AND LEGACIES**

	Unrestricted funds 31 December 2022 £	Restricted funds 31 December 2022 £	Total funds Year to 31 December 2022 £	Total funds Year to 31 December 2021 £
National Exercise Referral Scheme (see note 25)	-	182,441	182,441	160,810
Coronavirus Job Retention Scheme	-	-	-	1,072,361
National Leisure Recovery Fund	-	-	-	560,741
Asset Improvement Grant - Pencoed	-	-	-	129,850
Other project grants	<u>-</u>	<u>130,723</u>	<u>130,723</u>	<u>424,565</u>
Total	<u>-</u>	<u>313,164</u>	<u>313,164</u>	<u>2,348,327</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 31 December 2021 £	Restricted funds 31 December 2022 £	Total funds Year to 31 December 2022 £	Total funds Year to 31 December 2021 £
Operation of leisure centres	11,852,015	415,838	12,267,853	6,747,436
Management fee	1,576,674	-	1,576,674	1,278,952
Government grants	278,901	-	278,901	52,987
Local Authority Contracts - COVID 19 relief	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,164,045</u>
Total	<u>13,707,590</u>	<u>415,838</u>	<u>14,123,428</u>	<u>9,243,420</u>

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **5. INCOME FROM OTHER TRADING ACTIVITIES**

A summary of the trading results of the subsidiary, Halo Leisure Enterprises Limited, that was wholly owned until its sale in July 2022 is shown below:

	Year to 31.12.22	Year to 31.12.21
	£	£
Turnover	134,527	186,533
Cost of sales and administration costs (including intra-group)	<u>(41,982)</u>	<u>(59,447)</u>
Net profit	<u>92,546</u>	<u>127,086</u>

The subsidiary company has gift aided its profits to the parent Charitable Company.

Included within Turnover are £nil (2021: £12,600) of sales to other group companies and £350,000 in sales proceeds of the trading subsidiary.

Included within Costs of sales and administration costs is £5,833 (2021: £10k) of management fees payable to the parent charitable company, Halo Leisure Services Limited.

#### **6. INVESTMENT INCOME**

	Unrestricted funds 31 December 2022 £	Restricted funds 31 December 2022 £	Total funds Year to 31 December 2022 £	Total funds Year to 31 December 2021 £
Interest received	18,448	-	18,448	-
Proceeds from sale of investment	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Total	<u>368,448</u>	<u>-</u>	<u>368,448</u>	<u>-</u>

#### **7. OTHER INCOME**

	Unrestricted funds 31 December 2022 £	Restricted funds 31 December 2022 £	Total funds Year to 31 December 2022 £	Total funds Year to 31 December 2021 £
Insurance claim	<u>109,293</u>	<u>-</u>	<u>109,293</u>	<u>1,176,039</u>
Total	<u>109,293</u>	<u>-</u>	<u>109,293</u>	<u>1,176,039</u>

In 2022, the Group received £109,293 (2021: £1,176,039) of income related to a Covid Business Interruption Claim on its insurance policy.

#### **8. NET EXPENDITURE/INCOME OF THE PARENT CHARITABLE COMPANY**

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net surplus after the gift aid of profits from the subsidiary, proceed of its sale and actuarial gains/losses under defined benefit schemes for the financial year was £17,232,786 (2021: £3,252,725 net deficit).

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

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

	Year to 31.12.22 £	Year to 31.12.21 £
Wages and salaries	7,214,199	5,490,069
Social security costs	502,948	380,198
Other pension costs	1,216,734	1,129,150
Redundancy and severance payments	-	21,270
	<u>8,933,881</u>	<u>7,020,687</u>

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

	Year to 31.12.22	Year to 31.12.21
Leisure Centres	522	406
Support	55	46
Management and administration	<u>4</u>	<u>4</u>
	<u>581</u>	<u>456</u>

The average monthly full-time equivalent number of employees during the period was as follows:

	Year to 31.12.22	Year to 31.12.21
Leisure Centres	205	189
Support	45	40
Management and administration	<u>4</u>	<u>4</u>
	<u>254</u>	<u>233</u>

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

	Year to 31.12.22	Year to 31.12.21
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

During the year, no Trustees received any remuneration (2021: £Nil) and no Trustees received any benefits in kind (2021: £Nil).

The Trustees neither received nor waived any emoluments during the year.

During the year, expenses of £219 (2021: £nil) were reimbursed to Trustees of the Charitable Company for travel expenses to board meetings.

The total amount of employee benefits received by key management personnel is £384,940 (2021: £351,447). The trust considers its key management personnel comprise of the Chief Executive, Finance Director, HR Director and Operations Director.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****10. NET INCOME FOR THE YEAR**

The net income is stated after charging:

	Year to 31.12.22	Year to 31.12.21
	£	£
Equipment repairs, maintenance and lease	221,169	88,979
Depreciation - owned assets	338,438	314,247
Depreciation - assets on hire purchase contracts or finance leases	356,512	382,335
Computer software amortisation	8,051	17,210
Auditors remuneration	25,000	23,000
Audit of trading subsidiary	-	6,072
Non audit work – statutory accounts preparation	<u>6,223</u>	<u>5,775</u>

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31.12.22	Year to 31.12.21
	£	£
Finance lease and hire purchase interest	<u>468,806</u>	<u>500,727</u>
	<u>468,806</u>	<u>500,727</u>

**12. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Direct costs	Staff costs	Support costs	Total for Year to 31.12.22	Total for Year to 31.12.21
	£	£	£	£	£
Leisure centres	<u>2,557,626</u>	<u>8,933,881</u>	<u>4,693,288</u>	<u>16,184,795</u>	<u>13,104,387</u>

**Major components of Support Costs**

	Year to 31.12.22	Year to 31.12.21
	£	£
Premises Costs	1,404,829	1,303,052
Advertising & Promotions	60,760	24,428
Office Administration	256,262	213,115
Finance and Compliance	873,261	587,703
Other Finance Costs re FRS 102	224,000	224,000
Irrecoverable VAT	777,958	527,357
Equipment Repairs, Maintenance and Lease	221,169	88,979
Other Costs	843,826	658,893
Governance Costs	<u>31,223</u>	<u>23,000</u>
	<u>4,693,288</u>	<u>3,650,527</u>

All staff and support costs relate to the sole activity of the Charitable Company and its wholly owned charitable subsidiary, being the provision of leisure facilities. Governance costs are made up of auditor's remuneration of £25,000 (2021: £23,000).

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2021 £
<b>INCOME</b>					
Donations and legacies	3	-	2,348,327	-	2,348,327
<i>Income from charitable activities:</i>					
Operation of Leisure sites	4	9,243,420	-	-	9,243,420
<i>Income from other trading activities:</i>					
Commercial trading operations	5	180,773	-	-	180,773
Investment income	6	-	-	-	-
Other income	7	1,176,039	-	-	1,176,039
<b>TOTAL INCOME</b>		<b>10,600,232</b>	<b>2,348,327</b>	<b>-</b>	<b>12,948,559</b>
<b>EXPENDITURE</b>					
<i>Costs of raising funds:</i>					
Commercial trading operations	5	49,447	-	-	49,447
<i>Expenditure on charitable activities:</i>					
Leisure activities	12	10,518,348	1,704,039	882,000	13,104,387
<b>TOTAL EXPENDITURE</b>		<b>10,567,795</b>	<b>1,704,039</b>	<b>882,000</b>	<b>13,153,834</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>32,437</b>	<b>644,288</b>	<b>(882,000)</b>	<b>(205,275)</b>
<b>TAXATION</b>					
<i>Taxation on trading profit</i>		-	-	-	-
<b>GROSS TRANSFERS BETWEEN FUNDS</b>		-	-	-	-
<b>NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>32,437</b>	<b>644,288</b>	<b>(882,000)</b>	<b>(205,275)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
<i>Remeasurements on defined benefit pension schemes</i>	27	-	-	3,458,000	3,458,000
<b>NET INCOME / (EXPENDITURE)</b>		<b>32,437</b>	<b>644,288</b>	<b>2,576,000</b>	<b>3,252,725</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>(1,012,169)</b>	<b>2,434,941</b>	<b>(15,282,000)</b>	<b>(13,859,228)</b>
<b>FUNDS CARRIED FORWARD</b>		<b>(979,732)</b>	<b>3,079,229</b>	<b>(12,706,000)</b>	<b>(10,606,503)</b>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****14. INTANGIBLE FIXED ASSETS****Group**

	Computer software £
<b>COST</b>	
At 1 January 2022	114,223
Additions	-
Disposals	<u>(86,860)</u>
At 31 December 2022	<u>27,363</u>
<b>AMORTISATION</b>	
At 1 January 2022	104,845
Amortisation for year	8,051
Amortisation eliminated on disposal	<u>(85,533)</u>
At 31 December 2022	<u>27,363</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>8,051</u>

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2022	27,363
Additions	-
At 31 December 2022	<u>27,363</u>
<b>AMORTISATION</b>	
At 1 January 2022	19,312
Amortisation for year	<u>8,051</u>
At 31 December 2022	<u>27,363</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>8,051</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

**15. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property</b>	<b>Leasehold property</b>	<b>Improvement to property</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Fitness equipment</b>	<b>Computer equipment</b>	<b>Assets Under Construction</b>	<b>Totals</b>
	£	£	£	£	£	£	£		£
<b>COST</b>									
At 1 January 2022	2,297,613	10,395,137	3,404,711	813,846	838,221	1,480,634	36,424	-	19,266,586
Additions	-	-	-	74,746	26,737	273,786	71,040	424,211	870,520
Disposals	-	-	-	-	-	(68,711)	-	-	(68,711)
At 31 December 2022	2,297,613	10,395,137	3,404,711	888,592	864,958	1,685,709	107,464	424,211	20,068,395
<b>DEPRECIATION</b>									
At 1 January 2022	250,093	530,535	2,204,714	727,074	537,098	1,277,987	36,424	-	5,563,925
Charge for year	58,844	139,314	232,675	45,843	74,724	141,575	1,973	-	694,948
Eliminated on disposal	-	-	-	-	-	(68,711)	-	-	(68,711)
At 31 December 2022	308,937	669,849	2,437,389	772,917	611,822	1,350,851	38,397	-	6,190,162
<b>NET BOOK VALUE</b>									
At 31 December 2022	1,988,676	9,725,288	967,322	115,675	253,136	334,858	69,067	424,211	13,878,233
At 31 December 2021	2,047,520	9,864,602	1,199,997	86,772	301,123	202,647	-	-	13,702,661

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

**15. TANGIBLE FIXED ASSETS - continued**

**Group - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2022	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
Additions	-	-	-	26,737	192,819	-	219,556
Transfer to ownership	-	-	(36,595)	(1,500)	(97,375)	-	(135,470)
Reclassification	-	-	-	-	-	-	-
At 31 December 2022	10,395,137	612,914	7,551	555,121	719,151	-	12,289,874
<b>DEPRECIATION</b>							
At 1 January 2022	530,535	401,016	36,566	219,103	470,321	-	1,657,541
Charge for year	139,314	51,076	1,923	60,387	103,812	-	386,512
Transfer to ownership	-	-	(31,099)	(1,500)	(84,846)	-	(117,445)
Reclassification	-	-	-	-	-	-	-
At 31 December 2022	669,849	452,092	7,390	277,990	489,287	-	1,896,608
<b>NET BOOK VALUE</b>							
At 31 December 2022	9,725,288	160,822	161	277,131	229,864	-	10,393,266
At 31 December 2021	9,864,602	211,898	7,580	310,781	153,386	-	10,548,247

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

**15. TANGIBLE FIXED ASSETS - continued**

**Company**

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Assets Under Construction	Totals £
<b>COST</b>								
At 1 January 2022	10,395,137	3,404,707	766,429	834,317	1,480,636	36,424	-	16,917,650
Additions	-	-	74,746	26,737	273,786	71,040	424,211	870,520
Disposals	-	-	-	-	(68,711)	-	-	(68,711)
At 31 December 2022	10,395,137	3,404,707	841,175	861,054	1,685,711	107,464	424,211	17,719,459
<b>DEPRECIATION</b>								
At 1 January 2022	530,535	2,204,711	691,898	533,195	1,277,986	36,424	-	5,274,749
Charge for year	139,314	232,675	40,370	74,724	141,575	1,973	-	630,631
Eliminated on disposal	-	-	-	-	(68,711)	-	-	(68,711)
At 31 December 2022	669,849	2,437,386	732,268	607,919	1,350,850	38,397	-	5,836,669
<b>NET BOOK VALUE</b>								
At 31 December 2022	9,725,288	967,321	108,907	253,135	334,861	69,067	424,211	11,882,790
At 31 December 2021	9,864,602	1,199,996	74,531	301,122	202,650	-	-	11,642,901

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

15. **TANGIBLE FIXED ASSETS - continued**

**Company - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2022	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
Additions	-	-	-	26,737	192,819	-	219,556
Disposals	-	-	-	-	(68,711)	-	(68,711)
Transfer to ownership	-	-	(36,595)	(1,500)	(97,375)	-	(135,470)
At 31 December 2022	10,395,137	612,914	7,551	555,121	650,440	-	12,221,163
<b>DEPRECIATION</b>							
At 1 January 2022	530,535	401,016	36,566	219,103	470,321	-	1,657,541
Charge for year	139,314	51,076	1,923	60,387	103,812	-	356,512
Eliminated on disposal	-	-	-	-	(68,711)	-	(68,711)
Transfer to ownership	-	-	(31,099)	-	(84,846)	-	(115,945)
At 31 December 2022	669,849	452,092	7,390	279,490	420,576	-	1,829,397
<b>NET BOOK VALUE</b>							
At 31 December 2022	9,725,287	160,824	161	275,632	229,864	-	10,391,766
At 31 December 2021	9,864,602	211,898	7,580	310,781	153,386	-	10,548,247

continued...

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

16. **FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2022	1
Disposals	<u>(1)</u>
At 31 December 2022	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>1</u>

The company's investments included the share capital of the trading subsidiary, Halo Leisure Enterprises Limited, which was sold in the year.

Halo Leisure Services Limited is the 100% controlling company of Severn Centre Trust Limited, a company limited by guarantee.

**Subsidiary**

**Halo Leisure Enterprises Limited**

Nature of business: Consultancy and asset management

	%	31.12.22	31.12.21
Class of shares:	holding		
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>-</u>	<u>1</u>

**Subsidiary**

**Severn Centre Trust Ltd**

Nature of business: Provision of leisure facilities

	%	31.12.22	31.12.21
Class of shares:	holding		
Ordinary	100.00	£	£
Aggregate funds		<u>2,037,613</u>	<u>2,112,989</u>

17. **STOCKS**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Stocks	<u>40,058</u>	<u>34,368</u>	<u>40,058</u>	<u>34,368</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022****18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Trade debtors	424,516	169,816	370,358	176,600
Amounts owed by group undertakings	-	-	3,506	131,392
Other debtors	32,042	22,633	32,042	22,633
Prepayments and accrued income	<u>106,105</u>	<u>311,030</u>	<u>102,940</u>	<u>287,373</u>
	<u>562,663</u>	<u>503,479</u>	<u>508,846</u>	<u>617,998</u>

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Finance leases & hire purchase (note 21)	2,212,088	384,887	2,212,088	384,887
Trade creditors	694,773	972,970	681,421	941,147
Other creditors	89,950	80,857	89,401	80,308
Other Taxes and PAYE	294,914	280,374	265,611	253,504
Accruals	982,352	800,518	936,201	773,149
Deferred income	171,578	252,317	162,842	243,084
Bank loans	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>4,595,655</u>	<u>2,921,923</u>	<u>4,497,564</u>	<u>2,826,079</u>

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Deferred income (excluding capital grants)	252,317	500,680	243,084	491,155
Resources deferred in the year	171,578	252,317	162,842	243,084
Amounts released from previous periods	<u>(252,317)</u>	<u>(500,680)</u>	<u>(243,084)</u>	<u>(491,155)</u>
Deferred income at 31 December	<u>171,578</u>	<u>252,317</u>	<u>162,842</u>	<u>243,084</u>

Deferred income at 31 December 2022 represents annual leisure membership income and swimming courses income, where the consideration has been received in the year ended 31 December 2022 but the services were provided in the year ending 31 December 2023.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Finance leases & hire purchase (note 21)	10,466,772	11,969,260	10,466,772	11,969,260
Bank loans	<u>425,000</u>	<u>575,000</u>	<u>425,000</u>	<u>575,000</u>
	<u>10,891,772</u>	<u>12,544,260</u>	<u>10,891,772</u>	<u>12,544,260</u>



**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****24. DEFERRED INCOME**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Deferred capital grants	<u>103,909</u>	<u>129,575</u>	<u>103,909</u>	<u>129,575</u>

During the year £25,891 (2020: £22,789) of deferred capital grants were released into the Statement of Financial Activities as income.

**25. RECONCILIATION OF MOVEMENTS IN FUNDS****Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2022	(13,685,732)	3,079,229	(10,606,503)
Incoming resources	14,319,858	729,002	15,048,860
Outgoing resources	(14,823,059)	(1,403,718)	(16,226,777)
Actuarial gains on defined benefit schemes	18,334,000	-	18,334,000
At 31 December 2022	<u>4,145,067</u>	<u>2,404,513</u>	<u>6,549,580</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2022	(13,751,202)	1,031,710	(12,719,492)
Incoming resources	14,041,197	729,002	14,770,199
Outgoing resources	(14,526,539)	(1,344,874)	(15,871,413)
Actuarial gains on defined benefit schemes	18,334,000	-	18,334,000
At 31 December 2022	<u>4,097,456</u>	<u>415,838</u>	<u>4,513,294</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued****Restricted Funds – Group**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2022 £
NERS scheme	477,295	182,441	(659,736)	-	-
Severn Centre Building Fund	2,047,519	-	(58,844)	-	1,988,675
Asset improvement grant - Pencoed	129,850	-	(129,850)	-	-
Other restricted project income	424,565	546,561	(555,288)	-	415,838
<b>Total</b>	<b>3,079,229</b>	<b>729,002</b>	<b>(1,403,718)</b>	<b>-</b>	<b>2,404,513</b>

**Restricted Funds – Company**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2022 £
NERS scheme	477,295	182,441	(659,736)	-	-
Asset improvement grant - Pencoed	129,850	-	(129,850)	-	-
Other restricted project income	424,565	546,561	(555,288)	-	415,838
<b>Total</b>	<b>1,031,710</b>	<b>729,002</b>	<b>(1,344,874)</b>	<b>-</b>	<b>415,838</b>

**NERS scheme**

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

**Severn Centre Building Fund**

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

**National Leisure Recovery Fund**

UK Government fund to support leisure centre operators reopen following the enforced closures in response to the coronavirus pandemic. The fund is restricted for use towards the costs of running the respective charity's leisure centres where claims were made, including utilities, staff (who have not been furloughed), essential asset maintenance and security costs.

**Asset Improvement Grant – Pencoed**

A grant received which is restricted for the use towards improving the assets at the Pencoed Leisure Centre.

**Other restricted project income**

The charity is in receipt of a number of smaller grants and income, which are restricted for use towards the costs of the projects to which the grants or income relate to.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Unrestricted Funds – Group**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2022 £
Unrestricted pension	(12,706,000)	-	(881,000)	18,334,000	4,747,000
Unrestricted general	(979,732)	14,319,858	(13,942,059)	-	(601,933)
<b>Total unrestricted</b>	<b>(13,685,732)</b>	<b>14,319,858</b>	<b>(14,823,059)</b>	<b>18,344,000</b>	<b>4,145,067</b>

**Unrestricted Funds – Company**

	At 1 January 2022 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2022 £
Unrestricted pension	(12,706,000)	-	(881,000)	18,334,000	4,747,000
Unrestricted general	(1,045,202)	14,041,197	(13,645,539)	-	(649,544)
<b>Total unrestricted</b>	<b>(13,751,202)</b>	<b>14,041,197</b>	<b>(14,526,539)</b>	<b>18,344,000</b>	<b>4,097,456</b>

**26. COMPARATIVE YEAR MOVEMENTS IN FUNDS**

**Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2021	(16,294,169)	2,434,941	(13,859,228)
Incoming resources	10,600,232	2,348,327	12,948,559
Outgoing resources	(11,449,795)	(1,704,039)	(13,153,834)
Actuarial gains on defined benefit schemes	3,458,000	-	3,458,000
At 31 December 2021	<u>(13,685,732)</u>	<u>3,079,229</u>	<u>(10,606,503)</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2021	(16,298,410)	328,576	(15,969,834)
Incoming resources	10,324,887	2,337,327	12,662,214
Outgoing resources	(11,235,679)	(1,634,193)	(12,869,872)
Actuarial gains on defined benefit schemes	3,458,000	-	3,458,000
At 31 December 2021	<u>(13,751,202)</u>	<u>1,031,710</u>	<u>(12,719,492)</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022****26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued****Restricted Funds – Group**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2021 £
NERS scheme	328,576	160,810	(12,091)	-	477,295
Severn Centre Building Fund	2,106,365	-	(58,846)	-	2,047,519
Coronavirus Job retention scheme (CJRS)	-	1,072,361	(1,072,361)	-	-
National Leisure Recovery Fund (NLRF)	-	560,741	(560,741)	-	-
Asset improvement grant - Pencoed	-	129,850	-	-	129,850
Other restricted project grants	-	424,565	-	-	424,565
<b>Total</b>	<b>2,434,941</b>	<b>2,348,327</b>	<b>(1,704,039)</b>	<b>-</b>	<b>3,079,229</b>

**Restricted Funds – Company**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2021 £
NERS scheme	328,576	160,810	(12,091)	-	477,295
Coronavirus Job retention scheme (CJRS)	-	1,072,361	(1,072,361)	-	-
National Leisure Recovery Fund (NLRF)	-	549,741	(549,741)	-	-
Asset improvement grant - Pencoed	-	129,850	-	-	129,850
Other restricted project grants	-	424,565	-	-	424,565
<b>Total</b>	<b>328,576</b>	<b>2,337,327</b>	<b>(1,634,193)</b>	<b>-</b>	<b>1,031,710</b>

**NERS scheme**

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

**Severn Centre Building Fund**

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

**Coronavirus Job Retention Scheme**

Government grant income used to cover a portion of the employees' wages who were furloughed due to the coronavirus pandemic.

