

SEVERN CENTRE TRUST LTD

England & Wales · Charity number 1138947

Details

Status	Registered
Legal form	Charitable company
Company number	07219190
Registered	2010-11-11
Register	View on the Charity Commission register

Contact

Address	Halo Leisure Lion Yard Broad Street Leominster HR6 8BT
Phone	01746860000
Email	info@severncentre.co.uk
Website	www.severncentre.co.uk

Activities

Objects: 5. The objects of the Charity are to carry out the following for the benefit of the community within the areas of Herefordshire, the Parish of Highley and the surrounding neighbourhoods, and such other areas as the Directors shall determine from time to time:(a) 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;(b) To organise events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;(c) To relieve the needs of people who are elderly, sick or who have physical or mental disabilities, or who are from socially disadvantaged backgrounds through the provision of recreational and leisure time activities;(d) To promote and preserve good health amongst the population through exercise and sport;(e) To promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education; (f) To advance education through the provision of libraries and other community and cultural facilities; and(g) To carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales,("the Objects").

Activities: Community Centre, Library and recreational facilities, including sports fields, tennis courts and fitness suit.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** General Charitable Purposes, Education/training, Arts/culture/heritage/science, Amateur Sport
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** PARISH OF HIGHLEY AND THE NEIGHBOURHOOD
- Shropshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£288,503	£279,854	-	-
2023-12-31	£257,160	£299,175	-	-
2022-12-31	£245,390	£320,766	-	-
2021-12-31	£251,366	£248,981	-	-
2020-12-31	£171,799	£230,136	-	-

Trustees

Name	Role	Appointed
Clare Edginton		2024-02-01
MARK ANDREW WILLIAM SALT		2018-04-25
Owen Ross Whelan		2024-02-01
WILLIAM JOSEPH CAMPION		2024-12-09

SEVERN CENTRE TRUST LTD

England & Wales - Charity number 1138947

Accounts

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
FOR
SEVERN CENTRE TRUST LTD

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FOR THE YEAR ENDED 31 DECEMBER 2024

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REPORT OF THE TRUSTEES
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 financial statements of the charitable company 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Charity are to carry out the following for the benefit of the community within the areas of Herefordshire, the Parish of Highley and the surrounding neighbourhoods, and such other areas as the Trustees shall determine from time to time:

- 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 organise events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them.
- to relieve the needs of people who are elderly, sick or who have physical or mental disabilities, or who are from socially disadvantaged backgrounds through the provision of recreational and leisure time activities.
- to promote and preserve good health amongst the population through exercise and sport.
- to promote physical education and development amongst pupils and students at schools, colleges or establishments for the provision of further or higher education.
- to advance education through the provision of libraries and other community and cultural facilities; and
- to carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales.

Vision and mission

VISION: Creating Healthier Communities

MISSION: To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

Strategic themes

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

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

Severn Centre's two key themes for 2024 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing the business.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

OBJECTIVES AND ACTIVITIES

Public benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the board of trustees consider how planned activities will contribute to the aims and objectives that they have set.

Diversity

The charity has a strong commitment to diversity inclusion and engagement and, via its parent charity, 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.

The parent charity, Halo Leisure Services Limited, has partnered with the National Centre for Diversity and has achieved the Investors in Diversity Award.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

FUNDRAISING

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

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

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL REVIEW

Reserves policy

The trustees recognise the need for a reasonable amount of financial reserves in order to protect the trust from the possibility of any adverse or unforeseen circumstances that could arise. The current policy is the unrestricted funds not committed or invested in tangible assets held by the trust should be between six and thirteen weeks of the trust's annual expenditure on payroll costs, property operating expenses and administration expenses. If there was to occur a significant drop in funding, it has been identified that the trust will need to have access to unrestricted reserves with a current value of at least £60,000 which represents thirteen weeks of the trust's annual expenses. The unrestricted reserves currently stand at £75,265. The Trustees will review the policy to ensure it remains appropriate to the needs of the charitable company.

FUTURE DEVELOPMENTS

2024 Performance

With increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast-moving pace of technology and its impact on how people consume leisure. Severn Centre now faces significant cost pressures from staff costs, primarily increases driven by the National Living Wage, Employers' National Insurance contributions, general inflation and energy costs.

The centre performed well during the year, opening the lido from May to September, maintaining operational revenue and controlling costs. In addition, 2024 saw the creation of a GP surgery within the building, heralding a closer collaboration between health and leisure practitioners with community focus along with generating rental income. The site achieved a P&L surplus on unrestricted funds.

Looking forward to 2025

There are no significant changes to the operating model planned for 2025. We expect to generate a small P&L surplus during the year and maintain cash reserves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

A partnership between Shropshire Council, Highley Parish Council and Halo Leisure - Leading Leisure Trust and Social Enterprise.

