

**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.

<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>	www.haloleisure.org.uk	
<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		
A Cavaghan		1 September 2024
C E Edginton		
M J Rendall		
K E Bush		
R Whelan		
G Hotchen		
J Lee		
W Campion	1 June 2024	
S Curry	1 June 2024	
<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 Building 1063, Cornforth Drive, Kent Science Park, Sittingbourne, Kent ME9 8PX	
<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 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

		Unrestricted Funds	Restricted Funds	FRS 102 s.28 Unrestricted Funds	Total Funds Year to 31.12.2024	Total Funds Year to 31.12.2023
	NOTE	£	£	£	£	£
<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.

**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

**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	(15,231,016)	(14,189,950)
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	(9,698,000)	(3,917,000)
	<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>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).

**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  
£**COST**

At 1 January 2024

-

Additions

12,000

At 31 December 2024

12,000**AMORTISATION**

At 1 January 2024

-

Amortisation charged in the year

1,667

At 31 December 2024

1,667**NET BOOK VALUE**

At 31 December 2024

10,333

At 31 December 2023

-**Company**Computer  
software  
£**COST**

At 1 January 2024

-

Additions

12,000

At 31 December 2024

12,000**AMORTISATION**

At 1 January 2024

-

Amortisation charged in the year

1,667

At 31 December 2024

1,667**NET BOOK VALUE**

At 31 December 2024

10,333

At 31 December 2023

-

# HALO LEISURE SERVICES LIMITED

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

### 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 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>

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**

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	191,594	8,611,767	6,355,872	619,967	703,554	1,520,651	287,412	21,000	18,311,817
<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	286	948,482	3,043,654	300,772	492,352	775,365	157,519	-	5,718,430
<b>NET BOOK VALUE</b>									
At 31 December 2024	191,308	7,663,285	3,312,218	319,195	211,202	745,286	129,893	21,000	12,593,387
At 31 December 2023	-	7,802,608	2,848,998	360,882	232,576	330,589	225,697	-	11,801,350

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 - 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>

continued...

**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>

**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>

**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>	<b>Land and buildings</b>		<b>Other operating leases</b>	
	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>				
	<b>Land and buildings</b>		<b>Other operating leases</b>	
	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>

**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.



**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>

**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>

**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>

**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>

**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

**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)

**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.