**National Leisure Recovery Fund**

UK Government fund to support leisure centre operators reopen following the enforced closures in response to the coronavirus pandemic. The fund is restricted for use towards the costs of running the respective charity's leisure centres where claims were made, including utilities, staff (who have not been furloughed), essential asset maintenance and security costs.

**Asset Improvement Grant – Pencoed**

A grant received which is restricted for the use towards improving the assets at the Pencoed Leisure Centre.

**Other restricted project grants**

The charity is in receipt of a number of smaller grants, which are restricted for use towards the costs of the projects to which the grants relate to.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**26. **COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued****Unrestricted Funds – Group**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2021 £
<i>Designated funds:</i>					
Bridgend County BC	-	-	-	-	-
Bridgend County BC - utilities	-	-	-	-	-
Total designated	-	-	-	-	-
Unrestricted pension	(15,282,000)	-	(882,000)	3,458,000	(12,706,000)
Unrestricted general	(1,012,169)	10,600,232	(10,567,795)	-	(979,732)
Total unrestricted	(16,294,169)	10,600,232	(11,449,795)	3,458,000	(13,685,732)

**Unrestricted Funds – Company**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2021 £
<i>Designated funds:</i>					
Bridgend County BC	-	-	-	-	-
Bridgend County BC - utilities	-	-	-	-	-
Total designated	-	-	-	-	-
Unrestricted pension	(15,282,000)	-	(882,000)	3,458,000	(12,706,000)
Unrestricted general	(1,016,410)	10,324,887	(10,353,679)	-	(1,045,202)
Total unrestricted	(16,298,410)	10,324,887	(11,235,679)	3,458,000	(13,751,202)

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **27. EMPLOYEE BENEFIT OBLIGATIONS**

The Charitable Company has employees who are admitted into one of three Local Government Pension Schemes administered either by Worcestershire County Council, Rhondda Cynon Taf County Borough Council or Shropshire County Council. The deficits for past service up to the point of transfers have been guaranteed by Herefordshire Council, Rhondda Cynon Taf County Borough Council and Shropshire County Council respectively.

The pension costs and provision for the year ended 31 December 2022 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2019 for all 3 pension funds.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Present value of funded obligations	(22,684,000)	(42,588,000)
Fair value of plan assets	<u>27,431,000</u>	<u>29,882,000</u>
	4,747,000	(12,706,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Surplus/(Deficit)	<u>4,747,000</u>	<u>(12,706,000)</u>

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

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Current service cost	972,000	972,000
Past service cost	-	2,000
Net Interest from net defined benefit asset/liability	224,000	224,000
Administration expenses	5,000	5,000
Effect of curtailments	<u>-</u>	<u>-</u>
	<u>1,201,000</u>	<u>1,203,000</u>
Actual return on plan assets	<u>(3,820,000)</u>	<u>3,064,000</u>

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

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Opening defined benefit obligation	42,588,000	41,627,000
Current service cost	972,000	972,000
Change in financial assumptions	(14,851,000)	1,189,000
Past service cost	-	2,000
Contributions by scheme participants	127,000	121,000
Interest cost	779,000	605,000
Remeasurement (gains) / losses	(6,632,000)	(1,583,000)
Curtailments	-	-
Benefits paid	<u>(299,000)</u>	<u>(345,000)</u>
	<u>22,684,000</u>	<u>42,588,000</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2022****27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Opening fair value of scheme assets	29,882,000	26,345,000
Interest on plan assets	555,000	381,000
Contributions by employer	320,000	321,000
Contributions by scheme participants	127,000	121,000
Remeasurement gains / (losses)	(3,149,000)	3,064,000
Administration expenses	(5,000)	(5,000)
Benefits paid	<u>(299,000)</u>	<u>(345,000)</u>
	<u>27,431,000</u>	<u>29,882,000</u>

The amounts recognised in other comprehensive income are as follows:

	31.12.22	31.12.21
	£	£
Remeasurement gains/(losses)	<u>18,344,000</u>	<u>3,458,000</u>
Cumulative amount of actuarial remeasurement losses	<u>(11,856,000)</u>	<u>(6,478,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
Equities	63.20%	67.33%
Government bonds	3.53%	3.87%
Corporate bonds	3.97%	0.00%
Other bonds	7.23%	11.73%
Cash/liquidity	0.93%	0.87%
Property	7.03%	4.97%
Other	<u>14.1%</u>	<u>11.73%</u>
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date:

	31.12.22	31.12.21
Discount rate	4.50 – 4.90%	1.80 – 1.90%
Rate of Inflation	2.50 – 2.60%	2.73 %
Future salary increases	3.75 – 4.10%	3.85 – 4.30%
Future pension increases	2.50 – 2.70%	2.60 – 2.90%

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2022

#### 27. EMPLOYEE BENEFIT OBLIGATIONS - continued

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Worcestershire County Council Pension Fund:

	Central	+ 0.5% discount rate	+0.25% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	12,498,000	11,186,000	13,211,000	12,720,000
Assets	(13,543,000)	(13,543,000)	(13,543,000)	(13,543,000)
Deficit/(surplus)	(1,045,000)	(332,000)	(924,000)	(823,000)
Projected service cost for next year	179,000	194,000	179,000	183,000
Projected net interest cost for next year	(58,000)	(24,000)	(53,000)	(48,000)

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Rhondda Cynon Taf County Borough Council Pension Fund:

	+0.1% p.a.	Base figure	-0.1% p.a.
<i>Adjustment to discount rate</i>			
Present value of total obligation (£)	8,838,000	9,083,000	9,337,000
% change in present value of total obligation	-2.7%	-	2.8%
Projected service cost (£)	178,000	185,000	192,000
Approximate % change in projected service cost	-3.9%	-	4.0%
<i>Adjustment to salary increase rate</i>			
Present value of total obligation (£)	9,110,000	9,083,000	9,056,000
% change in present value of total obligation	0.3%	-	-0.3%
Projected service cost (£)	185,000	185,000	185,000
Approximate % change in projected service cost	0.0%	-	0.0%
<i>Adjustment to pension increase rate</i>			
Present value of total obligation (£)	9,310,000	9,083,000	8,865,000
% change in present value of total obligation	2.5%	-	-2.4%
Projected service cost (£)	192,000	185,000	178,000
Approximate % change in projected service cost	4.0%	-	-3.9%
<i>Adjustment to mortality age rating assumption</i>			
	-1 year	Base figure	+1 year
Present value of total obligation (£)	9,319,000	9,083,000	8,847,000
% change in present value of total obligation	2.6%	-	-2.6%
Projected service cost (£)	191,000	185,000	179,000
Approximate % change in projected service cost	3.2%	-	-3.2%

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Shropshire County Pension Fund:

	Central	+ 0.1% discount rate	+0.1% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	1,103,000	1,008,000	1,154,000	1,108,000
Assets	(1,138,000)	(1,138,000)	(1,138,000)	(1,138,000)
Deficit/(surplus)	(35,000)	(130,000)	16,000	(30,000)
Projected service cost for next year	19,000	17,000	21,000	19,000
Projected interest cost for next year	(2,000)	(7,000)	1,000	(2,000)

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2022**

#### **27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Amounts for the current and previous four periods are as follows:

	31.12.22	31.12.21	31.12.20	31.12.19	31.12.18
	£	£	£	£	£
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(22,684,000)	(42,588,000)	(41,627,000)	(32,768,000)	(26,414,000)
Fair value of scheme assets	27,431,000	29,882,000	26,345,000	24,056,000	20,484,000
Surplus/(deficit)	4,747,000	(12,706,000)	(15,282,000)	(8,712,000)	(5,930,000)
Experience gains/(losses) on scheme liabilities	18,334,000	3,458,000	(5,666,000)	(1,929,000)	-
Experience gains/(losses) on scheme assets	-	-	-	-	-

In addition to the accounting disclosures under FRS102, it is important to appreciate how the LGPS pension schemes work and how ongoing contributions requirements are calculated to ensure the schemes remain or become fully funded in the long term.

FRS102 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions and any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions asset/liability calculation used for accounting purposes are based largely on the actuarial ongoing basis calculations (such as inflation, life expectancy etc) but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the “ongoing basis” uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the ongoing basis – and therefore much higher net present pension scheme deficits.

The FRS102 asset/liability is therefore based on the latest tri-annual ongoing basis calculations but is re-calculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors. The FRS102 discount factors used increased significantly on all three pension funds from those at December 2021.

#### **28. RELATED PARTY DISCLOSURES**

The parent Charitable Company, Halo Leisure Services Limited, has taken advantage of the exemption afforded under FRS 102 from disclosing transactions and balances with its wholly owned subsidiaries, Halo Leisure Enterprises Limited, to the date of disposal, and Severn Centre Trust Ltd, within these consolidated financial statements.

#### **29. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Board of Trustees and management team who are responsible for the strategic and operational decisions of the Charitable Company.

#### **30. CONTINGENT LIABILITIES**

##### Performance Guarantees

The Charitable Company has contingent liabilities in respect of Performance Guarantees amounting to £201,000 (2021: £195,000). Three bonds have been lodged for £85,000, £91,100, £27,000 and £76,900 to cover this liability in the event that it crystallises.

**HALO LEISURE SERVICES LIMITED**

England & Wales - Charity number 1091543

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# Accounts

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**HALO LEISURE SERVICES LIMITED**  
**REPORT OF THE TRUSTEES, STRATEGIC REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**CHARITY NO : 1091543**  
**COMPANY NO : 04335715**

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**for the Year Ended 31 December 2021**

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**HALO LEISURE SERVICES LIMITED**

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2021**

The Trustees, who are also Directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 December 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

The name of the parent Charitable Company is Halo Leisure Services Limited.

**Principal and registered office:** Halo Support Centre  
Lion Yard  
Broad Street  
LEOMINSTER  
Herefordshire  
HR6 8BT

**Telephone:** 01568 618980

**Website:** [www.haloleisure.org.uk](http://www.haloleisure.org.uk)

**Company Registration Number:** 04335715 (England and Wales)

**Charity Registration Number:** 1091543

<b>Trustees during the year under review and up to the present date:</b>	<b>Date of appointment as Director/Trustee</b>	<b>Date of resignation as Director/Trustee</b>
R J S Curtis [Chairman] S Brewster D M Halpern N A Sellar [Treasurer] A Cavaghan K E Bush V A Hill J L Coulthurst L J Hornik C E Edginton M J Rendall	25 February 2022 25 February 2022	30 September 2021

**Chairman:** R J S Curtis

**Chief Executive:** S M Rolfe

**Company Secretary:** J G Huxley

**Auditors:** McCabe Ford Williams  
Chartered Accountants  
Statutory Auditors  
Bank Chambers, 1 Central Avenue  
Sittingbourne, Kent ME10 4AE

**Bankers:** National Westminster Bank plc  
12 Broad Street  
Hereford  
HR4 9AH

## HALO LEISURE SERVICES LIMITED

### REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT for the Year Ended 31 December 2021

#### REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS - continued

**Solicitors:**

T.A. Matthews  
32-35 Broad Street  
Hereford  
HR4 9AR

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Trustees**

The Trustees are also the Directors in accordance with the Companies Act 2006. The Board is made up of not less than 5 and no more than 15 Trustees. Trustees are now required to retire after a term of three years but may be reappointed for a further three years to a maximum of four consecutive terms of three years. They may be appointed annually for further terms of one year under exceptional circumstances and with unanimous resolution by the Trustees. The Trustees are also members of the Charitable Company which is limited by guarantee.

##### **Structure of the Charity**

The Board of Trustees meets regularly during the year. An Executive Board has been established with delegated authority to make decisions on behalf of the full Board. In addition two sub committees have been established to advise, scrutinise and report to the main Board. These are the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee. The Boards of the company's two subsidiaries also report to the main Board as and when required.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the Charitable Company, supported by a Senior Management Team.

##### **Induction and training**

All Trustees receive induction training with regard to the organisation including its powers and objects and the Charitable Company itself. Regular update and refresher training is also provided regarding their role as Charity Trustees and Charitable Company Trustees.

##### **Organisational structure and decision making process**

The Full Board retains overall accountability for the management of the Charitable Company. It delegates some responsibility for day-to-day decision making to the Chief Executive and the Senior Management Team. Committees meet on a regular basis across the year.

##### **Remuneration of Key Management Personnel**

Remuneration of Key Management Personnel is reviewed annually alongside the other employees of the company by both the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee, with a recommendation presented to the main Board.

##### **Related parties**

The Charitable Company has a close relationship with Herefordshire Council and with Bridgend County Borough Council.

The Charitable Company owns 100% of the ordinary issued share capital of Halo Leisure Enterprises Limited. Halo Leisure Enterprises Limited provides a software system for asset management. The Charitable Company is also the sole shareholder of Severn Centre Trust Ltd, which is a registered Charity with similar aims and objects to the Charitable Company.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2021**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

##### **Co-operation with other organisations**

As a community-based organisation operating in Herefordshire, Bridgend, Shropshire and Wiltshire, Halo Leisure Services Limited structures large elements of its strategic planning and operational service delivery having due regard to partner aims and objectives. Work plans specifically identify how Halo Leisure Services Limited will contribute to delivering on broader social agendas, working with the health, education and voluntary sectors in addition to local authorities and local businesses.

##### **Risk Assessment**

The Charitable Company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. This document is reviewed on a regular basis by the Trustees.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

- To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities;
- To organize events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;
- To relieve the needs of people who are elderly, sick or who have physical or mental disabilities through the provision of recreational and leisure time activities;
- To promote and preserve good health amongst the population through exercise and sport;
- To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education; and

##### **Strategic themes**

As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

1. To provide a Customer Experience which exceeds expectations and attracts and retains customers in an increasingly competitive marketplace.
2. To deliver Innovative Products for our customers and partners to encourage healthier lifestyles, drive revenue and combat competition.
3. Employ and reward People who add value through their skills, knowledge and performance while delivering a lean workforce fit for future challenges.
4. To operate a financially sustainable organisation which uses commercial principles to drive performance and achieve our Vision.

##### **2021 Performance.**

Covid - 19 continued to cast a shadow over performance during 2021. All centres were shut until early April during lockdown 3. Restrictions were still in place for the next few months, varying across Wales and England. This contributed to reductions in participation across all activities with an understandable impact on revenues. Operational income remained at approximately 50% of normal levels. The CJRS scheme operated during the lockdown and Halo continued to receive payments from the Welsh Hardship fund via Bridgend Borough Council. This in combination with an COVID business Interruption insurance settlement meant overall revenue was at 80% of normal levels.

## HALO LEISURE SERVICES LIMITED

### REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT for the Year Ended 31 December 2021

#### STRATEGIC REPORT

##### **2022 The Road to Recovery**

Covid-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges Halo and indeed the sector face.

Halo exited 2021 with membership levels at 80% of pre Covid – 19. The expectation is that these will recover by the second half of 2022. Swimming courses are expected to exceed pre-Pandemic levels through additional demand and improved utilization of the pools/teaching resource.

#### **FUNDRAISING**

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its role in educating residents in the local community. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation, and demonstrating their leadership in this area.

In carrying out fundraising, the charity adheres to the following standards:

- The Trustees will have regard to the Charity Commission's publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the charity will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the charity's stated mission and purpose.
- The charity will comply with GDPR Legislation in relation to all personal data collected.
- Nobody directly or indirectly employed by or volunteering for the charity shall accept commissions, bonuses or payments for fundraising activities.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the charity.
- All Trustees, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the charity to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

#### **FINANCIAL REVIEW**

These accounts represent the sixteenth year of trading for Halo Leisure Services Limited.

2021 has continued to be dominated by COVID19 and the associated restrictions and closures imposed by the Government as they control the spread of the Virus. This has had a considerable impact on the performance of the Charitable Company as noted on page 3.

The Board are pleased to note that the relationships with Bridgend County Borough Council is strong and collaborative and that the relationship with Herefordshire Council, which has changed following the removal of management fees payable by the council and the signing of 75 year leases over most of the facilities in the County, remains supportive.

The Charitable Company's principal financial management policies centre around the need to retain sufficient reserves within the business to withstand potential downturns in market conditions and other events as identified and recorded within the risk assessment.

## HALO LEISURE SERVICES LIMITED

### REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT for the Year Ended 31 December 2021

#### STRATEGIC REPORT - continued

#### FINANCIAL REVIEW - continued

The group has returned a deficit of £205,275 (2020: £2,151,472) before defined benefit pension remeasurement adjustments for the year ended 31 December 2021.

The Charitable Company continues to target expenditure towards maintaining and improving the facilities it manages so that it continues to meet its obligations, aims and objectives. Albeit on a reduced basis in 2021.

The Charitable Company has faced reduced management fees from local authorities in recent years. In addition to the direct impact of reduced incomes this has also increased the costs in the business by reducing the amount of VAT that can be reclaimed on expenditures.

The challenge has been addressed by a combination of additional cost savings, business expansion and service development, including modernization of systems and processes driven through investment leading to improved sustainability and reduction in cost of employment. For example, secure access and cashless systems.

Key factors behind the reported performance of the Charitable Company have been:

1. Operational revenue greatly reduced due to COVID restrictions
2. Increased Management fee support from Local Authority partners
3. Non-operational revenue boosted by Coronavirus Job Retention Scheme, discretionary grants and a £750,000 CBILS loan.
4. The value assigned to the liability for defined benefit pension plans which, based on calculations produced by a qualified actuary, has decreased by £2,576,000 during the year.

Certain financial key performance indicators have been applied to assist in the financial management of the business. These include:

Net Income / (Expenditure) as a % of Total Income	<u>31.12.21</u> (1.59)%	<u>31.12.20</u> (20.35)%
Staff Costs as a % of Total Resources Expended	54.22%	62.92%

Since the start of the pandemic, the main KPI of the business has been in relation to the monitoring of cash flow.

#### **Reserves policy**

Halo Leisure Services Limited is in a relatively favourable cash flow position as it receives much of its income in advance of its expenditure. The Trustees, however, recognise the need for a level of financial reserves that will shield the Charitable Company from the possibility of adverse unforeseen circumstances. These include a number of specific risks that have been identified in the Charitable Company's Risk Register. The company's reserves policy is to achieve "a level of reserves sufficient to cover an average of three months expenditure plus a level of reserves sufficient to cover any actuarially determined crystallised pension deficit contribution that may be required."

## HALO LEISURE SERVICES LIMITED

### REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT for the Year Ended 31 December 2021

#### STRATEGIC REPORT – continued

#### FINANCIAL REVIEW - continued

The reserves policy suggests a desired level of unrestricted reserves of at least £3.9m. This compares with current unrestricted reserves, which are in deficit of £0.98m. Reserves have fallen due to the COVID pandemic and consequent closure of the leisure centres. The trustees will aim to build reserves however this will take a number of years given the continuing uncertainty. The Charitable Company also continues to seek opportunities where it can deliver both social benefit and financial improvement, and to maintain and improve cost control and efficiency across the business. The company is also following advice from the pension fund managers and the pension scheme actuaries to ensure that the pension scheme is funded at a rate sufficient to close any deficits over the next 20 to 25 years.