The Severn Centre Trust became a charitable company limited by guarantee (Company no. 07219190, Charity no. 1138947) on 10 April 2010, remaining dormant until 31 March 2011 when it took over by resolution, the assets, liabilities and undertakings of the Severn Centre Trust (Charity no. 522528). With effect from 1 October 2017 ownership of the company was transferred to Halo Leisure Services Limited and new articles of association were adopted.

Recruitment and appointment of new trustees

The management of the charity is the responsibility of the trustees who are appointed under the terms of the memorandum and articles of the Limited company. Halo Leisure Services Limited as the charitable company's sole member appoints the trustees, at least one of whom shall not also be a trustee of Halo Leisure Services Limited.

Induction and training of new trustees

All new trustees receive induction training regarding the organisation including its powers and objects and the charitable company itself.

Severn Centre Advisory Board

The charitable company has established an Advisory Board comprising trustees and representatives of the local community to keep the community informed of key developments and to ensure the charitable company is aware of the concerns and interest of local people.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk assessment

The charitable company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. The document is reviewed on a regular basis by the trustees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07219190 (England and Wales)

Registered Charity number

1138947

Registered office

Lion Yard
Broad Street
LEOMINSTER
HR6 8BT

Trustees

M A W Salt
C E Edginton Senior HR business partner (appointed 1.2.24)
J F Lee Head of market communications (appointed 1.2.24) (resigned 9.12.24)
O R Whelan Head of surveillance (appointed 1.2.24)
W J Campion Business Improvement Manager (appointed 9.12.24)

Company Secretary

J G Huxley

Auditors

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

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charitable company to be able to continue as a going concern.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

TRUSTEES' RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Severn Centre Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on and signed on its behalf by:

.....
C E Edginton - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

Opinion

We have audited the financial statements of Severn Centre Trust Ltd (the 'charitable company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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
SEVERN CENTRE TRUST LTD

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management 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 charitable company including, but not limited to, the UK charity tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the 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 as well as 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.

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 contacts 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 statements 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 regulators.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

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

Use of our report

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

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:

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unrestricted fund £	Restricted funds £	31.12.24 Total funds £	31.12.23 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
Operation of centre facilities		210,569	-	210,569	257,160
Investment income	2	77,934	-	77,934	-
Total		<u>288,503</u>	<u>-</u>	<u>288,503</u>	<u>257,160</u>
EXPENDITURE ON					
Charitable activities	4				
Operation of centre facilities		<u>279,854</u>	<u>59,690</u>	<u>339,544</u>	<u>299,175</u>
NET INCOME/(EXPENDITURE)		8,649	(59,690)	(51,041)	(42,015)
RECONCILIATION OF FUNDS					
Total funds brought forward		66,616	1,928,982	1,995,598	2,037,613
TOTAL FUNDS CARRIED FORWARD		<u><u>75,265</u></u>	<u><u>1,869,292</u></u>	<u><u>1,944,557</u></u>	<u><u>1,995,598</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2024

	Notes	31.12.24 £	31.12.23 £
FIXED ASSETS			
Tangible assets	11	1,883,529	1,936,310
CURRENT ASSETS			
Debtors	12	69,744	73,229
Cash at bank and in hand		45,742	102,365
		<u>115,486</u>	<u>175,594</u>
CREDITORS			
Amounts falling due within one year	13	(54,458)	(116,306)
NET CURRENT ASSETS		<u>61,028</u>	<u>59,288</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,944,557</u>	<u>1,995,598</u>
NET ASSETS		<u>1,944,557</u>	<u>1,995,598</u>
FUNDS	17		
Unrestricted funds		75,265	66,616
Restricted funds		1,869,292	1,928,982
TOTAL FUNDS		<u>1,944,557</u>	<u>1,995,598</u>

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

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

.....
C E Edginton - Trustee

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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. The financial statements have been prepared under the historical cost convention.

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

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charitable company to be able to continue as a going concern.

Company status

The company is a company limited by guarantee and a registered charity. The members of the charitable company are the Trustees named within the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charitable company.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Incoming resources

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.

The management fee is an unrestricted fund 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 installments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES - continued

Resources expended

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.

Tangible fixed assets

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
Plant and machinery	- 15% on reducing balance and over remaining term of lease
Fixtures and fittings	- 15% on cost

Assets costing more than £1,000 are capitalised.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES - continued**Creditors and provisions**

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

Significant judgements and estimates

In the application of the charitable company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

2. INVESTMENT INCOME

	31.12.24	31.12.23
	£	£
Rental income	77,934	-
	<u>77,934</u>	<u>-</u>

Rental income for 2023 totalling £60,892 is included within the comparative for centre activities and related income below.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.12.24 £	31.12.23 £
Centre activities & related income	Operation of centre facilities	105,989	158,116
Management fees	Operation of centre facilities	104,580	99,044
		<u>210,569</u>	<u>257,160</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
Operation of centre facilities	<u>167,527</u>	<u>172,017</u>	<u>339,544</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.24 £	31.12.23 £
Staff costs	104,221	94,982
Other staff costs	483	461
Bad debts	1,000	4,500
Depreciation	61,823	61,634
	<u>167,527</u>	<u>161,577</u>