#### **Reserves in deficit**

Before accounting for any liability arising from the Charitable Company's defined benefit pension scheme, accumulated reserves for the group amounted to £2,099,497 (2020: £1,422,772), including restricted funds of £3,079,229 (2020: £2,434,941) and unrestricted funds of £979,732 deficit (2020: £1,012,169 deficit).

However after accounting for the Charitable Company's defined benefit pension scheme liability at the year end of £12,706,000 (2020: £15,282,000) the group has an unrestricted reserve deficit of £13,685,732 (2020: £16,294,169).

The pension liability does not affect the Charitable Company's resources for general application as the Charitable Company pays pension contributions in line with the rates prescribed by professionally qualified actuaries which are calculated to eliminate the pension deficit in the long term. The Trustees are satisfied that the Charitable Company can meet its obligations as and when they fall due. Restricted reserves are not available for offset against the deficit on unrestricted reserves.

The going concern accounting policy within note 1 sets out the actions being taken to mitigate risks to the business as a result of the deficit unrestricted funds position.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a register of the key business risks faced by the Charitable Company and seeks to ensure that appropriate policies are in place to manage, monitor or mitigate those risks.

Much of the Charitable Company's income is received as daily cash income where there is no commitment for further sales from the customer, whereas Halo has longer term commitments to staff and suppliers. Although membership income has a longer commitment attached there are no guarantees of renewal. The variance between the timing of Halo's commitments and its customers' commitments is judged to be the core risk that Halo faces.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2021**

#### **STRATEGIC REPORT**

##### **FUTURE PLANS**

COVID-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges Halo and indeed the sector face.

Although the sector has an unclear future, the remainder of 2022 will be spent preparing for the challenges we face so we can consolidate and be prepared for 2023.

##### **IMPACT OF COVID-19**

The outbreak of COVID-19, which began in 2020 and has continued during the year, resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a number of lockdowns of different durations across England and Wales, resulting in the temporary closure of all leisure establishments including gyms and leisure centres between March 2020 and April 2021.

The charitable company's activities, as with many businesses, have been negatively impacted. The impact of the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the charitable company's customers, is as of yet unknown. The charitable company has made use of the available Government schemes, such as the Coronavirus Job Retention Scheme, and the charitable company has obtained a loan of £750k under the government's Coronavirus Business Interruption Loan Scheme (CBILS).

We were successful in our COVID related Business Interruption insurance claim for the 11 sites insured with Hiscox, which resulted in a settlement of £1.3M.

Due to the current situation with regards to COVID-19 and the Charitable Company's minimal level of unrestricted reserves compared with the size of its operations, the Trustees have assessed that these events and conditions indicate that a material uncertainty exists that may cast doubt on the Charitable Company's ability to continue as a going concern.

##### **DISABLED PERSONS**

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

**HALO LEISURE SERVICES LIMITED**

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2021**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**APPROVAL OF REPORTS**

In approving the Report of the Trustees, the Trustees of the Charitable Company also approve the Strategic Report in their capacity as Directors.

**ON BEHALF OF THE BOARD:**

  
.....  
B S Curtis – Chairman

  
.....  
J G Huxley – Secretary

  
.....  
N A Sellar – Trustee

Date: 10th August 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Opinion**

We have audited the consolidated financial statements of Halo Leisure Services Limited Group for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements which indicates that the effects of the COVID-19 pandemic have had a detrimental impact on the trading results of the group. As stated in note 1 these events or conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists which may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and their 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.

**Responsibilities of trustees**

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

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

**Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

**Use of our report**

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



Ashley Phillips FCCA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and  
Chartered Accountants  
Bank Chambers  
1 Central Avenue  
SITTINGBOURNE  
Kent  
ME10 4AE

Date: 10 August 2022

**HALO LEISURE SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating a consolidated Income and Expenditure Account and**  
**Statement of Other Comprehensive Income) for the Year Ended 31 December 2021**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2021 £	Total Funds Year to 31.12.2020 £
<b>INCOME</b>						
Donations and legacies	3	-	2,348,327	-	2,348,327	2,488,821
<i>Income from charitable activities:</i>						
Operation of Leisure sites	4	9,243,420	-	-	9,243,420	7,877,660
<i>Income from other trading activities:</i>						
Commercial trading operations	5	180,773	-	-	180,773	204,279
Investment income	6	-	-	-	-	610
Other income	7	1,176,039	-	-	1,176,039	-
<b>TOTAL INCOME</b>		<b>10,600,232</b>	<b>2,348,327</b>	<b>-</b>	<b>12,948,559</b>	<b>10,571,370</b>
<b>EXPENDITURE</b>						
<i>Costs of raising funds:</i>						
Commercial trading operations	5	49,447	-	-	49,447	113,784
<i>Expenditure on charitable activities:</i>						
Leisure activities	12	10,518,348	1,704,039	882,000	13,104,387	12,609,058
<b>TOTAL EXPENDITURE</b>		<b>10,567,795</b>	<b>1,704,039</b>	<b>882,000</b>	<b>13,153,834</b>	<b>12,722,842</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>32,437</b>	<b>644,288</b>	<b>(882,000)</b>	<b>(205,275)</b>	<b>(2,151,472)</b>
<b>TAXATION</b>						
<i>Taxation on trading profit</i>		-	-	-	-	-
<b>GROSS TRANSFERS BETWEEN FUNDS</b>						
<b>NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>32,437</b>	<b>644,288</b>	<b>(882,000)</b>	<b>(205,275)</b>	<b>(2,151,472)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
<i>Remeasurements on defined benefit pension schemes</i>	27	-	-	3,458,000	3,458,000	(5,666,000)
<b>NET INCOME / (EXPENDITURE)</b>		<b>32,437</b>	<b>644,288</b>	<b>2,576,000</b>	<b>3,252,725</b>	<b>(7,817,472)</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>(1,012,169)</b>	<b>2,434,941</b>	<b>(15,282,000)</b>	<b>(13,859,228)</b>	<b>(6,041,756)</b>
<b>FUNDS CARRIED FORWARD</b>		<b>(979,732)</b>	<b>3,079,229</b>	<b>(12,706,000)</b>	<b>(10,606,503)</b>	<b>(13,859,228)</b>

All of the above results are derived from continuing activities. The group has no other recognised gains and losses other than those stated above.

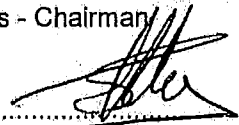
The notes form part of these financial statements

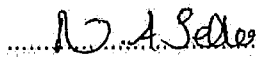
**CONSOLIDATED BALANCE SHEET**  
**31 December 2021**

	Notes	31.12.21		31.12.20	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		12,821		30,031
Tangible assets	15		<u>13,702,661</u>		<u>14,367,970</u>
			13,715,482		14,398,001
<b>CURRENT ASSETS</b>					
Stocks	17	34,368		34,583	
Debtors	18	503,479		733,681	
Cash at bank and in hand		<u>3,441,926</u>		<u>1,933,968</u>	
			3,979,773		2,702,232
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>2,921,923</u>		<u>2,918,183</u>	
<b>NET CURRENT LIABILITIES</b>			<u>1,057,850</u>		<u>(215,951)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,773,332		14,182,050
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		(12,544,260)		(12,603,812)
<b>DEFERRED INCOME</b>	24		(129,575)		(155,466)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>2,099,497</u>		<u>1,422,772</u>
<b>PENSION LIABILITY</b>	27		12,706,000		15,282,000
<b>FUNDS</b>					
Unrestricted income funds	25	(13,685,732)		(16,294,169)	
Unrestricted designated funds	25				
Restricted funds	25	<u>3,079,229</u>		<u>2,434,941</u>	
<b>TOTAL FUNDS</b>	25		(10,606,503)		(13,859,228)
			<u>2,099,497</u>		<u>1,422,772</u>

ON BEHALF OF THE BOARD:


  
R J S Curtis - Chairman


  
J G Huxley - Company Secretary


  
N A Sellar - Trustee

Date: 10th August 2022

The notes form part of these financial statements

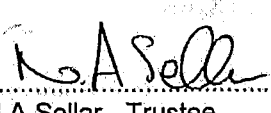
**COMPANY BALANCE SHEET**  
**31 December 2021**

	Notes	31.12.21		31.12.20	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	14		8,051		17,172
Tangible assets	15		11,642,901		12,254,850
Investments	16		<u>1</u>		<u>1</u>
			11,650,953		12,272,023
<b>CURRENT ASSETS</b>					
Stocks	17	34,368		34,583	
Debtors	18	617,998		847,977	
Cash at bank and in hand		<u>3,183,103</u>		<u>1,754,776</u>	
		3,835,469		2,637,336	
<b>CREDITORS</b>					
Amounts falling due within one year	19	<u>2,826,079</u>		<u>2,837,915</u>	
<b>NET CURRENT LIABILITIES</b>			<u>1,009,390</u>		<u>(200,579)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,660,343		12,071,444
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		(12,544,260)		(12,603,812)
<b>DEFERRED INCOME</b>	24		(129,575)		(155,466)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>(13,492)</u>		<u>(687,834)</u>
<b>PENSION LIABILITY</b>	27		12,706,000		15,282,000
<b>FUNDS</b>					
Unrestricted income funds	25	(13,751,202)		(16,298,410)	
Unrestricted designated funds	25	-		-	
Restricted funds	25	<u>1,031,710</u>		<u>328,576</u>	
<b>TOTAL FUNDS</b>	25		<u>(12,719,492)</u>		<u>(15,969,834)</u>
			<u>(13,492)</u>		<u>(687,834)</u>

ON BEHALF OF THE BOARD:

  
R J S Curtis - Chairman

  
J G Huxley - Company Secretary

  
N A Sellar - Trustee

Date: 10th August 2022

**HALO LEISURE SERVICES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2021**

	Notes	Year to 31.12.21 £	Year to 31.12.20 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,950,559	297,548
Interest paid		-	-
Interest received		-	(610)
Net cash from operating activities		<u>1,950,559</u>	<u>296,938</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(17,730)
Purchase of tangible fixed assets		(31,547)	(88,225)
Cash donated to group on business combination		-	-
Proceeds from fixed asset disposal		-	-
Interest received		-	610
Net cash from investing activities		<u>(31,547)</u>	<u>(105,345)</u>
<b>Cash flows from financing activities</b>			
New finance lease agreements in year		-	19,430
New bank loan		-	750,000
Repayment of bank loans		(25,000)	-
Hire purchase repayments in year		(223,911)	(221,695)
Interest element of hire purchase and lease payments		(162,143)	(160,704)
Net cash from financing activities		<u>(411,054)</u>	<u>387,031</u>
Change in cash and cash equivalents in the reporting period		<u>1,507,958</u>	<u>578,624</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,933,968</u>	<u>1,355,344</u>
Cash and cash equivalents at the end of the reporting period	2	<u>3,441,926</u>	<u>1,933,968</u>

The notes form part of these financial statements

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2021**

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

	Year to 31.12.21 £	Year to 31.12.20 £
Net movement in funds	3,252,725	(7,817,472)
Actuarial (gains)/losses on defined benefit pension schemes	(3,458,000)	5,666,000
Interest element of hire purchase/finance lease payments	500,727	543,103
Depreciation/amortisation charges	713,792	771,964
(Profit)/loss on disposal	274	-
Decrease in stocks	215	-
Decrease/(Increase) in debtors	230,202	(170,586)
Increase/(Decrease) in creditors	(145,485)	399,540
Movement in deferred capital grants	(25,891)	(2,456)
Difference between pension charge, including finance costs, and cash contributions	<u>882,000</u>	<u>904,000</u>
<b>Net cash inflow from operating activities</b>	<u><u>1,950,559</u></u>	<u><u>297,548</u></u>

**2. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Year to 31.12.21 £	Year to 31.12.20 £
Cash in hand and at bank	<u>3,441,926</u>	<u>1,933,968</u>
<b>Total cash and cash equivalents</b>	<u><u>3,441,926</u></u>	<u><u>1,933,968</u></u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	31.12.2020	Cash Flows	Non-Cash Changes	31.12.2021
			New Finance Leases / Bank Loans	Other non-cash changes
Cash in hand & bank	1,933,968	1,507,958	-	3,441,926
Debt due within one year	(385,662)	25,000	-	(174,225)
Debt due greater than one year	(12,603,812)	386,054	-	(326,502)
	<u>(11,055,506)</u>	<u>1,919,012</u>	<u>-</u>	<u>(500,727)</u>
				<u><u>(9,637,221)</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

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

**Going concern**

The outbreak of COVID-19, which began in 2020, resulted in a pandemic causing extensive disruption across the globe. The resulting impact of the virus on the operations of the group and charitable company and measures taken by various governments to contain the virus have continued to negatively affected the group and charitable company's results in the current financial year. The currently known impacts of COVID-19 on the group and charitable company are:

- A significant reduction in income from March 2020 to date.
- The closure of all leisure facilities in the United Kingdom by the various governments periodically throughout the period from March 2020 until April 2021.
- A reduction in income compared to previous years when open as the Trust slowly rebuilds its membership, which declined during the periods of closure.
- These developments have resulted in a significant operating loss for the group, albeit reduced from 2020.
- The depletion of the charity's unrestricted funds

The full extent of the impact of COVID-19 on the group and charitable company are still unknown, including:

- The impact of changes in customers' behaviour and confidence levels as a result of the continued existence of the pandemic in our society is currently unknown, and if customers do not return to sites as anticipated this will have a significant impact on revenue generation; the charity's membership levels at the end of 2021 remained at 80% of their pre-covid levels.
- The impact of new variants of the virus on government policy and the vaccination program are uncertain.

The outbreak of war in Ukraine has resulted in significant volatility in the wholesale price of gas, which has given rise to a cost of living crisis in the UK and meant utility costs may rise significantly for the Trust in the future.

In response to these matters, the group and charitable company have taken the following mitigating actions:

- The Trust took advantage of the Coronavirus Job Retention Scheme (CJRS) until the scheme closed in September 2021.
- In the prior year we received £750k financial support from our bankers via the Coronavirus Business Interruption Loan Scheme (CBILS). The loan is secured against the assets of Halo Leisure Services Limited and the Severn Centre Leisure Trust which have pledged their assets with the agreement of their Boards.
- We were in receipt of grants for some of our sites from the Coronavirus Retail, Hospitality and Leisure Grant Fund.
- Facilities are cashless.
- We have put new hygiene measures in place at our gyms, pools and fitness classes in line with coronavirus regulations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES - continued**

**Going concern - continued**

- We successfully negotiated with our local authority partners financial support packages across a large part of the business for the closure period, and to support the Trust during the re-opening period and beyond.
- We were successful in our COVID related Business Interruption Insurance claim for 11 insured sites, resulting in a final settlement of £1.3m.
- We are currently working on contingency planning, which includes potential pricing changes and pool closures to restrict costs, in the event that the Trust becomes exposed to sizeable energy price increases.

Looking towards post COVID recovery:

- Revenue has recovered to 85% of pre-pandemic levels with the recovery continuing through 2022 & 2023. Swimming courses are expected to exceed pre-pandemic levels through additional demand and improved utilisation of the pools/teaching resource.
- The Trust are considering the sale of its investment in Halo Leisure Enterprises, which would help to reduce the deficit in unrestricted funds caused by the pandemic.

Group and charitable company cash flow forecasts have been produced. The key assumptions regarding revenue are based on the current expectations when the level of usage of the various activities that can be achieved over the period covered by the forecast, determined as a proportion of historic usage achieved. Usage forecasts have been based on the independent UK Active report on the leisure sector 'COVID-19 Impact Report' and data particular to our facilities. Management have carried out an extensive review of the underlying cost base of the business and have factored in changes and restructuring that are likely to be implemented as a result in the impact of COVID-19 on the business which have been reflected in the forecasts.

The forecasts include the level of financing that has already been agreed and do not include any other grants/financing for which an application has been made but for which the outcome is uncertain. Any capital expenditure of a non-urgent nature has been delayed until a point where the economic conditions may be more certain.

These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due. However, in the current climate given the uncertainty regarding the performance of the UK economic, the volatile price of wholesale gas and the potential emergence of new COVID-19 strains, it is extremely difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the group and charitable company's ability to continue to operate.

Although it is not certain that these efforts will be successful, the Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

However, there are material uncertainties related to the events and conditions set out above that, together with the group's limited unrestricted reserve position in comparison to the size of its operations, may cast significant doubt upon the group and charitable company's ability to continue as a going concern and therefore whether the group and charitable company will realise their assets and settle their liabilities in the ordinary course of business at the amounts recorded in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES - continued**

**Functional currency and presentation currency**

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

**Funds**

Unrestricted funds 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

**Income recognition**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

**Management fee**

The management fee is unrestricted funding which is available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company. Income received for capital expenditure is treated as deferred income and is credited to the Statement of Financial Activities by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Expenditure recognition**

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

**Support costs**

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

**Irrecoverable VAT**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives.

In respect of leases held over the leisure facilities, capitalised when deemed to be finance leases due to their duration, cost is determined on the basis of the net present value of minimum lease payments calculated in accordance with the Charitable Company's incremental borrowing rate.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- 2% on cost
Leasehold Property	- over remaining term of lease
Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 10 years, 15% on cost
Fixtures and Fittings	- straight line over 5 years, 15% on cost
Fitness Equipment	- straight line over 5 years and straight line over 3 years
Computer Equipment	- straight line over 3 years

**Intangible fixed assets**

Amortisation is provided at the following annual rate in order to write off the asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Software	- straight line over 3 or 5 years
-------------------	-----------------------------------

**Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

**Group financial statements**

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

**Charitable Company status**

The Charitable Company is a company limited by guarantee. At 31 December 2021 there were ten members, each of whom, on winding up, has undertaken to contribute an amount not exceeding £1.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES – continued**

**Service Concession Arrangements**

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

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

*Receipts*

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

**Taxation**

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Leasing and hire purchase**

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Government grants**

Government grants are recognised when the performance related conditions imposed upon the receipt of the grant have been met. Where these have not been satisfied, these grants are recognised as liabilities. If grants are not conditional on future performance related conditions, then income is recognised when the grant proceeds are receivable. During the year, the following grants were received:

Coronavirus Job Retention Scheme (CJRS) to cover a portion of employees' wages who were furloughed due to the coronavirus pandemic.

National Leisure Recovery Fund (NLRFF) payments to support the reopening of leisure centres to the public as government restrictions were lifted during the year.

Government Business Grants relating to the retail, hospitality and leisure industries awarded during the lockdown periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**1. ACCOUNTING POLICIES – continued**

**Pension costs and other post-retirement benefits**

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates three defined benefits pension schemes and pension charges are based on full actuarial valuations dated 31 March 2019, rolled forward to the balance sheet date, for the Worcestershire County Council Pension Fund, Shropshire County Pension Fund and the Rhondda Cynon Taf County Borough Council Pension Fund.

The Charitable Company provides pension benefits for eligible staff through these administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. See note 27 for further information in connection with the Charitable Company's defined benefit schemes.

**Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed have been used by the actuaries in valuing the pensions liability at 31 December 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The recoverability of certain assets and valuation of investments within the Local Government Pension Fund may have been impacted by COVID-19, however it is not possible to determine at the current time to what extent that is.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY**

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd.

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

	Year to 31.12.21 £	Year to 31.12.20 £
Incoming resources excluding gift aid from subsidiary	12,546,421	10,252,523
Expenditure on charitable activities	<u>(12,881,165)</u>	<u>(12,345,661)</u>
Net (expenditure)/income	(334,744)	(2,093,138)
Actuarial (losses)/gains on defined benefit pension schemes	<u>3,458,000</u>	<u>(5,666,000)</u>
	3,123,256	(7,759,138)
Distribution from subsidiary	<u>127,084</u>	<u>80,495</u>
	<u>3,250,340</u>	<u>(7,678,643)</u>

**3. DONATIONS AND LEGACIES**

	Unrestricted funds 31 December 2021 £	Restricted funds 31 December 2021 £	Total funds Year to 31 December 2021 £	Total funds Year to 31 December 2020 £
National Exercise Referral Scheme (see note 25)	-	160,810	160,810	173,547
Coronavirus Job Retention Scheme	-	1,072,361	1,072,361	2,315,274
National Leisure Recovery Fund	-	560,741	560,741	-
Asset Improvement Grant - Pencoed	-	129,850	129,850	-
Other project grants	-	<u>424,565</u>	<u>424,565</u>	-
Total	-	<u>2,348,327</u>	<u>2,348,327</u>	<u>2,488,821</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 31 December 2021 £	Restricted funds 31 December 2021 £	Total funds Year to 31 December 2021 £	Total funds Year to 31 December 2020 £
Operation of leisure centres	6,747,436	-	6,747,436	5,307,926
Management fee	1,278,952	-	1,278,952	1,427,059
Government grants	52,987	-	52,987	82,506
Local Authority Contracts - COVID 19 relief	1,164,045	-	1,164,045	1,060,169
Total	<u>9,243,420</u>	-	<u>9,243,420</u>	<u>7,877,660</u>

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

#### 5. INCOME FROM OTHER TRADING ACTIVITIES

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

	Year to 31.12.21 £	Year to 31.12.20 £
Turnover	186,533	204,279
Cost of sales and administration costs (including intra-group)	<u>(59,447)</u>	<u>(123,784)</u>
Net profit	<u>127,084</u>	<u>80,495</u>

The subsidiary company has gift aided its profits to the parent Charitable Company.

Included within Turnover are £5,760 (2020: £12,600) of sales to other group companies.

Included within Costs of sales and administration costs is £10k (2020: £10k) of management fees payable to the parent charitable company, Halo Leisure Services Limited.

#### 6. INVESTMENT INCOME

	Unrestricted funds 31 December 2021 £	Restricted funds 31 December 2021 £	Total funds Year to 31 December 2021 £	Total funds Year to 31 December 2020 £
Interest received	-	-	-	610
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>610</u>

#### 7. OTHER INCOME

	Unrestricted funds 31 December 2021 £	Restricted funds 31 December 2021 £	Total funds Year to 31 December 2021 £	Total funds Year to 31 December 2020 £
Insurance claim	<u>1,176,039</u>	-	<u>1,176,039</u>	-
Total	<u>1,176,039</u>	<u>-</u>	<u>1,176,039</u>	<u>-</u>

In 2021, the Group received £1,176,039 (2020: £Nil) of income related to a Covid Business Interruption Claim on its insurance policy.

#### 8. NET EXPENDITURE/INCOME OF THE PARENT CHARITABLE COMPANY

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net surplus after the gift aid of profits from the subsidiary and actuarial gains/losses under defined benefit schemes for the financial year was £3,250,340 (31 December 2020: net expenditure of £6,855,139).

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2021**

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

	Year to 31.12.21 £	Year to 31.12.20 £
Wages and salaries	5,490,069	6,212,833
Social security costs	380,198	435,269
Other pension costs	1,129,150	1,209,238
Redundancy and severance payments	<u>21,270</u>	<u>147,986</u>
	<u>7,020,687</u>	<u>8,005,326</u>

The staff costs include those associated with the Charitable Company, Halo Leisure Services Limited and those associated with the subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd. As this includes commercial trading operations the amount above does not agree to that in note 12 which relates purely to charitable activities.

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

	Year to 31.12.21	Year to 31.12.20
Leisure Centres	406	537
Support	46	47
Management and administration	<u>4</u>	<u>4</u>
	<u>456</u>	<u>588</u>

The average monthly full-time equivalent number of employees during the period was as follows:

	Year to 31.12.21	Year to 31.12.20
Leisure Centres	189	214
Support	40	40
Management and administration	<u>4</u>	<u>4</u>
	<u>233</u>	<u>258</u>

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

	Year to 31.12.21	Year to 31.12.20
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	<u>1</u>	<u>1</u>

During the year, no Trustees received any remuneration (2020: £Nil) and no Trustees received any benefits in kind (2020: £Nil).

The Trustees neither received nor waived any emoluments during the year (2020: Nil).

During the year, expenses of £Nil (2020: £707) were reimbursed to Trustees of the Charitable Company for travel expenses to board meetings.

The total amount of employee benefits received by key management personnel is £351,447 (2020: £329,263). The trust considers its key management personnel comprise of the Chief Executive, Finance Director, HR Director and Operations Director.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2021****10. NET INCOME FOR THE YEAR**

The net income is stated after charging:

	Year to 31.12.21 £	Year to 31.12.20 £
Equipment repairs, maintenance and lease	88,979	72,458
Depreciation - owned assets	314,247	319,865
Depreciation - assets on hire purchase contracts or finance leases	382,335	432,891
Computer software amortisation	17,210	19,208
Auditors remuneration	23,000	22,673
Audit of trading subsidiary	6,072	4,738
Non audit work – statutory accounts preparation	<u>5,775</u>	<u>4,120</u>

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31.12.21 £	Year to 31.12.20 £
Finance lease and hire purchase interest	<u>500,727</u>	<u>543,103</u>
	<u>500,727</u>	<u>543,103</u>

**12. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Direct costs £	Staff costs £	Support costs £	Total for Year to 31.12.21 £	Total for Year to 31.12.20 £
Leisure centres	<u>2,439,158</u>	<u>7,014,702</u>	<u>3,650,527</u>	<u>13,104,387</u>	<u>12,609,058</u>

**Major components of Support Costs**

	Year to 31.12.21 £	Year to 31.12.20 £
Premises Costs	1,303,052	508,689
Advertising & Promotions	24,428	35,708
Office Administration	213,115	204,838
Finance and Compliance	587,703	624,634
Other Finance Costs re FRS 102	224,000	672,000
Irrecoverable VAT	527,357	329,585
Equipment Repairs, Maintenance and Lease	88,979	72,458
Other Costs	658,893	548,406
Governance Costs	23,000	26,793
	<u>3,650,527</u>	<u>3,023,111</u>

All staff and support costs relate to the sole activity of the Charitable Company and its wholly owned charitable subsidiary, being the provision of leisure facilities. Governance costs are made up of auditor's remuneration of £23,000 (2020: £26,793), which excludes audit of the trading subsidiary.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

13. **COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME FROM</b>			
Donations and legacies	-	2,488,821	2,488,821
<i>Income from charitable activities</i>			
Operation of leisure and recreation sites	7,817,943	59,717	7,877,660
<i>Income from other trading activities</i>			
Commercial trading operations	204,279	-	204,279
Investment income	610	-	610
<b>Total income</b>	<b>8,022,832</b>	<b>2,548,538</b>	<b>10,571,370</b>
<b>EXPENDITURE ON</b>			
<i>Cost of raising funds</i>			
Commercial trading operations	113,784	-	113,784
<i>Expenditure on charitable activities</i>			
Operation of leisure and recreation sites	10,162,927	2,446,131	12,609,058
<b>Total expenditure</b>	<b>10,276,711</b>	<b>2,446,131</b>	<b>12,722,842</b>
<b>NET INCOME</b>	<b>(2,253,879)</b>	<b>102,407</b>	<b>(2,151,472)</b>
<b>Transfers between funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>			
Actuarial gains/losses on defined benefit schemes	(5,666,000)	-	(5,666,000)
<b>Net movement in funds</b>	<b>(7,919,879)</b>	<b>102,407</b>	<b>(7,817,472)</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	(8,374,290)	2,332,534	(6,041,756)
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>(16,294,169)</b>	<b>2,434,941</b>	<b>(13,859,228)</b>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**14. INTANGIBLE FIXED ASSETS**

**Group**

	Computer software £
<b>COST</b>	
At 1 January 2021	114,223
Additions	<u>-</u>
At 31 December 2021	<u>114,223</u>
<b>AMORTISATION</b>	
At 1 January 2021	84,192
Amortisation for year	<u>17,210</u>
At 31 December 2021	<u>101,402</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>12,821</u>
At 31 December 2020	<u>30,031</u>

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2021	27,363
Additions	<u>-</u>
At 31 December 2021	<u>27,363</u>
<b>AMORTISATION</b>	
At 1 January 2021	10,191
Amortisation for year	<u>9,121</u>
At 31 December 2021	<u>19,312</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>8,051</u>
At 31 December 2020	<u>17,172</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

15. TANGIBLE FIXED ASSETS

Group	Freehold property £	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>								
At 1 January 2021	2,297,613	10,395,136	3,404,707	793,840	838,222	1,476,019	36,424	19,241,961
Additions	-	-	-	26,930	-	4,617	-	31,547
Disposals	-	-	-	(6,922)	-	-	-	(6,922)
At 31 December 2021	2,297,613	10,395,136	3,404,707	813,848	838,222	1,480,636	36,424	19,266,586
<b>DEPRECIATION</b>								
At 1 January 2021	191,247	391,221	1,972,032	689,272	463,304	1,130,491	36,424	4,873,991
Charge for year	58,846	139,314	232,682	44,450	73,794	147,496	-	696,582
Eliminated on disposal	-	-	-	(6,648)	-	-	-	(6,648)
At 31 December 2021	250,093	530,535	2,204,714	727,074	537,098	1,277,987	36,424	5,563,925
<b>NET BOOK VALUE</b>								
At 31 December 2021	2,047,520	9,864,601	1,199,993	86,774	301,124	202,649	-	13,702,661
At 31 December 2020	2,106,366	10,003,915	1,432,675	104,568	374,918	345,528	-	14,367,970

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 December 2021

15. TANGIBLE FIXED ASSETS - continued

Group - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2021	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
Additions	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 December 2021	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
<b>DEPRECIATION</b>							
At 1 January 2021	391,221	349,939	22,444	162,136	345,580	-	1,271,320
Charge for year	139,314	51,077	14,122	56,967	124,741	-	386,221
Transfer to ownership	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 December 2021	530,535	401,016	36,566	219,103	470,321	-	1,657,541
<b>NET BOOK VALUE</b>							
At 31 December 2021	9,864,602	211,898	7,580	310,781	153,386	-	10,548,247
At 31 December 2020	10,003,916	262,975	21,702	367,748	278,127	-	10,934,468

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

15. **TANGIBLE FIXED ASSETS - continued**

**Company**

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2021	10,395,137	3,404,707	749,897	834,317	1,476,019	36,424	16,896,501
Additions	-	-	16,532	-	4,617	-	21,149
Disposals	-	-	-	-	-	-	-
At 31 December 2021	10,395,137	3,404,707	766,429	834,317	1,480,636	36,424	16,917,650
<b>DEPRECIATION</b>							
At 1 January 2021	391,221	1,972,033	651,493	459,988	1,130,492	36,424	4,641,651
Charge for year	139,314	232,678	40,405	73,207	147,494	-	633,098
Eliminated on disposal	-	-	-	-	-	-	-
At 31 December 2021	530,535	2,204,711	691,898	533,195	1,277,986	36,424	5,274,749
<b>NET BOOK VALUE</b>							
At 31 December 2021	9,864,602	1,199,996	74,531	301,122	202,650	-	11,642,901
At 31 December 2020	10,003,916	1,432,674	98,404	374,329	345,527	-	12,254,850

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 December 2021

15. **TANGIBLE FIXED ASSETS - continued**

**Company - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2021	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
Additions	-	-	-	-	-	-	-
Transfer to ownership	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 December 2021	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
<b>DEPRECIATION</b>							
At 1 January 2021	391,221	349,939	22,444	162,136	345,580	-	1,271,320
Charge for year	139,314	51,077	14,122	56,967	124,741	-	386,221
Transfer to ownership	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 December 2021	530,535	401,016	36,566	219,103	470,321	-	1,657,541
<b>NET BOOK VALUE</b>							
At 31 December 2021	9,864,602	211,898	7,580	310,781	153,386	-	10,548,247
At 31 December 2020	10,003,916	262,975	21,702	367,748	278,127	-	10,934,468

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**16. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2020 and 31 December 2021	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>1</u>
At 31 December 2020	<u>1</u>

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

**Subsidiary**

**Halo Leisure Enterprises Limited**

Nature of business: Consultancy and asset management

	%		
Class of shares:	holding		
Ordinary	100.00	31.12.21	31.12.20
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**Subsidiary**

**Severn Centre Trust Ltd**

Nature of business: Provision of leisure facilities

	%		
Class of shares:	holding		
Ordinary	100.00	31.12.21	31.12.20
		£	£
Aggregate funds		<u>2,112,989</u>	<u>2,110,604</u>

**17. STOCKS**

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Stocks	<u>34,368</u>	<u>34,583</u>	<u>34,368</u>	<u>34,583</u>

**18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Trade debtors	169,816	105,172	176,600	52,590
Amounts owed by group undertakings	-	-	131,392	181,057
Other debtors	22,633	1,444	22,633	1,444
Prepayments and accrued income	<u>311,030</u>	<u>627,065</u>	<u>287,373</u>	<u>612,886</u>
	<u>503,479</u>	<u>733,681</u>	<u>617,998</u>	<u>847,977</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2021**

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Finance leases & hire purchase (note 21)	384,887	360,662	384,887	360,662
Trade creditors	972,970	477,120	941,147	463,458
Other creditors	80,857	159,357	80,308	158,808
Other Taxes and PAYE	280,374	506,662	253,504	468,712
Accruals	800,518	888,702	773,149	870,120
Deferred income	252,317	500,680	243,084	491,155
Bank loans	150,000	25,000	150,000	25,000
	<u>2,921,923</u>	<u>2,918,183</u>	<u>2,826,079</u>	<u>2,837,915</u>

	Group		Company	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Deferred income (excluding capital grants)				
Deferred income at 1 January 2021	500,680	838,855	491,155	830,423
Resources deferred in the year	252,317	500,680	243,084	491,155
Amounts released from previous periods	<u>(500,680)</u>	<u>(838,855)</u>	<u>(491,155)</u>	<u>(830,423)</u>
Deferred income at 31 December 2021	<u>252,317</u>	<u>500,680</u>	<u>243,084</u>	<u>491,155</u>

Deferred income at 31 December 2021 represents annual leisure membership income and swimming courses income, where the consideration has been received in the year ended 31 December 2021 but the services were provided in the year ending 31 December 2022.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Finance leases & hire purchase (note 21)	11,969,260	11,878,812	11,969,260	11,878,812
Bank loans	<u>575,000</u>	<u>725,000</u>	<u>575,000</u>	<u>725,000</u>
	<u>12,544,260</u>	<u>12,603,812</u>	<u>12,544,260</u>	<u>12,603,812</u>

**21. FINANCE LEASES AND HIRE PURCHASE**

An analysis of the maturity of finance lease and hire purchase agreements is given below:

	Group		Company	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Due in less than 1 year	384,887	360,662	384,887	360,662
Due between 1-2 years	331,150	382,919	331,150	382,919
Due between 2-5 years	973,648	1,043,022	973,648	1,043,022
Due in more than 5 years	10,664,462	10,452,871	10,664,462	10,452,871
	<u>12,354,147</u>	<u>12,239,474</u>	<u>12,354,147</u>	<u>12,239,474</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**22. SECURED DEBTS**

At the year end there were £725,000 in secured debts included within creditors (2020: £750,000). The debenture dated 9 September 2020 is over all assets of the company. The loan is further secured over all the assets of subsidiary, Severn Centre Trust Ltd, by way of fixed and floating charges.

Charges dated 4 April 2012 and 28 July 2015 are held in favour of National Westminster Bank plc over bank deposit balances of £91,100 and £27,000 and all amounts credited to the charitable company's bank account in the future.

**23. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS**

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

Group	Land and buildings		Other operating leases	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Payments falling due:				
Within one year	-	-	9,339	-
Within one to two years	-	-	7,872	-
Within two to five years	-	-	22,961	-
	<u>-</u>	<u>-</u>	<u>40,172</u>	<u>-</u>

Company	Land and buildings		Other operating leases	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Payments falling due:				
Within one year	-	-	7,872	-
Within one to two years	-	-	7,872	-
Within two to five years	-	-	22,961	-
	<u>-</u>	<u>-</u>	<u>38,705</u>	<u>-</u>

**24. DEFERRED INCOME**

	Group		Company	
	31.12.21 £	31.12.20 £	31.12.21 £	31.12.20 £
Deferred capital grants	<u>129,575</u>	<u>155,466</u>	<u>129,575</u>	<u>155,466</u>

During the year £25,891 (2020: £22,789) of deferred capital grants were released into the Statement of Financial Activities as income.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS**

Group	Unrestricted	Restricted	Totals
	Funds	Funds	
	£	£	£
At 1 January 2021	(16,294,169)	2,434,941	(13,859,228)
Incoming resources	10,600,232	2,348,327	12,948,559
Outgoing resources	(11,449,795)	(1,704,039)	(13,153,834)
Actuarial gains on defined benefit schemes	3,458,000	-	3,458,000
At 31 December 2021	<u>(13,685,732)</u>	<u>3,079,229</u>	<u>(10,606,503)</u>
<b>Company</b>			
	Unrestricted	Restricted	Totals
	Funds	Funds	£
	£	£	£
At 1 January 2021	(16,298,410)	328,576	(15,969,834)
Incoming resources	10,324,887	2,337,327	12,662,214
Outgoing resources	(11,235,679)	(1,634,193)	(12,869,872)
Actuarial gains on defined benefit schemes	3,458,000	-	3,458,000
At 31 December 2021	<u>(13,751,202)</u>	<u>1,031,710</u>	<u>(12,719,492)</u>

**Restricted Funds – Group**

	At 1	Incoming	Outgoing	Transfers	At 31
	January	Resources	Resources		December
	2021				2021
	£	£	£	£	£
NERS scheme	328,576	160,810	(12,091)	-	477,295
Severn Centre Building Fund	2,106,365	-	(58,846)	-	2,047,519
Coronavirus Job retention scheme (CJRS)	-	1,072,361	(1,072,361)	-	-
National Leisure Recovery Fund (NLRF)	-	560,741	(560,741)	-	-
Asset improvement grant - Pencoed	-	129,850	-	-	129,850
Other restricted project grants	-	424,565	-	-	424,565
Total	<u>2,434,941</u>	<u>2,348,327</u>	<u>(1,704,039)</u>	<u>-</u>	<u>3,079,229</u>

**Restricted Funds – Company**

	At 1	Incoming	Outgoing	Transfers	At 31
	January	Resources	Resources		December
	2021				2021
	£	£	£	£	£
NERS scheme	328,576	160,810	(12,091)	-	477,295
Coronavirus Job retention scheme (CJRS)	-	1,072,361	(1,072,361)	-	-
National Leisure Recovery Fund (NLRF)	-	549,741	(549,741)	-	-
Asset improvement grant - Pencoed	-	129,850	-	-	129,850
Other restricted project grants	-	424,565	-	-	424,565
Total	<u>328,576</u>	<u>2,337,327</u>	<u>(1,634,193)</u>	<u>-</u>	<u>1,031,710</u>

**NERS scheme**

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

#### 25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued

##### Severn Centre Building Fund

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

##### Coronavirus Job Retention Scheme

Government grant income used to cover a portion of the employees' wages who were furloughed due to the coronavirus pandemic.

##### National Leisure Recovery Fund

UK Government fund to support leisure centre operators reopen following the enforced closures in response to the coronavirus pandemic. The fund is restricted for use towards the costs of running the respective charity's leisure centres where claims were made, including utilities, staff (who have not been furloughed), essential asset maintenance and security costs.

##### Asset Improvement Grant – Pencoed

A grant received which is restricted for the use towards improving the assets at the Pencoed Leisure Centre.

##### Other restricted project grants

The charity is in receipt of a number of smaller grants, which are restricted for use towards the costs of the projects to which the grants relate to.

#### **Unrestricted Funds – Group**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2021 £
<i>Designated funds:</i>					
Bridgend County BC	-	-	-	-	-
Bridgend County BC - utilities	-	-	-	-	-
Total designated	-	-	-	-	-
Unrestricted pension	(15,282,000)	-	(882,000)	3,458,000	(12,706,000)
Unrestricted general	(1,012,169)	10,600,232	(10,567,795)	-	(979,732)
Total unrestricted	(16,294,169)	10,600,232	(11,449,795)	3,458,000	(13,685,732)

#### **Unrestricted Funds – Company**

	At 1 January 2021 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2021 £
<i>Designated funds:</i>					
Bridgend County BC	-	-	-	-	-
Bridgend County BC - utilities	-	-	-	-	-
Total designated	-	-	-	-	-
Unrestricted pension	(15,282,000)	-	(882,000)	3,458,000	(12,706,000)
Unrestricted general	(1,016,410)	10,324,887	(10,353,679)	-	(1,045,202)
Total unrestricted	(16,298,410)	10,324,887	(11,235,679)	3,458,000	(13,751,202)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**25. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Bridgend County BC**

The Charitable Company received funding from Bridgend County Borough Council for capital improvements. The depreciation on assets relating to this funding was charged as expenditure against this designated fund.

**Bridgend County BC**

The Charitable Company has cap and collar agreement with Bridgend County Borough Council relating utility costs. In the year from April 2016 to March 2017 gas tariffs decreased, generating a net refund to Bridgend County Borough Council, which was held at their request in a reserve to be applied to future capital improvements.

**Transfers between funds**

Transfers took place during the year ended 31 December 2020 between general unrestricted funds and designated funds to undesignated funds totalling £507,516 to reduce the funding shortfalls within the general unrestricted funds. There were no transfers in the current year.

**Unrestricted general**

The unrestricted general funds of the Charitable Company were in deficit at 31 December 2021. The Charitable Company's budgets have been set for future years with a view to reversing this position.