6. SUPPORT COSTS

	Management £	Human resources £	Governance costs £	Totals £
Operation of centre facilities	<u>161,985</u>	<u>357</u>	<u>9,675</u>	<u>172,017</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

6. SUPPORT COSTS - continued

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

Management

	31.12.24	31.12.23
	Operation of centre facilities	Total activities
	£	£
Property costs	91,003	77,303
Insurance	10,197	8,800
Administrative costs	22,270	16,040
Management fee	20,003	20,001
Postage and stationery	282	82
Advertising	2,990	1,563
Sundries	1,535	1,183
Legal and professional fees	9,949	408
Irrecoverable VAT	3,756	2,673
	<u>161,985</u>	<u>128,053</u>

Human resources

	31.12.24	31.12.23
	Operation of centre facilities	Total activities
	£	£
Interest payable	357	-
	<u>357</u>	<u>-</u>

Governance costs

	31.12.24	31.12.23
	Operation of centre facilities	Total activities
	£	£
Auditors' remuneration	9,675	9,545
	<u>9,675</u>	<u>9,545</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.24	31.12.23
	£	£
Auditors' remuneration	9,675	9,545
Depreciation - owned assets	60,868	61,634
Depreciation - assets on hire purchase contracts and finance leases	955	-
	<u> </u>	<u> </u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2024 nor for the year ended 31 December 2023.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2024 nor for the year ended 31 December 2023.

9. STAFF COSTS

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

	31.12.24	31.12.23
	12	12
Operation of centre facilities	<u> </u>	<u> </u>

No employees received emoluments in excess of £60,000.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Operation of centre facilities	<u>257,160</u>	<u>-</u>	<u>257,160</u>
EXPENDITURE ON			
Charitable activities			
Operation of centre facilities	<u>239,481</u>	<u>59,694</u>	<u>299,175</u>
NET INCOME/(EXPENDITURE)	17,679	(59,694)	(42,015)
RECONCILIATION OF FUNDS			
Total funds brought forward	48,937	1,988,676	2,037,613

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
TOTAL FUNDS CARRIED FORWARD	<u>66,616</u>	<u>1,928,982</u>	<u>1,995,598</u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2024	2,942,261	198,823	401,868	3,542,952
Additions	-	9,042	-	9,042
	<u>2,942,261</u>	<u>207,865</u>	<u>401,868</u>	<u>3,551,994</u>
DEPRECIATION				
At 1 January 2024	1,013,279	191,495	401,868	1,606,642
Charge for year	59,690	2,133	-	61,823
	<u>1,072,969</u>	<u>193,628</u>	<u>401,868</u>	<u>1,668,465</u>
NET BOOK VALUE				
At 31 December 2024	<u>1,869,292</u>	<u>14,237</u>	<u>-</u>	<u>1,883,529</u>
At 31 December 2023	<u>1,928,982</u>	<u>7,328</u>	<u>-</u>	<u>1,936,310</u>

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

	Plant and machinery £
COST	
Additions	3,820
DEPRECIATION	
Charge for year	955
NET BOOK VALUE	
At 31 December 2024	<u>2,865</u>
At 31 December 2023	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.24	31.12.23
	£	£
Trade debtors	68,627	72,112
Prepayments and accrued income	1,117	1,117
	<u>69,744</u>	<u>73,229</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.24	31.12.23
	£	£
Hire purchase (see note 14)	3,410	-
Trade creditors	6,131	8,377
Amounts owed to group undertakings	16,610	66,317
Social security and other taxes	6,706	8,309
Other creditors	301	301
Deferred income	10,800	11,813
Accrued expenses	10,500	21,189
	<u>54,458</u>	<u>116,306</u>

14. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.12.24	31.12.23
	£	£
Net obligations repayable:		
Within one year	<u>3,410</u>	<u>-</u>

15. SECURED DEBTS

The charity's parent company, Halo Leisure Services Limited, took out a £750k Coronavirus Business Interruption Loan Scheme (CBILS) in 2020 to support its operations. The loan is secured against all of the charity's assets by way of fixed and floating charges.

As at 31 December 2024, the remaining liability outstanding to the bank was £275k (2023: £425k).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	31.12.24 Total funds £	31.12.23 Total funds £
Fixed assets	14,237	1,869,292	1,883,529	1,936,310
Current assets	115,486	-	115,486	175,594
Current liabilities	(54,458)	-	(54,458)	(116,306)
	<u>75,265</u>	<u>1,869,292</u>	<u>1,944,557</u>	<u>1,995,598</u>

17. MOVEMENT IN FUNDS

	At 1.1.24 £	Net movement in funds £	At 31.12.24 £
Unrestricted funds			
General fund	66,616	8,649	75,265
Restricted funds			
Severn Centre Building Fund	1,928,982	(59,690)	1,869,292
TOTAL FUNDS	<u>1,995,598</u>	<u>(51,041)</u>	<u>1,944,557</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	288,503	(279,854)	8,649
Restricted funds			
Severn Centre Building Fund	-	(59,690)	(59,690)
TOTAL FUNDS	<u>288,503</u>	<u>(339,544)</u>	<u>(51,041)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