**26. COMPARATIVE YEAR MOVEMENTS IN FUNDS**

<b>Group</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Totals £</b>
At 1 January 2020	(8,374,290)	2,332,534	(6,041,756)
Incoming resources	8,022,832	2,548,538	10,571,370
Outgoing resources	(10,276,711)	(2,446,131)	(12,722,842)
Actuarial gains on defined benefit schemes	(5,666,000)	-	(5,666,000)
At 31 December 2020	<u>(16,294,169)</u>	<u>2,434,941</u>	<u>(13,859,228)</u>
<b>Company</b>			
	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Totals £</b>
At 1 January 2020	(8,378,020)	167,324	(8,210,696)
Incoming resources	7,757,250	2,548,538	10,305,788
Outgoing resources	(10,011,640)	(2,387,286)	(12,398,926)
Actuarial gains on defined benefit schemes	(5,666,000)	-	(5,666,000)
At 31 December 2020	<u>(16,298,410)</u>	<u>328,576</u>	<u>(15,969,834)</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**26. COMPARATIVE YEAR MOVEMENTS IN FUNDS – continued**

**Restricted Funds – Group**

	At 1 January 2020	Incoming Resources	Outgoing Resources	Transfers	At 31 December 2020
	£	£	£	£	£
NERS scheme	167,324	173,547	(12,295)	-	328,576
Severn Centre Building Fund	2,165,210	-	(58,845)	-	2,106,365
Job retention scheme	-	2,315,274	(2,315,274)	-	-
Employment allowance	-	4,000	(4,000)	-	-
SMP reclaimed	-	55,717	(55,717)	-	-
<b>Total</b>	<b>2,332,534</b>	<b>2,548,538</b>	<b>(2,446,131)</b>	<b>-</b>	<b>2,434,941</b>

**Restricted Funds – Company**

	At 1 January 2020	Incoming Resources	Outgoing Resources	Transfers	At 31 December 2020
	£	£	£	£	£
NERS scheme	167,324	173,547	(12,295)	-	328,576
Job retention scheme	-	2,315,274	(2,315,274)	-	-
Employment allowance	-	4,000	(4,000)	-	-
SMP reclaimed	-	55,717	(55,717)	-	-
<b>Total</b>	<b>167,324</b>	<b>2,548,538</b>	<b>(2,387,286)</b>	<b>-</b>	<b>328,576</b>

**Unrestricted Funds – Group**

	At 1 January 2020	Incoming Resources	Outgoing Resources	Gains, losses, & transfers	At 31 December 2020
	£	£	£	£	£
<i>Designated funds:</i>					
Bridgend County BC	595,744	-	(103,271)	(492,473)	-
Bridgend County BC - utilities	15,043	-	-	(15,043)	-
<b>Total designated</b>	<b>610,787</b>	<b>-</b>	<b>(103,271)</b>	<b>(507,516)</b>	<b>-</b>
Unrestricted pension	(8,712,000)	-	(904,000)	(5,666,000)	(15,282,000)
Unrestricted general	(273,077)	8,022,832	(9,269,440)	507,516	(1,012,169)
<b>Total unrestricted</b>	<b>(8,374,290)</b>	<b>8,022,832</b>	<b>(10,276,711)</b>	<b>(5,666,000)</b>	<b>(16,294,169)</b>

**Unrestricted Funds – Company**

	At 1 January 2020	Incoming Resources	Outgoing Resources	Gains, losses, & transfers	At 31 December 2020
	£	£	£	£	£
<i>Designated funds:</i>					
Bridgend County BC	595,744	-	(103,271)	(492,473)	-
Bridgend County BC - utilities	15,043	-	-	(15,043)	-
<b>Total designated</b>	<b>610,787</b>	<b>-</b>	<b>(103,271)</b>	<b>(507,516)</b>	<b>-</b>
Unrestricted pension	(8,712,000)	-	(904,000)	(5,666,000)	(15,282,000)
Unrestricted general	(276,807)	7,757,250	(9,004,369)	507,516	(1,016,410)
<b>Total unrestricted</b>	<b>(8,378,020)</b>	<b>7,757,250</b>	<b>(10,011,640)</b>	<b>(5,666,000)</b>	<b>(16,298,410)</b>

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

#### 27. EMPLOYEE BENEFIT OBLIGATIONS

The Charitable Company has employees who are admitted into one of three Local Government Pension Schemes administered either by Worcestershire County Council, Rhondda Cynon Taf County Borough Council or Shropshire County Council. The deficits for past service up to the point of transfers have been guaranteed by Herefordshire Council, Rhondda Cynon Taf County Borough Council and Shropshire County Council respectively.

The pension costs and provision for the year ended 31 December 2021 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2019 for all 3 pension funds.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.21	31.12.20
	£	£
Present value of funded obligations	(42,588,000)	(41,627,000)
Fair value of plan assets	<u>29,882,000</u>	<u>26,345,000</u>
	(12,706,000)	(15,282,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(12,706,000)</u>	<u>(15,282,000)</u>

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

	Defined benefit pension plans	
	31.12.21	31.12.20
	£	£
Current service cost	972,000	877,000
Past service cost	2,000	189,000
Net Interest from net defined benefit asset/liability	224,000	177,000
Administration expenses	5,000	6,000
Effect of curtailments	-	-
	<u>1,203,000</u>	<u>1,249,000</u>
Actual return on plan assets	<u>3,064,000</u>	<u>2,135,000</u>

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

	Defined benefit pension plans	
	31.12.21	31.12.20
	£	£
Opening defined benefit obligation	41,627,000	32,768,000
Current service cost	972,000	877,000
Change in financial assumptions	1,189,000	-
Past service cost	2,000	189,000
Contributions by scheme participants	121,000	139,000
Interest cost	605,000	672,000
Remeasurement (gains) / losses	(1,583,000)	7,306,000
Curtailments	-	-
Benefits paid	<u>(345,000)</u>	<u>(324,000)</u>
	<u>42,588,000</u>	<u>41,627,000</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.21	31.12.20
	£	£
Opening fair value of scheme assets	26,345,000	24,056,000
Interest on plan assets	381,000	495,000
Contributions by employer	321,000	345,000
Contributions by scheme participants	121,000	139,000
Remeasurement gains / (losses)	3,064,000	1,640,000
Administration expenses	(5,000)	(6,000)
Benefits paid	(345,000)	(324,000)
	<u>29,882,000</u>	<u>26,345,000</u>

The amounts recognised in other comprehensive income are as follows:

	31.12.21	31.12.20
	£	£
Remeasurement gains/(losses)	<u>3,458,000</u>	<u>(5,666,000)</u>
Cumulative amount of actuarial remeasurement losses	<u>(6,478,000)</u>	<u>(9,936,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.21	31.12.20
Equities	67.33%	64.27%
Government bonds	3.87%	5.53%
Cash/liquidity	0.87%	0.60%
Other bonds	11.23%	13.34%
Property	4.97%	5.63%
Other	<u>11.73%</u>	<u>10.63%</u>
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date:

	31.12.21	31.12.20
Discount rate	1.80 – 1.90%	1.40 – 1.50%
Rate of Inflation	2.73%	2.30 %
Future salary increases	3.85 – 4.30%	3.55 – 3.80%
Future pension increases	2.60 – 2.90%	2.30 – 2.40%

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Worcestershire County Council Pension Fund:

	Central	+ 0.1% discount rate	+0.1% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	24,201,000	23,626,000	24,790,000	24,951,000
Assets	(12,789,000)	(12,789,000)	(12,789,000)	(12,789,000)
Deficit/(surplus)	11,412,000	10,837,000	12,001,000	12,162,000
Projected service cost for next year	476,000	463,000	490,000	493,000
Projected interest cost for next year	203,000	203,000	213,000	216,000

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Rhondda Cynon Taf County Borough Council Pension Fund:

	+0.1% p.a.	Base figure	-0.1% p.a.
<i>Adjustment to discount rate</i>			
Present value of total obligation (£)	16,163,000	16,612,000	17,077,000
% change in present value of total obligation	-2.7%	-	2.8%
Projected service cost (£)	429,000	444,000	460,000
Approximate % change in projected service cost	-3.4%	-	3.5%
<i>Adjustment to salary increase rate</i>			
Present value of total obligation (£)	16,662,000	16,612,000	16,562,000
% change in present value of total obligation	0.3%	-	-0.3%
Projected service cost (£)	444,000	444,000	444,000
Approximate % change in projected service cost	0.0%	-	0.0%
<i>Adjustment to pension increase rate</i>			
Present value of total obligation (£)	17,027,000	16,612,000	16,213,000
% change in present value of total obligation	2.5%	-	-2.4%
Projected service cost (£)	460,000	444,000	429,000
Approximate % change in projected service cost	3.5%	-	-3.4%
<i>Adjustment to mortality age rating assumption</i>			
Present value of total obligation (£)	17,210,000	16,612,000	16,014,000
% change in present value of total obligation	3.6%	-	-3.6%
Projected service cost (£)	462,000	444,000	427,000
Approximate % change in projected service cost	4.0%	-	-3.9%

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Shropshire County Pension Fund:

	Central	+ 0.1% discount rate	+0.1% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	1,775,000	1,742,000	1,809,000	1,829,000
Assets	(1,171,000)	(1,171,000)	(1,171,000)	(1,171,000)
Deficit/(surplus)	604,000	571,000	638,000	658,000
Projected service cost for next year	48,000	47,000	49,000	49,000
Projected interest cost for next year	11,000	11,000	11,000	12,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2021**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Amounts for the current and previous four periods are as follows:

	31.12.21	31.12.20	31.12.19	31.12.18	31.12.17
	£	£	£	£	£
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(42,588,000)	(41,627,000)	(32,768,000)	(26,414,000)	(27,218,000)
Fair value of scheme assets	29,882,000	26,345,000	24,056,000	20,484,000	20,954,000
Deficit	(12,706,000)	(15,282,000)	(8,712,000)	(5,930,000)	(6,264,000)
Experience gains/(losses) on scheme liabilities	3,458,000	(5,666,000)	(1,929,000)	-	-
Experience gains/(losses) on scheme assets	-	-	-	-	-

In addition to the accounting disclosures under FRS102, it is important to appreciate how the LGPS pension schemes work and how ongoing contributions requirements are calculated to ensure the schemes remain or become fully funded in the long term.

FRS102 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions and any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions liability calculation used for accounting purposes are based largely on the actuarial ongoing basis calculations (such as inflation, life expectancy etc) but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the “ongoing basis” uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the ongoing basis – and therefore much higher net present pension scheme deficits.

The FRS102 liability is therefore based on the latest tri-annual ongoing basis calculations but is re-calculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors. The FRS102 discount factor used decreased by 0.3% for the Worcestershire County Council Pension Fund, 0.1% for the Rhondda Cynon Taf County Borough Council Pension Fund and 0.3% for the Shropshire County Council Pension Fund from those at December 2019.

**28. RELATED PARTY DISCLOSURES**

The parent Charitable Company, Halo Leisure Services Limited, has taken advantage of the exemption afforded under FRS 102 from disclosing transactions and balances with its wholly owned subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd, within these consolidated financial statements.

**29. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Board of Trustees and management team who are responsible for the strategic and operational decisions of the Charitable Company.

**30. CONTINGENT LIABILITIES**

Performance Guarantees

The Charitable Company has contingent liabilities in respect of Performance Guarantees amounting to £195,000 (2020: £118,100). Bonds have been lodged totalling for £204,100 (2020: £160,100) to cover this liability in the event that it crystallises.

**HALO LEISURE SERVICES LIMITED**

England & Wales - Charity number 1091543

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# Accounts

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**HALO LEISURE SERVICES LIMITED**  
**REPORT OF THE TRUSTEES, STRATEGIC REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**CHARITY NO : 1091543**  
**COMPANY NO : 04335715**

**HALO LEISURE SERVICES LIMITED**

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**for the Year Ended 31 December 2020**

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## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

The Trustees, who are also Directors of the Charitable Company for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the Charitable Company and the Group for the year ended 31 December 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS**

The name of the parent Charitable Company is Halo Leisure Services Limited.

**Principal and registered office:** Halo Support Centre  
Lion Yard  
Broad Street  
LEOMINSTER  
Herefordshire  
HR6 8BT

**Telephone:** 01568 618980

**Website:** [www.haloleisure.org.uk](http://www.haloleisure.org.uk)

**Company Registration Number:** 04335715 (England and Wales)

**Charity Registration Number:** 1091543

<b>Trustees during the year under review and up to the present date:</b>	<b>Date of appointment as Director/Trustee</b>	<b>Date of resignation as Director/Trustee</b>
R J S Curtis [Chairman] Brigadier R T H Kirby CBE PNB S Brewster D M Halpern N A Sellar [Treasurer] A Curless A Cavaghan K E Bush W R Hobden V A Hill J L Coulthurst L J Hornik		21 October 2020
		29 July 2020
		21 October 2020

**Chairman:** R J S Curtis

**Chief Executive:** S M Rolfe

**Company Secretary:** J G Huxley

**Auditors:** McCabe Ford Williams  
Chartered Accountants  
Statutory Auditors  
Bank Chambers, 1 Central Avenue  
Sittingbourne, Kent ME10 4AE

**Bankers:** National Westminster Bank plc  
12 Broad Street  
Hereford  
HR4 9AH

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS** **- continued**

**Solicitors:** T.A. Matthews  
32-35 Broad Street  
Hereford  
HR4 9AR

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **The Trustees**

The Trustees are also the Directors in accordance with the Companies Act 2006. The Board is made up of not less than 5 and no more than 15 Trustees. Trustees are now required to retire after a term of three years but may be reappointed for a further three years to a maximum of four consecutive terms of three years. They may be appointed annually for further terms of one year under exceptional circumstances and with unanimous resolution by the Trustees. The Trustees are also members of the Charitable Company which is limited by guarantee.

##### **Structure of the Charity**

The Board of Trustees meets regularly during the year. An Executive Board has been established with delegated authority to make decisions on behalf of the full Board. In addition two sub committees have been established to advise, scrutinise and report to the main Board. These are the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee. The Boards of the company's two subsidiaries also report to the main Board as and when required.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the Charitable Company, supported by a Senior Management Team.

##### **Induction and training**

All Trustees receive induction training with regard to the organisation including its powers and objects and the Charitable Company itself. Regular update and refresher training is also provided regarding their role as Charity Trustees and Charitable Company Trustees.

##### **Organisational structure and decision making process**

The Full Board retains overall accountability for the management of the Charitable Company. It delegates some responsibility for day-to-day decision making to the Chief Executive and the Senior Management Team. Committees meet on a regular basis across the year.

##### **Remuneration of Key Management Personnel**

Remuneration of Key Management Personnel is reviewed annually alongside the other employees of the company by both the Workforce Sub-committee and the Finance, Audit and Compliance Sub-committee, with a recommendation presented to the main Board.

##### **Related parties**

The Charitable Company has a close relationship with Herefordshire Council and with Bridgend County Borough Council.

The Charitable Company owns 100% of the ordinary issued share capital of Halo Leisure Enterprises Limited. Halo Leisure Enterprises Limited provides a software system for asset management. The Charitable Company is also the sole shareholder of Severn Centre Trust Ltd, which is a registered Charity with similar aims and objects to the Charitable Company.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT - continued**

##### **Co-operation with other organisations**

As a community-based organisation operating in Herefordshire, Bridgend, Shropshire and Wiltshire, Halo Leisure Services Limited structures large elements of its strategic planning and operational service delivery having due regard to partner aims and objectives. Work plans specifically identify how Halo Leisure Services Limited will contribute to delivering on broader social agendas, working with the health, education and voluntary sectors in addition to local authorities and local businesses.

##### **Risk Assessment**

The Charitable Company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. This document is reviewed on a regular basis by the Trustees.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

- To provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare with the intention of improving the conditions of life of those using the facilities;
- To organize events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;
- To relieve the needs of people who are elderly, sick or who have physical or mental disabilities through the provision of recreational and leisure time activities;
- To promote and preserve good health amongst the population through exercise and sport;
- To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education; and

To carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales.

##### **Vision and mission**

**VISION:** Creating Healthier Communities

**MISSION:** To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

##### **Strategic themes**

Quarter 1 of the year was all about the 2019-2021 Corporate Business Plan which continued to provide the direction of travel and strategic framework during 2020 and 2021. As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

1. To provide a Customer Experience which exceeds expectations and attracts and retains customers in an increasingly competitive marketplace.
2. To deliver innovative Products for our customers and partners to encourage healthier lifestyles, drive revenue and combat competition.
3. Employ and reward People who add value through their skills, knowledge and performance while delivering a lean workforce fit for future challenges.
4. To operate a financially sustainable organisation which uses commercial principles to drive performance and achieve our Vision.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **OBJECTIVES AND ACTIVITIES - continued**

##### **Strategic themes – continued**

Halo's two key themes for 2020 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing and expanding the business.

2020 got off to a positive start with the company reporting the highest membership sales in its history. The delivery of a new bespoke online membership sign up platform was key to this success. Deviation from this strategic and sales focus was forced upon our business towards the end of March 2020 when the Covid-19 pandemic emerged. Although Q2-Q4 of 2020 can be summed up by the '3 C's' - Covid, Closures and Comebacks - as an organisation with a passion for getting more people more active more often, Halo celebrated some notable successes during unprecedented and challenging times, highlighted below.

##### **Further challenges**

As well as the centre closures imposed by Covid restrictions, Hereford Leisure Pool was closed for the entire year due to severe flooding and The Bromyard Centre could not reopen in 2020 due to vandalism. This obviously impacted participation numbers and income.

##### **Public benefit**

The Board of Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Board of Trustees consider how planned activities will contribute to the aims and objectives they have set.

Based on the vision and themes the following key achievements were delivered:

Under normal circumstances and trading conditions, this section paints a picture of the organisation in numbers in terms of member base, new joiners, children's coaching courses, participation, GP referrals, local residents benefitting from the accessible pricing policy. Given that during 2020 Halo centres were closed for more than half the year, 192 days as opposed to 173 open, these numbers are not meaningful. In 2020 it was still all about the numbers but for a less favourable reason:

- 5 months closed.
- 4 months restricted opening.
- 3 months 'normal' trading.
- Revenue stood at 43% of the annual Budget.
- Local Government support amounted to £1m+.
- £2.3m was secured from the Government's job protection furlough scheme.
- £350,000 was secured in grants to support operations.
- 20% savings made on normal overhead spend.

Notwithstanding these challenges, the resilience and flexibility displayed by our teams, allowed us to deliver some wonderful outcomes (both because of and despite Covid), which are celebrated below.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRATEGIC REPORT**

##### **ACHIEVEMENTS AND PERFORMANCE**

###### **Creating healthier communities – keeping the brand alive through Covid closures and comebacks**

For 10 months of 2020, the vast majority of communications focused on keeping customers and partners abreast of what was happening with repeated lockdowns, restricted activities and reopenings. In fact over 4000 messages were issued during this time specifically relating to Covid. Customer confidence building was key to reassuring centre users that Halo was clean, safe and prepared for their return - advice, guidance, regular updates, new directional signage, video walkthroughs supported this.

When customers couldn't come to Halo centres, Halo still facilitated their exercise habit by launching Halo@HOME. This online offer initially offered hundreds of online on demand workouts, then moved to adding live streamed classes delivered by Halo instructors, all of which could be done from the safety of the front room and back garden. Halo also supported home exercise for its members through discounts on home gym kit, artificial intelligent online coaching/motivation.

The Halo Leisure app was rolled out to all centres to support the new safety measure of pre booking activities.

###### **Creating healthier communities – through employee health and wellbeing**

The main focus for the People team during 2020 was to ensure we supported our teams fully through the height of the pandemic by:

- Accessing full wages support through the Government's furlough scheme.
- Continuing to provide wellbeing support and benefits health cash plan schemes with our trusted partner Westfield Health.
- Introduced Togetherall, an online digital support package which employees can access 24/7 which provides them with digital peer to peer and professional counselling support and a range of learning and CPD opportunities.
- Ensured everyone was prepared and ready for their return to work in a COVID safe environment through training and development and return to work programmes.

###### **Creating healthier communities – securing external funding to support disadvantaged and hard to reach groups**

Approximately £12,000 of funding was secured to engage with 16 children aged 5-13 on the Autism Friendly Swimming programme.

Almost £30,000 worth of funding ensured the continuation of the Mobile Falls Prevention programme. Using the evidenced based Falls Prevention programme, delivery was taken into community settings such as sheltered housing complexes, and reduced the likelihood of debilitating falls by an impressive 40%

£8,000 was secured from the National Lottery's Covid-19 top up fund to deliver the crucial community work of the Feel Good for Life programme which continued to deliver online social and physical activity to those with dementia, feeling low or lonely and who were at risk of isolation.