17. MOVEMENT IN FUNDS - continued**Comparatives for movement in funds**

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	48,937	17,679	66,616
Restricted funds			
Severn Centre Building Fund	1,988,676	(59,694)	1,928,982
TOTAL FUNDS	<u>2,037,613</u>	<u>(42,015)</u>	<u>1,995,598</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	257,160	(239,481)	17,679
Restricted funds			
Severn Centre Building Fund	-	(59,694)	(59,694)
TOTAL FUNDS	<u>257,160</u>	<u>(299,175)</u>	<u>(42,015)</u>

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.

18. ULTIMATE PARENT COMPANY

The ultimate parent company is Halo Leisure Services Limited, a Charity incorporated in England & Wales.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2024.

SEVERN CENTRE TRUST LTD

England & Wales - Charity number 1138947

Accounts

REGISTERED COMPANY NUMBER: 07219190 (England and Wales)
REGISTERED CHARITY NUMBER: 1138947

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
SEVERN CENTRE TRUST LTD

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FOR THE YEAR ENDED 31 DECEMBER 2023

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Charity are to carry out the following for the benefit of the community within the areas of Herefordshire, the Parish of Highley and the surrounding neighbourhoods, and such other areas as the Trustees shall determine from time to time:

- 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 organise events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them.
- to relieve the needs of people who are elderly, sick or who have physical or mental disabilities, or who are from socially disadvantaged backgrounds through the provision of recreational and leisure time activities.
- to promote and preserve good health amongst the population through exercise and sport.
- to promote physical education and development amongst pupils and students at schools, colleges or establishments for the provision of further or higher education.
- to advance education through the provision of libraries and other community and cultural facilities; and
- to carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales.

Vision and mission

VISION: Creating Healthier Communities

MISSION: To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

Strategic themes

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

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

Severn Centre's two key themes for 2023 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing the business.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

OBJECTIVES AND ACTIVITIES

Public benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the board of trustees consider how planned activities will contribute to the aims and objectives that they have set.

Diversity

The charity has a strong commitment to diversity inclusion and engagement and, via its parent charity, 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.

The parent charity, Halo Leisure Services Limited, has partnered with the National Centre for Diversity and has achieved the Investors in Diversity Award.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

FUNDRAISING

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

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

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL REVIEW

Reserves policy

The trustees recognise the need for a reasonable amount of financial reserves in order to protect the trust from the possibility of any adverse or unforeseen circumstances that could arise. The current policy is the unrestricted funds not committed or invested in tangible assets held by the trust should be between six and thirteen weeks of the trust's annual expenditure on payroll costs, property operating expenses and administration expenses. If there was to occur a significant drop in funding, it has been identified that the trust will need to have access to unrestricted reserves with a current value of at least £60,000 which represents thirteen weeks of the trust's annual expenses. The unrestricted reserves currently stand at £66,616. The Trustees will review the policy to ensure it remains appropriate to the needs of the charitable company.

FUTURE DEVELOPMENTS

2023 Performance

With increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure. Severn Centre now faces significant cost pressures from staff costs, primarily increases driven by the National Living Wage, general inflation and most significantly energy costs.

The centre performed well during the year, opening the lido from May to September, maintaining operational revenue and reducing costs. This achieved a P&L surplus.

Looking forward to 2024

The most significant change in 2024 is the investment in a GP surgery at the Severn Centre, this investment establishes a long-term revenue stream for the site and also bolsters the community focus, enhancing the wellbeing environment for residents. In addition, there has also been investment in gym kit and a refurbishment of the gym space which enhances the member experience. We expect to generate a small P&L surplus during the year and maintain cash reserves.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

A partnership between Shropshire Council, Highley Parish Council and Halo Leisure - Leading Leisure Trust and Social Enterprise.

The Severn Centre Trust became a charitable company limited by guarantee (Company no. 07219190, Charity no. 1138947) on 10 April 2010, remaining dormant until 31 March 2011 when it took over by resolution, the assets, liabilities and undertakings of the Severn Centre Trust (Charity no. 522528). With effect from 1 October 2017 ownership of the company was transferred to Halo Leisure Services Limited and new articles of association were adopted.

Recruitment and appointment of new trustees

The management of the charity is the responsibility of the trustees who are appointed under the terms of the memorandum and articles of the Limited company. Halo Leisure Services Limited as the charitable company's sole member appoints the trustees, at least one of whom shall not also be a trustee of Halo Leisure Services Limited.

Induction and training of new trustees

All new trustees receive induction training regarding the organisation including its powers and objects and the charitable company itself.

Severn Centre Advisory Board

The charitable company has established an Advisory Board comprising trustees and representatives of the local community to keep the community informed of key developments and to ensure the charitable company is aware of the concerns and interest of local people.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk assessment

The charitable company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. The document is reviewed on a regular basis by the trustees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07219190 (England and Wales)

Registered Charity number

1138947

Registered office

Lion Yard
Broad Street
LEOMINSTER
HR6 8BT

Trustees

N A Sellar (resigned 31.8.23)
M A W Salt
K E Bush
E C Edginton (appointed 1.2.24)
J F Lee (appointed 1.2.24)
O R Whelan (appointed 1.2.24)

Company Secretary

J G Huxley

Auditors

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

GOING CONCERN

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charitable company to be able to continue as a going concern.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

TRUSTEES' RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Severn Centre Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 7 August 2024 and signed on its behalf by:



Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

Opinion

We have audited the financial statements of Severn Centre Trust Ltd (the 'charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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
SEVERN CENTRE TRUST LTD

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management 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 charitable company including, but not limited to, the UK charity tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the 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 as well as 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.

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 statements 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 regulators.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

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

Use of our report

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

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: 7 August 2024

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted fund £	Restricted funds £	31.12.23 Total funds £	31.12.22 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	2				
Operation of centre facilities		<u>257,160</u>	<u>-</u>	<u>257,160</u>	<u>245,390</u>
 EXPENDITURE ON					
Charitable activities	3				
Operation of centre facilities		<u>239,481</u>	<u>59,694</u>	<u>299,175</u>	<u>320,766</u>
 NET INCOME/(EXPENDITURE)		17,679	(59,694)	(42,015)	(75,376)
 RECONCILIATION OF FUNDS					
Total funds brought forward		<u>48,937</u>	<u>1,988,676</u>	<u>2,037,613</u>	<u>2,112,989</u>
 TOTAL FUNDS CARRIED FORWARD		<u><u>66,616</u></u>	<u><u>1,928,982</u></u>	<u><u>1,995,598</u></u>	<u><u>2,037,613</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2023

	Notes	31.12.23 £	31.12.22 £
FIXED ASSETS			
Tangible assets	10	1,936,310	1,995,444
CURRENT ASSETS			
Debtors	11	73,229	23,382
Cash at bank and in hand		<u>102,365</u>	<u>85,116</u>
		175,594	108,498
CREDITORS			
Amounts falling due within one year	12	(116,306)	(66,329)
NET CURRENT ASSETS		<u>59,288</u>	<u>42,169</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,995,598</u>	<u>2,037,613</u>
NET ASSETS		<u>1,995,598</u>	<u>2,037,613</u>
FUNDS	16		
Unrestricted funds		66,616	48,937
Restricted funds		<u>1,928,982</u>	<u>1,988,676</u>
TOTAL FUNDS		<u>1,995,598</u>	<u>2,037,613</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 7 August 2024 and were signed on its behalf by:



Trustee

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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. The financial statements have been prepared under the historical cost convention.

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

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charitable company to be able to continue as a going concern.

Company status

The company is a company limited by guarantee and a registered charity. The members of the charitable company are the Trustees named within the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charitable company.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Incoming resources

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.

The management fee is an unrestricted fund 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 installments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES - continued

Resources expended

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 15% on cost

Assets costing more than £1,000 are capitalised.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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 charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES - continued**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.

Significant judgements and estimates

In the application of the charitable company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

2. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.12.23 £	31.12.22 £
Centre activities & related income	Operation of centre facilities	158,116	154,011
Management fees	Operation of centre facilities	<u>99,044</u>	<u>91,379</u>
		<u>257,160</u>	<u>245,390</u>

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 4) £	Support costs (see note 5) £	Totals £
Operation of centre facilities	<u>161,577</u>	<u>137,598</u>	<u>299,175</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

4. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.23	31.12.22
	£	£
Staff costs	94,982	103,903
Other staff costs	461	472
Bar, catering & vending	-	(697)
Bad debts	4,500	(716)
Depreciation	<u>61,634</u>	<u>64,317</u>
	<u>161,577</u>	<u>167,279</u>

5. SUPPORT COSTS

	Management	Governance	Totals
	£	costs £	£
Operation of centre facilities	<u>128,053</u>	<u>9,545</u>	<u>137,598</u>

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

Management

	31.12.23	31.12.22
	Operation of centre facilities £	Total activities £
Property costs	77,303	92,353
Insurance	8,800	8,660
Administrative costs	16,040	14,727
Management fee	20,001	20,004
Postage and stationery	82	223
Advertising	1,563	357
Sundries	1,183	3,034
Legal and professional fees	408	1,490
Irrecoverable VAT	<u>2,673</u>	<u>3,941</u>
	<u>128,053</u>	<u>144,789</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

5. SUPPORT COSTS - continued**Governance costs**

	31.12.23	31.12.22
	Operation of centre facilities	Total activities
	£	£
Auditors' remuneration	<u>9,545</u>	<u>8,698</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.23	31.12.22
	£	£
Auditors' remuneration	9,545	8,698
Depreciation - owned assets	<u>61,634</u>	<u>64,316</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

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

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2023 nor for the year ended 31 December 2022.