Working with Digital Communities Wales, over £67,000 of external funding supported the launch of the Digital Inclusion project which ensured vulnerable groups were not left behind and could continue to get physically active in the safety and comfort of their own home. The project supported vulnerable people, including those with complex health conditions and their carers, to stay physically active and stay connected by providing online opportunities to exercise and socialise. Devices, internet access and training was provided free of charge to some of Halo's most vulnerable customers, who may be unable to travel to their local leisure centre.

A successful application to the Climate Change Top-Up fund through the National Lottery resulted in £11,418 to support energy consumption reduction by putting in place energy efficiency measures, namely replacing the Plate Heat Exchanger at Ogmores Vale Life Centre. The work is expected to improve the efficiency of the boilers from 76.2% to 90% and reduce the annual gas consumption by an estimated £1,200 per annum, as well as reducing the carbon emissions by approximately 12 tonnes a year.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRATEGIC REPORT - continued**

##### **ACHIEVEMENTS AND PERFORMANCE - continued**

###### **Creating healthier communities - where price is a barrier to participation**

Our belief that price should never be a barrier to participation saw us deliver approximately 47,986 discounted sessions throughout the year as a result of our accessible pricing schemes, worth over a million pound of savings to communities we serve. 36,877 of our customers are enjoying discounted pricing as part of our concessions for Juniors, seniors, people with disabilities and those individuals and families on low wages and in receipt of benefits.

###### **Creating healthier communities - through driving quality standards**

Halo continues to use QUEST (Quality Award for Sport and Leisure) accreditation scheme as part of ongoing quality improvement. Following a Quest for Active Communities Direction Review and Improvement workshops, the 'Excellent' rating for the Halo/Bridgend County Borough Council Healthy Living Partnership was maintained for 2020.

###### **Creating healthier communities - through Awards and Accolades**

We are proud of our Active Communities team in Bridgend, after claiming the prestigious national Community Leisure UK Award for Impact through Physical Activity for the 'Feel Good for Life' programme. The award was recognition for the continued growth of the programme, incorporating more activities and venues, and supporting more people living with dementia and their carers as well as those feeling lonely or low. We were also finalists in the Workforce Development Award and Outstanding Volunteer Award.

###### **2021 The Road to Recovery**

Covid-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges Halo and indeed the sector face.

Although the sector has an unclear future, the early part of 2021 will be spent preparing for the challenges we face so we can consolidate and be prepared for 2022.

Our team is looking forward to 2021 which will be the first time in 18 months when all Halo centres will be open and operational.

##### **FUNDRAISING**

The Trustees are responsible for ensuring that the charity operates within a responsible, sustainable financial framework and that it has adequate resources to carry out its role in educating residents in the local community. While the Trustees may delegate many of the operations of fundraising to other parts of the organisation, they retain the responsibility for inspiring other fundraisers, demonstrating the perceived importance of fundraising to the organisation, and demonstrating their leadership in this area.

In carrying out fundraising, the charity adheres to the following standards:

- The Trustees will have regard to the Charity Commission's publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the charity will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the charity's stated mission and purpose.
- The charity will comply with GDPR Legislation in relation to all personal data collected.
- Nobody directly or indirectly employed by or volunteering for the charity shall accept commissions, bonuses or payments for fundraising activities.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the charity.
- All Trustees, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the charity to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commission's guide CC20.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRATEGIC REPORT - continued**

##### **FINANCIAL REVIEW**

These accounts represent the sixteenth year of trading for Halo Leisure Services Limited.

2020 has been dominated by COVID19 and the associated restrictions and closures imposed by the Government as they control the spread of the Virus. This has had a considerable impact on the performance of the Charitable Company as noted on page 4.

The Board are pleased to note that the relationships with Bridgend County Borough Council is strong and collaborative and that the relationship with Herefordshire Council, which has changed following the removal of management fees payable by the council and the signing of 75 year leases over most of the facilities in the County, remains supportive.

Bridgend County Borough Council, Shropshire County Council, Swindon Borough Council and Highworth Town Council have all put in place open book COVID support packages which has meant centres have been financially supported to break even through the crisis.

The Charitable Company's principal financial management policies centre around the need to retain sufficient reserves within the business to withstand potential downturns in market conditions and other events as identified and recorded within the risk assessment.

The group has returned a deficit of £2,151,472 (2019: £915,210 deficit) before defined benefit pension remeasurement adjustments for the year ended 31 December 2020.

The Charitable Company continues to target expenditure towards maintaining and improving the facilities it manages so that it continues to meet its obligations, aims and objectives. Albeit on a reduced basis in 2020.

The Charitable Company has faced reduced management fees from local authorities in recent years. In addition to the direct impact of reduced incomes this has also increased the costs in the business by reducing the amount of VAT that can be reclaimed on expenditures.

The challenge has been addressed by a combination of additional cost savings, business expansion and service development, including modernization of systems and processes driven through investment leading to improved sustainability and reduction in cost of employment. For example secure access and cashless systems.

Key factors behind the reported performance of the Charitable Company have been:

1. Operational revenue greatly reduced due to COVID restrictions
2. Increased Management fee support from Local Authority partners
3. Non-operational revenue boosted by Coronavirus Job Retention Scheme, discretionary grants and a £750,000 CBILS loan.
4. Staffing restructuring undertaken through the year has led to a reduction of 30 full time equivalents and savings in excess of £500,000. This was achieved through redundancies, the majority voluntary with a few compulsory.
5. The value assigned to the liability for defined benefit pension plans which, based on calculations produced by a qualified actuary, has increased by £6,570,000 during the year.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRATEGIC REPORT** – continued

##### **FINANCIAL REVIEW**

Certain financial key performance indicators have been applied to assist in the financial management of the business. These include:

Net Income / (Expenditure) as a % of Total Income	<u>31.12.20</u> (20.35)%	<u>31.12.19</u> (6.30)%
Staff Costs as a % of Total Resources Expended	62.92%	55.27%

Since the start of the pandemic the main KPI of the business has been in relation to the monitoring of cash flow.

##### **Reserves policy**

Halo Leisure Services Limited is in a relatively favourable cash flow position as it receives much of its income in advance of its expenditure. The Trustees, however, recognise the need for a level of financial reserves that will shield the Charitable Company from the possibility of adverse unforeseen circumstances. These include a number of specific risks that have been identified in the Charitable Company's Risk Register. The company's reserves policy is to achieve "a level of reserves sufficient to cover an average of three months expenditure plus a level of reserves sufficient to cover any actuarially determined crystallised pension deficit contribution that may be required."

The reserves policy suggests a desired level of unrestricted reserves of at least £3.9m. This compares with current unrestricted reserves, which are in deficit of £1.0m. Reserves have fallen due to the COVID pandemic and consequent closure of the leisure centres. The trustees will aim to build reserves however this will take a number of years given the continuing uncertainty. The Charitable Company also continues to seek opportunities where it can deliver both social benefit and financial improvement, and to maintain and improve cost control and efficiency across the business. The company is also following advice from the pension fund managers and the pension scheme actuaries to ensure that the pension scheme is funded at a rate sufficient to close any deficits over the next 20 to 25 years.

##### **Reserves in deficit**

Before accounting for any liability arising from the Charitable Company's defined benefit pension scheme accumulated reserves for the group amounted to £1,422,771 (2019: £2,670,244), including restricted funds of £2,434,941 (2019: £2,332,534) and unrestricted funds of £1,012,170 deficit (2019: £337,710 surplus).

However after accounting for the Charitable Company's defined benefit pension scheme liability at the year end of £15,282,000 (2019: £8,712,000) the group has an unrestricted reserve deficit of £16,294,170 (2019: £8,374,290).

The pension liability does not affect the Charitable Company's resources for general application as the Charitable Company pays pension contributions in line with the rates prescribed by professionally qualified actuaries which are calculated to eliminate the pension deficit in the long term. The Trustees are satisfied that the Charitable Company can meet its obligations as and when they fall due. Restricted reserves are not available for offset against the deficit on unrestricted reserves.

The going concern accounting policy within note 1 sets out the actions being taken to mitigate risks to the business as a result of the deficit unrestricted funds position.

##### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a register of the key business risks faced by the Charitable Company and seeks to ensure that appropriate policies are in place to manage, monitor or mitigate those risks.

Much of the Charitable Company's income is received as daily cash income where there is no commitment for further sales from the customer, whereas Halo has longer term commitments to staff and suppliers. Although membership income has a longer commitment attached there are no guarantees of renewal. The variance between the timing of Halo's commitments and its customers' commitments is judged to be the core risk that Halo faces.

## **HALO LEISURE SERVICES LIMITED**

### **REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT** **for the Year Ended 31 December 2020**

#### **STRATEGIC REPORT**

##### **FINANCIAL REVIEW – continued**

##### **FUTURE PLANS**

COVID-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges Halo and indeed the sector face.

Although the sector has an unclear future the remainder of 2021 will be spent preparing for the challenges we face so we can consolidate and be prepared for 2022.

##### **IMPACT OF COVID-19**

The outbreak of COVID-19, which has taken place during the year, has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a number of lockdowns of different durations across England and Wales, resulting in the temporary closure of all leisure establishments including gyms and leisure centres. The charitable company's activities, as with many businesses, have been negatively impacted. The impact of the new social distancing measures which limit a facility's capacity and the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the charitable company's customers, is as of yet unknown. The charitable company has made use of the available Government schemes, such as the Coronavirus Job Retention Scheme, and the charitable company has obtained a loan of £750k under the government's Coronavirus Business Interruption Loan Scheme (CBILS).

There is a potential COVID related Business Interruption Insurance claim for the 11 sites insured with Hiscox of £1.3M.

Due to the current situation with regards to COVID-19 and the Charitable Company's minimal level of unrestricted reserves compared with the size of its operations, the Trustees have assessed that these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Charitable Company's ability to continue as a going concern.

##### **DISABLED PERSONS**

The parent Charitable Company and its subsidiary undertakings' policy is to give full and fair consideration to applications for employment by disabled persons, having regard for their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career within the organisation. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

**HALO LEISURE SERVICES LIMITED**

**REPORT OF THE TRUSTEES INCORPORATING STRATEGIC REPORT**  
**for the Year Ended 31 December 2020**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Report of the Trustees Incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2019 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**APPROVAL OF REPORTS**

In approving the Report of the Trustees, the Trustees of the Charitable Company also approve the Strategic Report in their capacity as Directors.

**ON BEHALF OF THE BOARD:**

  
.....  
R J S Curtis – Chairman

  
.....  
J G Huxley – Secretary

  
.....  
N A Sellar – Trustee

Date: 28th July 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Opinion**

We have audited the consolidated financial statements of Halo Leisure Services Limited Group for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements which indicates that the effects of the COVID-19 pandemic have had a detrimental impact on the trading results of the group. As stated in note 1 these events or conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists which may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and their 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.

**Responsibilities of trustees**

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

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

**Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HALO LEISURE SERVICES LIMITED**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management contracts where contract variations had arisen;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

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

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

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

**Use of our report**

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

*AP*

Ashley Phillips FCCA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and  
Chartered Accountants  
Bank Chambers  
1 Central Avenue  
SITTINGBOURNE  
Kent  
ME10 4AE

Date: *3 September 2021*

**HALO LEISURE SERVICES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating a consolidated Income and Expenditure Account and**  
**Statement of Other Comprehensive Income)**  
**for the Year Ended 31 December 2020**

	NOTE	Unrestricted Funds £	Restricted Funds £	FRS 102 s.28 Unrestricted Funds £	Total Funds Year to 31.12.2020 £	Total Funds Year to 31.12.2019 £
<b>INCOME</b>						
Donations and legacies	3	-	2,488,821	-	2,488,821	223,332
<i>Income from charitable activities:</i>						
Operation of Leisure sites	4	7,817,943	59,717	-	7,877,660	14,059,287
<i>Income from other trading activities:</i>						
Commercial trading operations	5	204,279	-	-	204,279	235,317
Investment Income	6	610	-	-	610	4,110
<b>TOTAL INCOME</b>		<b>8,022,832</b>	<b>2,548,538</b>	<b>-</b>	<b>10,571,370</b>	<b>14,522,046</b>
<b>EXPENDITURE</b>						
<i>Costs of raising funds:</i>						
Commercial trading operations	5	113,784	-	-	113,784	144,866
<i>Expenditure on charitable activities:</i>						
Leisure activities	11	9,258,927	2,446,131	904,000	12,609,058	15,292,390
<b>TOTAL EXPENDITURE</b>		<b>9,372,711</b>	<b>2,446,131</b>	<b>904,000</b>	<b>12,722,842</b>	<b>15,437,256</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TAXATION AND TRANSFERS</b>		<b>(1,349,879)</b>	<b>102,407</b>	<b>(904,000)</b>	<b>(2,151,472)</b>	<b>(915,210)</b>
<b>TAXATION</b>						
<i>Taxation on trading profit</i>		-	-	-	-	-
<b>GROSS TRANSFERS BETWEEN FUNDS</b>						
		-	-	-	-	-
<b>NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102</b>		<b>(1,349,879)</b>	<b>102,407</b>	<b>(904,000)</b>	<b>(2,151,472)</b>	<b>(915,210)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
<i>Remeasurements on defined benefit pension schemes</i>	26	-	-	(5,666,000)	(5,666,000)	(1,977,000)
<b>NET INCOME / (EXPENDITURE)</b>		<b>(1,349,879)</b>	<b>102,407</b>	<b>(6,570,000)</b>	<b>(7,817,472)</b>	<b>(2,892,210)</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>337,710</b>	<b>2,332,534</b>	<b>(8,712,000)</b>	<b>(6,041,756)</b>	<b>(3,149,546)</b>
<b>FUNDS CARRIED FORWARD</b>		<b>(1,012,169)</b>	<b>2,434,941</b>	<b>(15,282,000)</b>	<b>(13,859,228)</b>	<b>(6,041,756)</b>

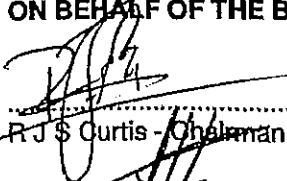
All of the above results are derived from continuing activities. The group has no other recognised gains and losses other than those stated above.

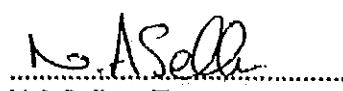
The notes form part of these financial statements


**CONSOLIDATED BALANCE SHEET**  
**31 December 2020**

	Notes	31.12.20 £	£	31.12.19 £	£
<b>FIXED ASSETS</b>					
Intangible assets	13		30,031		31,509
Tangible assets	14		<u>14,367,970</u>		<u>15,032,500</u>
			14,398,001		15,064,009
<b>CURRENT ASSETS</b>					
Stocks	16	34,583		34,583	
Debtors	17	733,681		563,095	
Cash at bank and in hand		<u>1,933,968</u>		<u>1,355,344</u>	
		2,702,232		1,953,022	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>2,918,183</u>		<u>2,511,673</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(215,951)</u>		<u>(559,651)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,182,050		14,505,358
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(12,603,812)		(11,680,647)
<b>DEFERRED INCOME</b>	23		(155,466)		(154,467)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>1,422,772</u>		<u>2,670,244</u>
<b>PENSION LIABILITY</b>	26		15,282,000		8,712,000
<b>FUNDS</b>					
Unrestricted income funds	24	(16,294,169)		(8,985,077)	
Unrestricted designated funds	24			610,787	
Restricted funds	24	<u>2,434,941</u>		<u>2,332,534</u>	
<b>TOTAL FUNDS</b>	24		<u>(13,859,228)</u>		<u>(6,041,756)</u>
			<u>1,422,772</u>		<u>2,670,244</u>

**ON BEHALF OF THE BOARD:**

  
.....  
R J S Curtis - Chairman

  
.....  
N A Sellar - Trustee

  
.....  
J G Huxley - Company Secretary

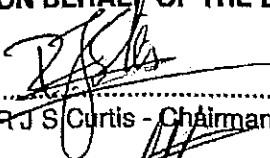
Date: 28th July 2021


The notes form part of these financial statements


**COMPANY BALANCE SHEET**  
**31 December 2020**

	Notes	31.12.20		31.12.19	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	13		17,172		8,563
Tangible assets	14		12,254,850		12,854,217
Investments	15		<u>1</u>		<u>1</u>
			12,272,023		12,862,781
<b>CURRENT ASSETS</b>					
Stocks	16	34,583		34,583	
Debtors	17	847,977		773,371	
Cash at bank and in hand		<u>1,754,776</u>		<u>1,112,151</u>	
		2,637,336		1,920,105	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>2,837,915</u>		<u>2,446,468</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(200,579)</u>		<u>(526,363)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,071,444		12,336,418
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(12,603,812)		(11,680,647)
<b>DEFERRED INCOME</b>	23		(155,466)		(154,467)
<b>NET ASSETS BEFORE PENSION LIABILITY</b>			<u>(687,834)</u>		<u>501,304</u>
<b>PENSION LIABILITY</b>	26		15,282,000		8,712,000
<b>FUNDS</b>					
Unrestricted income funds	24	(16,298,410)		(8,988,807)	
Unrestricted designated funds	24	-		610,787	
Restricted funds	24	<u>328,576</u>		<u>167,324</u>	
<b>TOTAL FUNDS</b>	24		<u>(15,969,834)</u>		<u>(8,210,696)</u>
			<u>(687,834)</u>		<u>501,304</u>

ON BEHALF OF THE BOARD:

  
.....  
R J S Curtis - Chairman

  
.....  
N A Sellar - Trustee

  
.....  
J G Huxley - Company Secretary

Date: 28th July 2021

The notes form part of these financial statements

**HALO LEISURE SERVICES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2020**

	Notes	Year to 31.12.20 £	Year to 31.12.19 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	297,548	1,609,700
Interest paid		-	-
Interest received		<u>(610)</u>	<u>(4,110)</u>
Net cash from operating activities		<u>296,938</u>	<u>1,605,590</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(17,730)	(26,833)
Purchase of tangible fixed assets		(88,225)	(179,211)
Cash donated to group on business combination		-	-
Proceeds from fixed asset disposal		-	-
Interest received		<u>610</u>	<u>4,110</u>
Net cash from investing activities		<u>(105,345)</u>	<u>(201,934)</u>
<b>Cash flows from financing activities</b>			
New finance lease agreements in year		19,430	-
New bank loan		750,000	-
Hire purchase repayments in year		(221,695)	(298,755)
Interest element of hire purchase and lease payments		<u>(160,704)</u>	<u>(580,747)</u>
Net cash from financing activities		<u>387,031</u>	<u>(879,502)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>578,624</u>	<u>524,154</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,355,344</u>	<u>831,190</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<u>1,933,968</u>	<u>1,355,344</u>

The notes form part of these financial statements

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2020**

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

	Year to 31.12.20 £	Year to 31.12.19 £
Net movement in funds	(7,817,472)	(2,892,210)
Actuarial (gains)/losses on defined benefit pension schemes	5,666,000	1,977,000
Interest element of hire purchase/finance lease payments	543,103	580,747
Depreciation/amortisation charges	771,964	834,959
(Profit)/loss on disposal	-	-
Decrease in stocks	-	6,066
Decrease/(Increase) in debtors	(170,586)	89,496
Increase/(Decrease) in creditors	399,540	211,097
Release of deferred capital grants	(22,789)	(25,386)
Newly deferred capital grants	23,788	22,930
Difference between pension charge, including finance costs, and cash contributions	<u>904,000</u>	<u>805,000</u>
<b>Net cash inflow from operating activities</b>	<u><u>297,548</u></u>	<u><u>1,609,700</u></u>

**2. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Year to 31.12.20 £	Year to 31.12.19 £
Cash in hand and at bank	<u>1,933,968</u>	<u>1,355,344</u>
<b>Total cash and cash equivalents</b>	<u><u>1,933,968</u></u>	<u><u>1,355,344</u></u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	31.12.2019	Cash Flows	Non-Cash Changes		31.12.2020
			New Finance Leases / Bank Loans	Other non-cash changes	
Cash in hand & bank	1,355,344	578,624	-	-	1,933,968
Debt due within one year	(378,693)	35,086	(25,000)	(17,055)	(385,662)
Debt due greater than one year	(11,680,647)	347,313	(744,430)	(526,048)	(12,603,812)
	<u>(10,703,996)</u>	<u>961,023</u>	<u>(769,430)</u>	<u>(543,103)</u>	<u>(11,055,506)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2020**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the provisions of FRS 102 (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There were no material departures from that standard.

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

**Going concern**

The outbreak of COVID-19 in 2020 has resulted in a pandemic causing extensive disruption across the globe. The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations of the group and charitable company and measures taken by various governments to contain the virus have negatively affected the group and charitable company's results in the current financial year. The currently known impacts of COVID-19 on the group and charitable company are:

- A significant reduction in income from March 2020 to date.
- The closure of all leisure facilities in the United Kingdom by the various governments periodically throughout the year from March 2020.
- A reduction in income compared to previous years when open due to the measures that are required to ensure our facilities are COVID secure. The required measures limit the services offered and capacity of leisure sites.
- These developments have resulted in a significant operating loss for the group.