8. STAFF COSTS

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

	31.12.23	31.12.22
Operation of centre facilities	<u>12</u>	<u>11</u>

No employees received emoluments in excess of £60,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Operation of centre facilities	<u>245,390</u>	<u>-</u>	<u>245,390</u>
EXPENDITURE ON			
Charitable activities			
Operation of centre facilities	<u>261,922</u>	<u>58,844</u>	<u>320,766</u>
NET INCOME/(EXPENDITURE)	(16,532)	(58,844)	(75,376)
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>65,469</u>	<u>2,047,520</u>	<u>2,112,989</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>48,937</u></u>	<u><u>1,988,676</u></u>	<u><u>2,037,613</u></u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2023	2,942,261	229,173	401,868	3,573,302
Additions	-	2,500	-	2,500
Disposals	<u>-</u>	<u>(32,850)</u>	<u>-</u>	<u>(32,850)</u>
At 31 December 2023	<u>2,942,261</u>	<u>198,823</u>	<u>401,868</u>	<u>3,542,952</u>
DEPRECIATION				
At 1 January 2023	953,585	222,405	401,868	1,577,858
Charge for year	59,694	1,940	-	61,634
Eliminated on disposal	<u>-</u>	<u>(32,850)</u>	<u>-</u>	<u>(32,850)</u>
At 31 December 2023	<u>1,013,279</u>	<u>191,495</u>	<u>401,868</u>	<u>1,606,642</u>
NET BOOK VALUE				
At 31 December 2023	<u><u>1,928,982</u></u>	<u><u>7,328</u></u>	<u><u>-</u></u>	<u><u>1,936,310</u></u>
At 31 December 2022	<u><u>1,988,676</u></u>	<u><u>6,768</u></u>	<u><u>-</u></u>	<u><u>1,995,444</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.23	31.12.22
	£	£
Trade debtors	72,112	22,265
Prepayments and accrued income	<u>1,117</u>	<u>1,117</u>
	<u>73,229</u>	<u>23,382</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.23	31.12.22
	£	£
Trade creditors	8,377	9,723
Amounts owed to group undertakings	66,317	3,506
Social security and other taxes	8,309	22,590
Other creditors	301	549
Deferred income	11,813	10,168
Accrued expenses	<u>21,189</u>	<u>19,793</u>
	<u>116,306</u>	<u>66,329</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.23	31.12.22
	£	£
Within one year	<u>-</u>	<u>320</u>

14. SECURED DEBTS

The charity's parent company, Halo Leisure Services Limited, took out a £750k Coronavirus Business Interruption Loan Scheme (CBILS) in 2020 to support its operations. The loan is secured against all of the charity's assets by way of fixed and floating charges.

As at 31 December 2023, the remaining liability outstanding to the bank was £425k (2022: £575k).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	31.12.23 Total funds £	31.12.22 Total funds £
Fixed assets	7,328	1,928,982	1,936,310	1,995,444
Current assets	175,594	-	175,594	108,498
Current liabilities	(116,306)	-	(116,306)	(66,329)
	<u>66,616</u>	<u>1,928,982</u>	<u>1,995,598</u>	<u>2,037,613</u>

16. MOVEMENT IN FUNDS

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	48,937	17,679	66,616
Restricted funds			
Severn Centre Building Fund	1,988,676	(59,694)	1,928,982
TOTAL FUNDS	<u>2,037,613</u>	<u>(42,015)</u>	<u>1,995,598</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	257,160	(239,481)	17,679
Restricted funds			
Severn Centre Building Fund	-	(59,694)	(59,694)
TOTAL FUNDS	<u>257,160</u>	<u>(299,175)</u>	<u>(42,015)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

16. MOVEMENT IN FUNDS - continued**Comparatives for movement in funds**

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	65,469	(16,532)	48,937
Restricted funds			
Severn Centre Building Fund	2,047,520	(58,844)	1,988,676
TOTAL FUNDS	<u>2,112,989</u>	<u>(75,376)</u>	<u>2,037,613</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	245,390	(261,922)	(16,532)
Restricted funds			
Severn Centre Building Fund	-	(58,844)	(58,844)
TOTAL FUNDS	<u>245,390</u>	<u>(320,766)</u>	<u>(75,376)</u>

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.

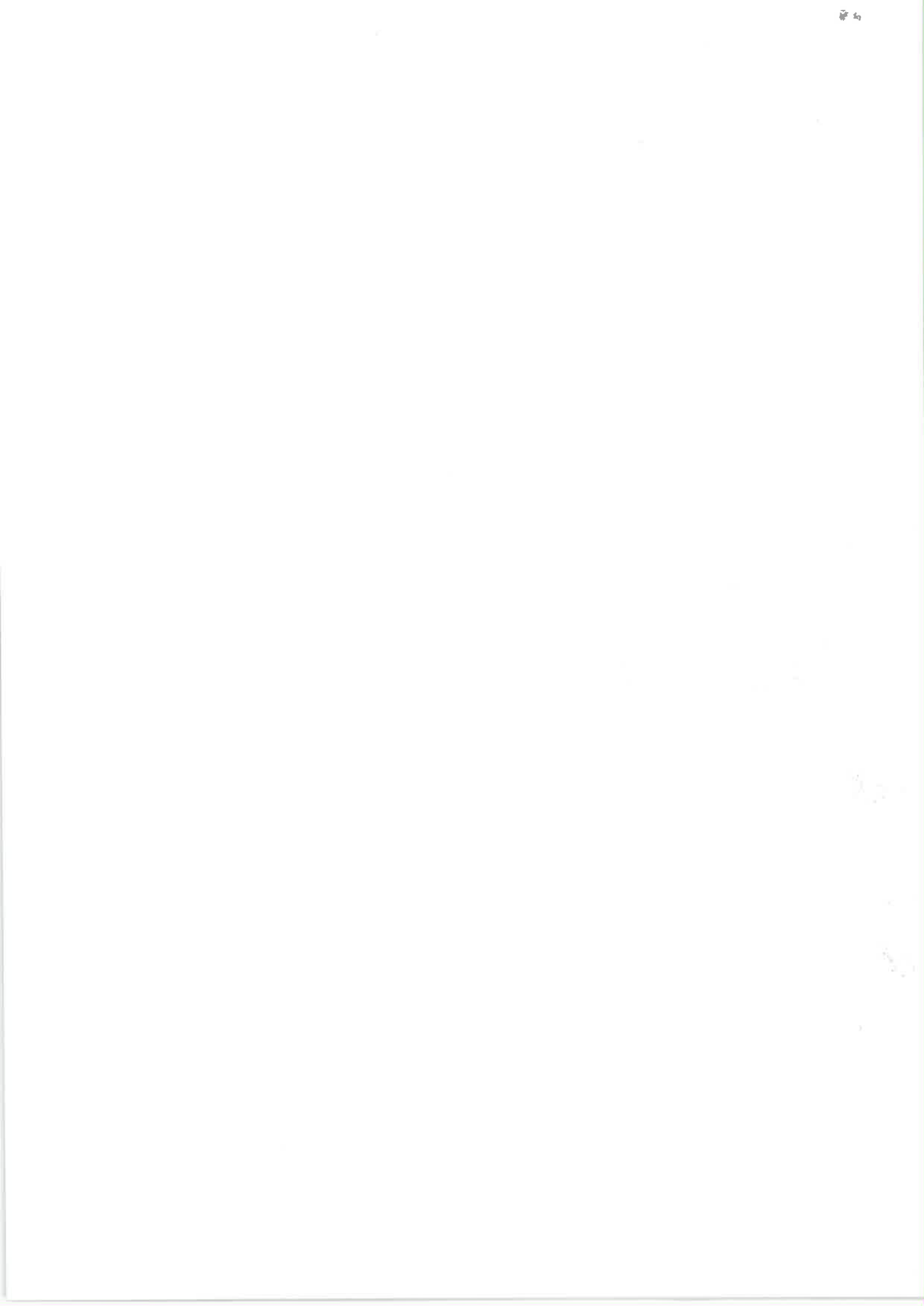
17. ULTIMATE PARENT COMPANY

The ultimate parent company is Halo Leisure Services Limited, a Charity incorporated in England & Wales.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2023.



SEVERN CENTRE TRUST LTD

England & Wales - Charity number 1138947

Accounts

REGISTERED COMPANY NUMBER: 07219190 (England and Wales)
REGISTERED CHARITY NUMBER: 1138947

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
SEVERN CENTRE TRUST LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Charity are to carry out the following for the benefit of the community within the areas of Herefordshire, the Parish of Highley and the surrounding neighbourhoods, and such other areas as the Trustees shall determine from time to time:

- 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 organise events for recreation or leisure time occupation in the interests of social welfare with the objects of improving the conditions of life of those engaging in them;
- to relieve the needs of people who are elderly, sick or who have physical or mental disabilities, or who are from socially disadvantaged backgrounds through the provision of recreational and leisure time activities;
- to promote and preserve good health amongst the population through exercise and sport;
- to promote physical education and development amongst pupils and students of schools, colleges or establishments for the provision of further or higher education;
- to advance education through the provision of libraries and other community and cultural facilities; and
- to carry out any other charitable activity subject to the prior written consent of the Charity Commission for England and Wales.

Vision and mission

VISION: Creating Healthier Communities

MISSION: To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

Strategic themes

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

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

Severn Centre's two key themes for 2022 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing the business.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

OBJECTIVES AND ACTIVITIES

Public benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the board of trustees consider how planned activities will contribute to the aims and objectives that they have set.

Diversity

The charity has a strong commitment to diversity inclusion and engagement and, via its parent charity, 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.