The full extent of the impact of COVID-19 on the group and charitable company are still unknown, including:

- The impact of changes in customers' behaviour and confidence levels as a result of the continued existence of the pandemic in our society is currently unknown, and if customers do not return to sites as anticipated this will have a significant impact on revenue generation.
- The government continues to implement measures to limit the spread of the virus although we are now on a reopening roadmap that should lift all restrictions in the 2<sup>nd</sup> half of 2021.
- The impact of new variants of the virus on government policy and the vaccination program are uncertain.

In response to these matters, the group and charitable company have taken the following mitigating actions:

- We have taken and continue to take advantage of the Coronavirus Job Retention Scheme (CJRS).
- We have received £750k financial support from our bankers via the Coronavirus Business Interruption Loan Scheme (CBILS). The loan is secured against the assets of Halo Leisure Services Limited and the Severn Centre Leisure Trust which have pledged their assets with the agreement of their Boards.
- We were in receipt of grants for some of our sites from the Coronavirus Retail, Hospitality and Leisure Grant Fund.
- We have taken advantage of the deferral of the March 2020 VAT liability which is now due to be paid in instalments from March 2021.
- We have negotiated an instalment arrangement with HM Revenue & Customs for the payment of PAYE liabilities.
- We are negotiating payment holidays on rent, loan and utility liabilities and have secured advanced funding from key partners.
- Facilities are cashless.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2020**

#### **1. ACCOUNTING POLICIES - continued**

##### **Going concern - continued**

- We have successfully negotiated with our local authority partners financial support packages across a large part of the business for the closure period.
- We continue to work with our local authority partners to secure further financial support for the re-opening period and beyond
- We have established across all of our contracts a minimum viable offering of services from re-opening.
- We have not re-opened facilities that under current circumstances would not be viable.
- We have put new hygiene measures in place at our gyms, pools and fitness classes in line with coronavirus regulations.
- All visits to our facilities must be booked.

##### Looking towards post COVID recovery:

- Revenue forecasted to recover to pre-pandemic levels by April 2022. This means the current (June 2021) P&L forecast for the year ending 31st December 2021 is a deficit of £1.2M.
- Staff reorganisations during 2020 and lower operating costs during closure periods have led to a reduced costbase in 2021.
- Both Hereford Leisure Pool and The Bromyard Centre reopened after extensive insurance funded (flooding & vandalism) refurbishments.
- There is a potential COVID related Business Interruption insurance claim for the 11 sites insured with Hiscox of £1.3M.
- Local Authority support packages extended to at least September 2021, including Repairs and Renewals investment.

Group and charitable company cash flow forecasts have been produced and are based on the original forecasts for the foreseeable future prepared prior to the arrival of COVID-19, adjusted for the impact of the lockdown period and measures that have been put in place in readiness for re-opening. The key assumptions regarding revenue are based on the current expectations when various facilities can re-open and when the various activities can resume and the level of usage that can be achieved over the period covered by the forecast, determined as a proportion of historic usage achieved. Usage forecasts have been based on the independent UK Active report on the leisure sector 'COVID-19 Impact Report' and data particular to our facilities. Management have carried out an extensive review of the underlying cost base of the business and have factored in changes and restructuring that are likely to be implemented as a result in the impact of COVID-19 on the business which have been reflected in the forecasts. The forecasts include the level of financing that has already been agreed and do not include any other grants/financing for which an application has been made but for which the outcome is uncertain. Any capital expenditure of a non-urgent nature has been delayed until a point where the economic conditions may be more certain. These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due. However, in the current climate, it is extremely difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the group and charitable company's ability to continue to operate.

Although it is not certain that these efforts will be successful, the Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

However, there are material uncertainties related to the events and conditions set out above that, together with the group's limited unrestricted reserve position in comparison to the size of its operations, may cast significant doubt upon the group and charitable company's ability to continue as a going concern and therefore whether the group and charitable company will realise their assets and settle their liabilities in the ordinary course of business at the amounts recorded in the financial statements.

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2020**

#### **1. ACCOUNTING POLICIES - continued**

##### **Functional currency and presentation currency**

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

##### **Funds**

Unrestricted funds 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

##### **Income recognition**

Items of income are recognised and included in the accounts when all of the following criteria are met:

- i. the Charitable Company has entitlement to the funds;
- ii. any performance conditions attached to the items of income have been met or are fully within the control of the Charitable Company;
- iii. there is sufficient certainty that receipt of the income is considered probable; and
- iv. the amount can be measured reliably.

Income represents net sales of goods and services, excluding Value Added Tax and discounts to customers and management fees. Income received in respect of future events has been deferred and will be released when the event is complete or over the period to which the income relates. Membership income is deferred over the period of membership.

##### **Management fee**

The management fee is unrestricted funding which is available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company. Income received for capital expenditure is treated as deferred income and is credited to the Statement of Financial Activities by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

##### **Expenditure recognition**

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

##### **Support costs**

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

##### **Irrecoverable VAT**

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

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2020**

#### **1. ACCOUNTING POLICIES - continued**

##### **Tangible fixed assets**

Individual fixed assets costing £2,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives.

In respect of leases held over the leisure facilities, capitalised when deemed to be finance leases due to their duration, cost is determined on the basis of the net present value of minimum lease payments calculated in accordance with the Charitable Company's incremental borrowing rate.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- 2% on cost
Leasehold Property	- over remaining term of lease
Improvements to Property	- over remaining term of lease
Plant and Machinery	- straight line over 10 years, 15% on cost
Fixtures and Fittings	- straight line over 5 years, 15% on cost
Fitness Equipment	- straight line over 5 years and straight line over 3 years
Computer Equipment	- straight line over 3 years

##### **Intangible fixed assets**

Amortisation is provided at the following annual rate in order to write off the asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Software	- straight line over 3 or 5 years
-------------------	-----------------------------------

##### **Stocks**

Stocks have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

##### **Group financial statements**

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

##### **Charitable Company status**

The Charitable Company is a company limited by guarantee. At 31 December 2020 there were thirteen members, each of whom, on winding up, has undertaken to contribute an amount not exceeding £1.

##### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### **Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### **Financial Instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**1. ACCOUNTING POLICIES – continued**

**Service Concession Arrangements**

The Charitable Company has a Service Contract with a Local Authority for the maintenance and operation of leisure centres owned by the Local Authority to which it has a lease and management service contract. The Authority has rights under the contract to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contract specifies minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

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

*Receipts*

The Charitable Company receives an agreed payment from the Authority each year which is adjusted each year by inflation and can be reduced if the Charitable Company fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

**Taxation**

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Leasing and hire purchase**

Property, plant and equipment acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Government grants**

Government grants are recognised when the performance related conditions imposed upon the receipt of the grant have been met. Where these have not been satisfied, these grants are recognised as liabilities. If grants are not conditional on future performance related conditions, then income is recognised when the grant proceeds are receivable. During the year the company received the following grants:

Coronavirus Job Retention Scheme (CJRS) to cover a portion of employees' wages who were furloughed due to the coronavirus pandemic. The amount received totalled £2.3m and has been included in income (note 3).

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2020**

#### **1. ACCOUNTING POLICIES – continued**

##### **Pension costs and other post-retirement benefits**

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates three defined benefits pension schemes and pension charges are based on full actuarial valuations dated 31 March 2019, rolled forward to the balance sheet date, for the Worcestershire County Council Pension Fund, Shropshire County Pension Fund and the Rhondda Cynon Taf County Borough Council Pension Fund.

The Charitable Company provides pension benefits for eligible staff through these administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. See note 26 for further information in connection with the Charitable Company's defined benefit schemes.

##### **Critical accounting judgements and key sources of estimation uncertainty**

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed have been used by the actuaries in valuing the pensions liability at 31 December 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The recoverability of certain assets and valuation of investments within the Local Government Pension Fund may have been impacted by COVID-19, however it is not possible to determine at the current time to what extent that is.

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2020

#### 2. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

The financial activities shown in the Consolidated Statement of Financial Activities include those of the Charitable Company's wholly owned subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd.

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

	Year to 31.12.20 £	Year to 31.12.19 £
Incoming resources excluding gift aid from subsidiary	10,252,523	14,078,682
Expenditure on charitable activities	<u>(12,345,661)</u>	<u>(15,007,604)</u>
Net (expenditure)/income	(2,093,138)	(928,922)
Actuarial (losses)/gains on defined benefit pension schemes	<u>(5,666,000)</u>	<u>(1,977,000)</u>
	(7,759,138)	(2,905,922)
Distribution from subsidiary	<u>80,495</u>	<u>80,451</u>
	<u>(7,678,643)</u>	<u>(2,825,471)</u>

#### 3. DONATIONS AND LEGACIES

	Unrestricted funds 31 December 2020 £	Restricted funds 31 December 2020 £	Total funds Year to 31 December 2020 £	Total funds Year to 31 December 2019 £
National Exercise Referral Scheme (see note 24)	-	173,547	173,547	189,327
Coronavirus Job Retention Scheme	-	2,315,274	2,315,274	-
Halo Foundation	-	-	-	31,705
Donations	-	-	-	2,300
Total	<u>-</u>	<u>2,488,821</u>	<u>2,488,821</u>	<u>223,332</u>

#### 4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 31 December 2020 £	Restricted funds 31 December 2020 £	Total funds Year to 31 December 2020 £	Total funds Year to 31 December 2019 £
Operation of leisure centres	5,307,926	-	5,307,926	12,547,645
Management fee	1,427,059	-	1,427,059	1,486,256
Government grants	22,789	59,717	82,506	25,386
Government Grants – COVID 19 relief	<u>1,060,169</u>	-	<u>1,060,169</u>	-
Total	<u>7,817,943</u>	<u>59,717</u>	<u>7,877,660</u>	<u>14,059,287</u>

## HALO LEISURE SERVICES LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2020

#### 5. **INCOME FROM OTHER TRADING ACTIVITIES**

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

	Year to 31.12.20 £	Year to 31.12.19 £
Turnover	204,279	235,317
Cost of sales and administration costs (including intra-group)	<u>(123,784)</u>	<u>(154,866)</u>
Net profit	<u>80,495</u>	<u>80,451</u>

The subsidiary company has gift aided its profits to the parent Charitable Company.

Included within Costs of sales and administration costs is £10k (2019: £10k) of management fees payable to the parent charitable company, Halo Leisure Services Limited.

#### 6. **INVESTMENT INCOME**

	Unrestricted funds 31 December 2019 £	Restricted funds 31 December 2019 £	Total funds Year to 31 December 2020 £	Total funds Year to 31 December 2019 £
Interest received	<u>610</u>	<u>-</u>	<u>610</u>	<u>4,110</u>
Total	<u>610</u>	<u>-</u>	<u>610</u>	<u>4,110</u>

#### 7. **NET EXPENDITURE/INCOME OF THE PARENT CHARITABLE COMPANY**

As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent Charitable Company is not presented as part of these financial statements. The parent Charitable Company's net expenditure after the gift aid of profits from the subsidiary and actuarial gains/losses under defined benefit schemes for the financial year was £6,855,139 (31 December 2019: £2,825,471).

#### 8. **ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL**

	Year to 31.12.20 £	Year to 31.12.19 £
Wages and salaries	6,212,833	6,959,463
Social security costs	435,269	418,053
Other pension costs	1,209,238	1,154,903
Redundancy and severance payments	<u>147,986</u>	<u>1,614</u>
	<u>8,005,326</u>	<u>8,534,033</u>

The staff costs include those associated with the Charitable Company, Halo Leisure Services Limited and those associated with the subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd. As this includes commercial trading operations the amount above does not agree to that in note 11 which relates purely to charitable activities.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020****8. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL – continued**

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

	Year to 31.12.20	Year to 31.12.19
Leisure Centres	537	622
Support	47	53
Management and administration	<u>4</u>	<u>7</u>
	<u>588</u>	<u>682</u>

The average monthly full-time equivalent number of employees during the period was as follows:

	Year to 31.12.20	Year to 31.12.19
Leisure Centres	214	208
Support	40	44
Management and administration	<u>4</u>	<u>7</u>
	<u>258</u>	<u>259</u>

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

	Year to 31.12.20	Year to 31.12.19
£60,001 - £70,000	1	0
£80,001 - £90,000	<u>1</u>	<u>1</u>

During the period expenses of £707 (2019: £297) were reimbursed to Trustees of the Charitable Company for travel expenses to board meetings.

The total amount of employee benefits received by key management personnel is £329,263 (2019: £319,879). The trust considers its key management personnel comprise of the Chief Executive, Finance Director, HR Director and Operations Director.

**9. NET INCOME FOR THE YEAR**

The net income is stated after charging:

	Year to 31.12.20 £	Year to 31.12.19 £
Equipment repairs, maintenance and lease	72,458	187,773
Depreciation - owned assets	319,865	328,981
Depreciation - assets on hire purchase contracts or finance leases	432,891	496,325
Computer software amortisation	19,208	9,654
Auditors remuneration	22,673	17,000
Audit of trading subsidiary	4,738	4,600
Non audit work – statutory accounts preparation	<u>4,120</u>	<u>4,000</u>
Trustees' emoluments	<u>-</u>	<u>-</u>

The Trustees neither received nor waived any emoluments during the year.

**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31.12.20 £	Year to 31.12.19 £
Finance lease and hire purchase interest	<u>543,103</u>	<u>580,747</u>
	<u>543,103</u>	<u>580,747</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020****11. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Direct costs	Staff costs	Support costs	Total for Year to 31.12.20	Total for Year to 31.12.19
	£	£	£	£	£
Leisure centres	<u>1,614,154</u>	<u>7,971,793</u>	<u>3,023,111</u>	<u>12,609,058</u>	<u>15,292,390</u>

**Major components of Support Costs**

	Year to 31.12.20	Year to 31.12.19
	£	£
Premises Costs	508,689	1,173,722
Advertising & Promotions	35,708	76,657
Office Administration	204,838	214,639
Finance and Compliance	624,634	738,217
Other Finance Costs re FRS 102	672,000	190,000
Irrecoverable VAT	329,585	663,181
Equipment Repairs, Maintenance and Lease	72,458	187,773
Other Costs	548,406	654,940
Governance Costs	<u>26,793</u>	<u>21,000</u>
	<u>3,023,111</u>	<u>3,921,743</u>

All staff and support costs relate to the sole activity of the Charitable Company and its wholly owned charitable subsidiary, being the provision of leisure facilities. Governance costs are made up of auditor's remuneration of £26,793 (2019: £21,000), which excludes audit of the trading subsidiary.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020****12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME FROM</b>			
Donations and legacies	34,005	189,327	223,332
<i>Income from charitable activities</i>			
Operation of leisure and recreation sites	14,059,287	-	14,059,287
<i>Income from other trading activities</i>			
Commercial trading operations	235,317	-	235,317
Investment income	4,110	-	4,110
	<hr/>	<hr/>	<hr/>
<b>Total Income</b>	14,332,719	189,327	14,522,046
<b>EXPENDITURE ON</b>			
<i>Cost of raising funds</i>			
Commercial trading operations	144,866	-	144,866
<i>Expenditure on charitable activities</i>			
Operation of leisure and recreation sites	<u>15,211,541</u>	<u>80,849</u>	<u>15,292,390</u>
<b>Total expenditure</b>	15,356,407	80,849	15,437,256
	<hr/>	<hr/>	<hr/>
<b>NET INCOME</b>	(1,023,688)	108,478	(915,210)
<b>Transfers between funds</b>	<hr/>	<hr/>	<hr/>
<b>Other recognised gains/(losses)</b>			
Actuarial gains/losses on defined benefit schemes	<u>(1,977,000)</u>	<hr/>	<u>(1,977,000)</u>
<b>Net movement in funds</b>	(3,000,688)	108,478	(2,892,210)
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	<hr/>	<hr/>	<hr/>
	(5,373,602)	2,224,056	(3,149,546)
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>(8,374,290)</u>	<u>2,332,534</u>	<u>(6,041,756)</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020****13. INTANGIBLE FIXED ASSETS****Group**

	Computer software £
<b>COST</b>	
At 1 January 2020	96,493
Additions	<u>17,730</u>
At 31 December 2020	<u>114,223</u>
<b>AMORTISATION</b>	
At 1 January 2020	64,984
Amortisation for year	<u>19,208</u>
At 31 December 2020	<u>84,192</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>30,031</u>
At 31 December 2019	<u>31,509</u>

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2020	9,633
Additions	<u>17,730</u>
At 31 December 2020	<u>27,363</u>
<b>AMORTISATION</b>	
At 1 January 2020	1,070
Amortisation for year	<u>9,121</u>
At 31 December 2020	<u>10,191</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>17,172</u>
At 31 December 2019	<u>8,563</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**14. TANGIBLE FIXED ASSETS**

Group	Freehold property £	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>								
At 1 January 2020	2,297,613	10,395,136	3,372,831	761,847	838,222	1,451,663	36,424	19,153,736
Additions	-	-	31,876	31,993	-	24,356	-	88,225
Disposals	-	-	-	-	-	-	-	-
At 31 December 2020	2,297,613	10,395,136	3,404,707	793,840	838,222	1,476,019	36,424	19,241,961
<b>DEPRECIATION</b>								
At 1 January 2020	132,403	251,907	1,734,304	646,842	384,346	936,354	35,080	4,121,236
Charge for year	58,845	139,314	237,728	42,430	78,958	194,137	1,344	752,756
Eliminated on disposal	-	-	-	-	-	-	-	-
At 31 December 2020	191,247	391,221	1,972,032	689,272	463,304	1,130,491	36,424	4,873,991
<b>NET BOOK VALUE</b>								
At 31 December 2020	2,106,366	10,003,915	1,432,675	104,568	374,918	345,528	-	14,367,970
At 31 December 2019	2,165,210	10,143,229	1,638,526	115,005	453,876	515,309	1,344	15,032,500

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**14. TANGIBLE FIXED ASSETS - continued**  
**Group - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2020	10,395,136	836,680	34,222	546,896	1,019,999	14,896	12,847,829
Additions	-	-	-	-	19,430	-	19,430
Transfer to ownership	-	(223,766)	-	(17,012)	(623,705)	(14,896)	(879,379)
Reclassification	-	-	9,924	-	207,983	-	217,907
At 31 December 2020	10,395,136	612,915	44,146	529,884	623,707	-	12,205,788
<b>DEPRECIATION</b>							
At 1 January 2020	251,907	516,261	6,668	120,763	805,658	14,896	1,716,153
Charge for year	139,314	57,443	14,122	58,385	163,627	-	432,891
Transfer to ownership	-	(223,766)	-	(17,012)	(623,705)	(14,896)	(879,379)
Reclassification	-	-	1,654	-	-	-	1,654
At 31 December 2020	391,221	349,938	22,444	162,136	345,580	-	1,271,319
<b>NET BOOK VALUE</b>							
At 31 December 2020	10,003,915	262,977	21,702	367,748	278,127	-	10,934,469
At 31 December 2019	10,143,229	320,419	27,554	426,133	214,341	-	11,131,676

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**14. TANGIBLE FIXED ASSETS - continued**

**Company**

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2020	10,395,137	3,372,831	717,904	834,317	1,451,663	36,424	16,808,276
Additions	-	31,876	31,993	-	24,356	-	88,225
Disposals	-	-	-	-	-	-	-
At 31 December 2020	10,395,137	3,404,707	749,897	834,317	1,476,019	36,424	16,896,501
<b>DEPRECIATION</b>							
At 1 January 2020	251,907	1,734,304	614,389	382,025	936,354	35,080	3,954,059
Charge for year	139,314	237,729	37,104	77,963	194,138	1,344	687,592
Eliminated on disposal	-	-	-	-	-	-	-
At 31 December 2020	391,221	1,972,033	651,493	459,988	1,130,492	36,424	4,641,651
<b>NET BOOK VALUE</b>							
At 31 December 2020	10,003,916	1,432,674	98,404	374,329	345,527	-	12,254,850
At 31 December 2019	10,143,230	1,638,527	103,515	452,292	515,309	1,344	12,854,217

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

14. **TANGIBLE FIXED ASSETS - continued**  
**Company - continued**

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Leasehold property £	Improvement to property £	Plant and machinery £	Fixtures and fittings £	Fitness equipment £	Computer equipment £	Totals £
<b>COST</b>							
At 1 January 2020	10,395,137	836,680	34,222	546,896	1,019,999	14,896	12,847,830
Additions	-	-	-	-	19,430	-	19,430
Transfer to ownership	-	(223,766)	-	(17,012)	(623,705)	(14,896)	(879,379)
Reclassification	-	-	9,924	-	207,983	-	217,907
At 31 December 2020	10,395,137	612,914	44,146	529,884	623,707	-	12,205,788
<b>DEPRECIATION</b>							
At 1 January 2020	251,907	516,261	6,668	120,763	805,658	14,896	1,716,153
Charge for year	139,314	57,444	14,122	58,385	163,627	-	432,892
Transfer to ownership	-	(223,766)	-	(17,012)	(623,705)	(14,896)	(879,379)
Reclassification	-	-	1,654	-	-	-	1,654
At 31 December 2020	391,221	349,939	22,444	162,136	345,580	-	1,271,320
<b>NET BOOK VALUE</b>							
At 31 December 2020	10,003,916	262,975	21,702	367,748	278,127	-	10,934,468
At 31 December 2019	10,143,230	320,420	27,554	426,113	214,341	-	11,131,677

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**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020**

**15. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019 and 31 December 2020	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>1</u>
At 31 December 2019	<u>1</u>

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

**Subsidiary**

**Halo Leisure Enterprises Limited**

Nature of business: Consultancy and asset management

Class of shares:	%		
Ordinary	holding	31.12.20	31.12.19
	100.00	£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**Subsidiary**

**Severn Centre Trust Ltd**

Nature of business: Provision of leisure facilities

Class of shares:	%		
Ordinary	holding	31.12.20	31.12.19
	100.00	£	£
Aggregate funds		<u>2,110,604</u>	<u>2,168,941</u>

**16. STOCKS**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Stocks	<u>34,583</u>	<u>34,583</u>	<u>34,583</u>	<u>34,583</u>

**17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Trade debtors	105,172	457,763	52,590	419,250
Amounts owed by group undertakings	-	-	181,057	248,789
Other debtors	1,444	5,788	1,444	5,788
Prepayments and accrued income	<u>627,065</u>	<u>99,544</u>	<u>612,886</u>	<u>99,544</u>
	<u>733,681</u>	<u>563,095</u>	<u>847,977</u>	<u>773,371</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020**

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Finance leases & hire purchase (note 20)	360,662	378,693	360,662	378,693
Trade creditors	477,120	385,069	463,458	371,008
Other creditors	159,357	106,150	158,808	105,602
Other Taxes and PAYE	506,662	187,088	468,712	165,557
Accruals	888,702	615,818	870,120	595,185
Deferred income	500,680	838,855	491,155	830,423
Bank loans	25,000	-	25,000	-
	<u>2,918,183</u>	<u>2,511,673</u>	<u>2,837,915</u>	<u>2,446,468</u>

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Deferred income (excluding capital grants)				
Deferred income at 1 January 2020	838,855	643,858	830,423	633,580
Resources deferred in the year	500,680	838,855	491,155	830,423
Amounts released from previous periods	(838,855)	(643,858)	(830,423)	(633,580)
Deferred income at 31 December 2020	<u>500,680</u>	<u>838,855</u>	<u>491,155</u>	<u>830,423</u>

Deferred income at 31 December 2020 represents annual leisure membership income and swimming courses income, where the consideration has been received in the year ended 31 December 2020 but the services were provided in the year ending 31 December 2021.

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Finance leases & hire purchase (note 20)	11,878,812	11,680,647	11,878,812	11,680,647
Bank loans	725,000	-	725,000	-
	<u>12,603,812</u>	<u>11,680,647</u>	<u>12,603,812</u>	<u>11,680,647</u>

**20. FINANCE LEASES AND HIRE PURCHASE**

An analysis of the maturity of finance lease and hire purchase agreements is given below:

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Due in less than 1 year	360,662	378,693	360,662	378,693
Due between 1-2 years	382,919	360,326	382,919	360,326
Due between 2-5 years	1,043,022	1,114,760	1,043,022	1,114,760
Due in more than 5 years	10,452,871	10,205,561	10,452,871	10,205,561
	<u>12,239,474</u>	<u>12,059,340</u>	<u>12,239,474</u>	<u>12,059,340</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020****21. SECURED DEBTS**

At the year end there were £750,000 in secured debts included within creditors (2019: Nil). The debenture dated 9 September 2020 is over all assets of the company. Charges dated 4 April 2012 and 28 July 2015 are held in favour of National Westminster Bank plc over bank deposit balances of £91,100 and £27,000 and all amounts credited to the charitable company's bank account in the future.

**22. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS**

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

Group and company	Land and buildings		Other operating leases	
	31.12.20 £	31.12.19 £	31.12.20 £	31.12.19 £
Payments falling due: Within one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**23. DEFERRED INCOME**

	Group		Company	
	31.12.20 £	31.12.19 £	31.12.20 £	31.12.19 £
Deferred capital grants	<u>155,466</u>	<u>154,467</u>	<u>155,466</u>	<u>154,467</u>

During the year £22,789 (2019: £25,386) of deferred capital grants were released into the Statement of Financial Activities as income.

**24. RECONCILIATION OF MOVEMENTS IN FUNDS**

Group	Unrestricted Funds	Restricted Funds	Totals
	£	£	£
At 1 January 2020	(8,374,290)	2,332,534	(6,041,756)
Incoming resources	8,022,832	2,548,538	10,571,370
Outgoing resources	(10,276,711)	(2,446,131)	(12,722,842)
Actuarial gains on defined benefit schemes	(5,666,000)	-	(5,666,000)
At 31 December 2020	<u>(16,294,169)</u>	<u>2,434,941</u>	<u>(13,859,228)</u>
Company	Unrestricted Funds	Restricted Funds	Totals
	£	£	£
At 1 January 2020	(8,378,020)	167,324	(8,210,696)
Incoming resources	7,757,250	2,548,538	10,305,788
Outgoing resources	(10,011,640)	(2,387,286)	(12,398,926)
Actuarial gains on defined benefit schemes	(5,666,000)	-	(5,666,000)
At 31 December 2020	<u>(16,298,410)</u>	<u>328,576</u>	<u>(15,969,834)</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020**

**24. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Restricted Funds – Group**

	At 1 January 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2020 £
NERS scheme	167,324	173,547	(12,295)	-	328,576
Severn Centre Building Fund	2,165,210	-	(58,845)	-	2,106,365
Job retention scheme	-	2,315,274	(2,315,274)	-	-
Employment allowance	-	4,000	(4,000)	-	-
SMP reclaimed	-	55,717	(55,717)	-	-
<b>Total</b>	<b>2,332,534</b>	<b>2,548,538</b>	<b>(2,446,131)</b>	<b>-</b>	<b>2,434,941</b>

**Restricted Funds – Company**

	At 1 January 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2020 £
NERS scheme	167,324	173,547	(12,295)	-	328,576
Job retention scheme	-	2,315,274	(2,315,274)	-	-
Employment allowance	-	4,000	(4,000)	-	-
SMP reclaimed	-	55,717	(55,717)	-	-
<b>Total</b>	<b>167,324</b>	<b>2,548,538</b>	<b>(2,387,286)</b>	<b>-</b>	<b>328,576</b>

**NERS scheme**

The Charitable Company received grant funding from the Welsh Government in relation to the National Exercise Referral Scheme.

**Severn Centre Building Fund**

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate and agrees to the balance of the relevant tangible fixed asset.

**Unrestricted Funds – Group**

	At 1 January 2020 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2020 £
<i>Designated funds:</i>					
Bridgend County BC	595,744	-	(103,271)	(492,473)	-
Bridgend County BC - utilities	15,043	-	-	(15,043)	-
<b>Total designated</b>	<b>610,787</b>	<b>-</b>	<b>(103,271)</b>	<b>(507,516)</b>	<b>-</b>
Unrestricted pension	(8,712,000)	-	904,000	(5,666,000)	(15,282,000)
Unrestricted general	(273,077)	8,022,832	(9,269,440)	507,516	(1,012,169)
<b>Total unrestricted</b>	<b>(8,374,290)</b>	<b>8,022,832</b>	<b>(10,276,711)</b>	<b>(5,666,000)</b>	<b>(16,294,169)</b>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**24. RECONCILIATION OF MOVEMENTS IN FUNDS - continued**

**Unrestricted Funds – Company**

	At 1 January 2020 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2020 £
<i>Designated funds:</i>					
Bridgend County BC	595,744	-	(103,271)	(492,473)	-
Bridgend County BC - utilities	15,043	-	-	(15,043)	-
Total designated	610,787	-	(103,271)	(507,516)	-
Unrestricted pension	(8,712,000)	-	(904,000)	(5,666,000)	(15,282,000)
Unrestricted general	(276,807)	7,757,250	(9,004,369)	507,516	(1,016,410)
Total unrestricted	(8,378,020)	7,757,250	(10,011,640)	(5,666,000)	(16,298,410)

**Bridgend County BC**

The Charitable Company received funding from Bridgend County Borough Council for capital improvements. The depreciation on assets relating to this funding was charged as expenditure against this designated fund.

**Bridgend County BC**

The Charitable Company has cap and collar agreement with Bridgend County Borough Council relating utility costs. In the year from April 2016 to March 2017 gas tariffs decreased, generating a net refund to Bridgend County Borough Council, which was held at their request in a reserve to be applied to future capital improvements.

**Transfers between funds**

Transfers have taken place during the year between general unrestricted funds and designated funds to undesignated funds totalling £507,516 to reduce the funding shortfalls within the general unrestricted funds.

**Unrestricted general**

The unrestricted general funds of the Charitable Company were in deficit at 31 December 2020. The Charitable Company's budgets have been set for future years with a view to reversing this position.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020**

**25. COMPARATIVE YEAR MOVEMENTS IN FUNDS**

**Group**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2019	(5,373,602)	2,224,056	(3,149,546)
Incoming resources	14,332,719	189,327	14,522,046
Outgoing resources	(15,356,407)	(80,849)	(15,437,256)
Actuarial gains on defined benefit schemes	(1,977,000)	-	(1,977,000)
At 31 December 2019	<u>(8,374,290)</u>	<u>2,332,534</u>	<u>(6,041,756)</u>

**Company**

	Unrestricted Funds £	Restricted Funds £	Totals £
At 1 January 2019	(5,385,225)	-	(5,385,225)
Incoming resources	13,969,806	189,327	14,159,133
Outgoing resources	(14,985,601)	(22,003)	(15,007,604)
Actuarial gains on defined benefit schemes	(1,977,000)	-	(1,977,000)
At 31 December 2019	<u>(8,378,020)</u>	<u>167,324</u>	<u>(8,210,696)</u>

**Restricted Funds – Group**

	At 1 January 2019 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2019 £
NERS scheme	-	189,327	(22,003)	-	167,324
Severn Centre Building Fund	2,224,056	-	(58,846)	-	2,165,210
Total	<u>2,224,056</u>	<u>189,327</u>	<u>(80,849)</u>	<u>-</u>	<u>2,332,534</u>

**Restricted Funds – Company**

	At 1 January 2019 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 December 2019 £
NERS scheme	-	189,327	(22,003)	-	167,324
Total	<u>-</u>	<u>189,327</u>	<u>(22,003)</u>	<u>-</u>	<u>167,324</u>

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2020**

**25. COMPARATIVE YEAR MOVEMENTS IN FUNDS - continued**

**Unrestricted Funds – Group**

	At 1 January 2019 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2019 £
<i>Designated funds:</i>					
Halo Foundation	-	31,705	(38,551)	6,846	-
Bridgnorth Endowed School	(85,207)	57,052	-	28,155	-
Bridgend County BC	699,015	-	(103,271)	-	595,744
Bridgend County BC - utilities	15,043	-	-	-	15,043
<b>Total designated</b>	<b>628,851</b>	<b>88,757</b>	<b>(141,822)</b>	<b>35,001</b>	<b>610,787</b>
Unrestricted pension	(5,930,000)	-	(805,000)	(1,977,000)	(8,712,000)
Unrestricted general	72,453	14,243,962	(14,409,585)	(35,001)	(273,078)
<b>Total unrestricted</b>	<b>(5,373,602)</b>	<b>14,332,719</b>	<b>(15,356,407)</b>	<b>(1,977,000)</b>	<b>(8,374,290)</b>

**Unrestricted Funds – Company**

	At 1 January 2019 £	Incoming Resources £	Outgoing Resources £	Gains, losses, & transfers £	At 31 December 2019 £
<i>Designated funds:</i>					
Halo Foundation	-	31,705	(38,551)	6,846	-
Bridgnorth Endowed School	(85,207)	57,052	-	28,155	-
Bridgend County BC	699,015	-	(103,271)	-	595,744
Bridgend County BC - utilities	15,043	-	-	-	15,043
<b>Total designated</b>	<b>628,851</b>	<b>88,757</b>	<b>(141,822)</b>	<b>35,001</b>	<b>610,787</b>
Unrestricted pension	(5,930,000)	-	(805,000)	(1,977,000)	(8,712,000)
Unrestricted general	(84,076)	13,881,049	(14,038,779)	(35,001)	(276,807)
<b>Total unrestricted</b>	<b>(5,385,225)</b>	<b>13,969,806</b>	<b>(14,985,601)</b>	<b>(1,977,000)</b>	<b>(8,378,020)</b>

**26. EMPLOYEE BENEFIT OBLIGATIONS**

The Charitable Company has employees who are admitted into one of three Local Government Pension Schemes administered either by Worcestershire County Council, Rhondda Cynon Taf County Borough Council or Shropshire County Council. The deficits for past service up to the point of transfers have been guaranteed by Herefordshire Council, Rhondda Cynon Taf County Borough Council and Shropshire County Council respectively.

The pension costs and provision for the year ended 31 December 2020 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2019 for all 3 pension funds.

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020****26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.20	31.12.19
	£	£
Present value of funded obligations	(41,627,000)	(32,768,000)
Fair value of plan assets	<u>26,345,000</u>	<u>24,056,000</u>
	(15,282,000)	(8,712,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(15,282,000)</u>	<u>(8,172,000)</u>

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

	Defined benefit pension plans	
	31.12.20	31.12.19
	£	£
Current service cost	877,000	700,000
Past service cost	189,000	292,000
Net interest from net defined benefit asset/liability	177,000	184,000
Administration expenses	6,000	6,000
Effect of curtailments	-	-
	<u>1,249,000</u>	<u>1,182,000</u>
Actual return on plan assets	<u>2,135,000</u>	<u>3,024,000</u>

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

	Defined benefit pension plans	
	31.12.20	31.12.19
	£	£
Opening defined benefit obligation	32,768,000	26,414,000
Current service cost	877,000	700,000
Past service cost	189,000	292,000
Contributions by scheme participants	139,000	156,000
Interest cost	672,000	791,000
Remeasurement (gains) / losses	7,306,000	4,744,000
Curtailments	-	-
Benefits paid	<u>(324,000)</u>	<u>(329,000)</u>
	<u>41,627,000</u>	<u>32,768,000</u>

**HALO LEISURE SERVICES LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020****26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.20	31.12.19
	£	£
Opening fair value of scheme assets	24,056,000	20,484,000
Interest on plan assets	495,000	607,000
Contributions by employer	345,000	377,000
Contributions by scheme participants	139,000	156,000
Remeasurement gains / (losses)	1,640,000	2,767,000
Administration expenses	(6,000)	(6,000)
Benefits paid	<u>(324,000)</u>	<u>(329,000)</u>
	<u>26,345,000</u>	<u>24,056,000</u>

The amounts recognised in other comprehensive income are as follows:

	31.12.20	31.12.19
	£	£
Remeasurement gains/(losses)	<u>(5,666,000)</u>	<u>(1,977,000)</u>
Cumulative amount of actuarial remeasurement losses	<u>(9,936,000)</u>	<u>(4,270,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.20	31.12.19
Equities	64.27%	63.40%
Government bonds	5.53%	12.80%
Cash/liquidity	0.60%	0.73%
Other bonds	13.34%	6.43%
Property	5.63%	6.00%
Other	<u>10.63%</u>	<u>10.64%</u>
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date:

	31.12.20	31.12.19
Discount rate	1.40 – 1.50%	2.00 – 2.10%
Rate of Inflation	2.30%	2.10 %
Future salary increases	3.55 – 3.80%	3.35 - 3.60%
Future pension increases	2.30 – 2.40%	2.10 - 2.20%

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Worcestershire County Council Pension Fund:

	Central	+ 0.1% discount rate	+0.1% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	22,671,000	22,132,000	23,223,000	23,352,000
Assets	(11,098,000)	(11,098,000)	(11,098,000)	(11,098,000)
Deficit/(surplus)	11,573,000	11,034,000	12,125,000	11,461,000
Projected service cost for next year	498,000	485,000	512,000	498,000
Projected interest cost for next year	171,000	174,000	180,000	181,000

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Rhondda Cynon Taf County Borough Council Pension Fund:

	+0.1% p.a.	Base figure	-0.1% p.a.
<i>Adjustment to discount rate</i>			
Present value of total obligation (£)	16,747,000	17,212,000	17,694,000
% change in present value of total obligation	-2.7%	-	2.8%
Projected service cost (£)	552,000	571,000	591,000
Approximate % change in projected service cost	-3.4%	-	3.5%
<i>Adjustment to salary increase rate</i>			
Present value of total obligation (£)	17,264,000	17,212,000	17,160,000
% change in present value of total obligation	0.3%	-	-0.3%
Projected service cost (£)	571,000	571,000	571,000
Approximate % change in projected service cost	0.0%	-	0.0%
<i>Adjustment to pension increase rate</i>			
Present value of total obligation (£)	17,642,000	17,212,000	16,799,000
% change in present value of total obligation	2.5%	-	-2.4%
Projected service cost (£)	591,000	571,000	552,000
Approximate % change in projected service cost	3.5%	-	-3.4%
<i>Adjustment to mortality age rating assumption</i>			
	-1 year	Base figure	+1 year
Present value of total obligation (£)	17,849,000	17,212,000	16,575,000
% change in present value of total obligation	3.7%	-	-3.7%
Projected service cost (£)	594,000	571,000	548,000
Approximate % change in projected service cost	4.1%	-	-4.0%

The following table sets out the sensitivity analysis produced by the actuary reporting in respect of the Shropshire County Pension Fund:

	Central	+ 0.1% discount rate	+0.1% inflation	1 year increase in life expectancy
	£	£	£	£
Liabilities	1,744,000	1,712,000	1,778,000	1,796,000
Assets	(1,074,000)	(1,074,000)	(1,074,000)	(1,074,000)
Deficit/(surplus)	670,000	638,000	678,000	722,000
Projected service cost for next year	59,000	58,000	61,000	61,000
Projected interest cost for next year	9,000	9,000	10,000	10,000

## **HALO LEISURE SERVICES LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **for the Year Ended 31 December 2020**

#### **26. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Amounts for the current and previous four periods are as follows:

	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
<b>Defined benefit pension plans</b>	£	£	£	£	£
Defined benefit obligation	(41,627,000)	(32,768,000)	(26,414,000)	(27,218,000)	(25,781,000)
Fair value of scheme assets	26,345,000	24,056,000	20,484,000	20,954,000	17,988,000
Deficit	(15,282,000)	(8,712,000)	(5,930,000)	(6,264,000)	(7,793,000)
Experience gains/(losses) on scheme liabilities	(5,666,000)	(1,929,000)	-	-	3,300,000
Experience gains/(losses) on scheme assets	-	-	-	-	-

In addition to the accounting disclosures under FRS102, it is important to appreciate how the LGPS pension schemes work and how ongoing contributions requirements are calculated to ensure the schemes remain or become fully funded in the long term.

FRS102 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions and any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions liability calculation used for accounting purposes are based largely on the actuarial ongoing basis calculations (such as inflation, life expectancy etc) but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the “ongoing basis” uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the ongoing basis – and therefore much higher net present pension scheme deficits.

The FRS102 liability is therefore based on the latest tri-annual ongoing basis calculations but is recalculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors. The FRS102 discount factor used decreased by 0.6% for the Worcestershire County Council Pension Fund, 0.6% for the Rhondda Cynon Taf County Borough Council Pension Fund and 0.7% for the Shropshire County Council Pension Fund from those at December 2019.

#### **27. RELATED PARTY DISCLOSURES**

The parent Charitable Company, Halo Leisure Services Limited, has taken advantage of the exemption afforded under FRS 102 from disclosing transactions and balances with its wholly owned subsidiaries, Halo Leisure Enterprises Limited and Severn Centre Trust Ltd, within these consolidated financial statements.

#### **28. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Board of Trustees and management team who are responsible for the strategic and operational decisions of the Charitable Company.

**HALO LEISURE SERVICES LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2020**

**29. CONTINGENT LIABILITIES**

Performance Guarantees

The Charitable Company has contingent liabilities in respect of Performance Guarantees amounting to £118,100 (2019: £118,100). Two bonds have been lodged for £91,100 and £27,000 to cover this liability in the event that it crystallises.