The parent charity, Halo Leisure Services Limited, has partnered with the National Centre for Diversity and is committed to achieving the Investors in Diversity standard by the Autumn of 2023.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

FUNDRAISING

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

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

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

Reserves policy

The trustees recognise the need for a reasonable amount of financial reserves in order to protect the trust from the possibility of any adverse or unforeseen circumstances that could arise. The current policy is the unrestricted funds not committed or invested in tangible assets held by the trust should be between six and thirteen weeks of the trust's annual expenditure on payroll costs, property operating expenses and administration expenses. In the event that there was to occur a significant drop in funding, it has been identified that the trust will need to have access to unrestricted reserves with a current value of at least £60,000 which represents thirteen weeks of the trust's annual expenses. The unrestricted reserves currently stand at £48,937. The Trustees will review the policy to ensure it remains appropriate to the needs of the charitable company.

FUTURE DEVELOPMENTS

2022 The Road to Recovery

With increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure, Severn Centre now faces significant cost pressures from staff costs, primarily increases driven by the National Living Wage, general inflation and most significantly energy costs.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

A partnership between Shropshire Council, Highley Parish Council and Halo Leisure - Leading Leisure Trust and Social Enterprise.

The Severn Centre Trust became a charitable company limited by guarantee (Company no. 07219190, Charity no. 1138947) on 10 April 2010, remaining dormant until 31 March 2011 when it took over by resolution, the assets, liabilities and undertakings of the Severn Centre Trust (Charity no. 522528). With effect from 1 October 2017 ownership of the company was transferred to Halo Leisure Services Limited and new articles of association were adopted.

Recruitment and appointment of new trustees

The management of the charity is the responsibility of the trustees who are appointed under the terms of the memorandum and articles of the Limited company. Halo Leisure Services Limited as the charitable company's sole member appoints the trustees, at least one of whom shall not also be a trustee of Halo Leisure Services Limited.

Induction and training of new trustees

All new trustees receive induction training with regard to the organisation including its powers and objects and the charitable company itself.

Severn Centre Advisory Board

The charitable company has established an Advisory Board comprising trustees and representatives of the local community to keep the community informed of key developments and to ensure the charitable company is aware of the concerns and interest of local people.

Risk assessment

The charitable company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. The document is reviewed on a regular basis by the trustees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07219190 (England and Wales)

Registered Charity number

1138947

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

Registered office

Lion Yard
Broad Street
LEOMINSTER
HR6 8BT

Trustees

N A Sellar
V A Hill (resigned 30.9.22)
M A W Salt
K E Bush

Company Secretary

J G Huxley

Auditors

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

GOING CONCERN

Whilst no specific date has been set, the Trustees are exploring the possibility of transferring the activities and assets of the charity to the parent charity, Halo Leisure Services Limited. This may have the potential to yield benefits in relation to streamlined processes and cost reductions through consolidation, and to this end the Trustees will continue to consult with partners to explore benefits.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

TRUSTEES' RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Severn Centre Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 3rd August 2023 and signed on its behalf by:


.....
N A Sellar - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SEVERN CENTRE TRUST LTD

Opinion

We have audited the financial statements of Severn Centre Trust Ltd (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Emphasis of matter - potential transfer of activities and assets

We draw attention to note 1 in the financial statements which explains that, whilst a specific date has not been set, the Trustees are exploring the possibility of transferring the activities and assets of the charity to the parent charity, Halo Leisure Services Limited. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management 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 charitable company including, but not limited to, the UK charity tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the 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 as well as 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.

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 statements 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 regulators.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

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

Use of our report

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

AP

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

Date: 8.....September.....2022

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

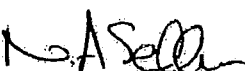
	Notes	Unrestricted fund £	Restricted funds £	31.12.22 Total funds £	31.12.21 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	-	-	-	27,097
Charitable activities					
Operation of centre facilities	3	245,390	-	245,390	195,772
Other income	4	-	-	-	28,497
Total		<u>245,390</u>	<u>-</u>	<u>245,390</u>	<u>251,366</u>
EXPENDITURE ON					
Charitable activities					
Operation of centre facilities	5	<u>261,922</u>	<u>58,844</u>	<u>320,766</u>	<u>248,981</u>
NET INCOME/(EXPENDITURE)		(16,532)	(58,844)	(75,376)	2,385
RECONCILIATION OF FUNDS					
Total funds brought forward		65,469	2,047,520	2,112,989	2,110,604
TOTAL FUNDS CARRIED FORWARD		<u><u>48,937</u></u>	<u><u>1,988,676</u></u>	<u><u>2,037,613</u></u>	<u><u>2,112,989</u></u>

SEVERN CENTRE TRUST LTD (REGISTERED NUMBER: 07219190)**BALANCE SHEET**
31 DECEMBER 2022

	Notes	31.12.22 £	31.12.21 £
FIXED ASSETS			
Tangible assets	12	1,995,444	2,059,760
CURRENT ASSETS			
Debtors	13	23,382	27,993
Cash at bank and in hand		85,116	104,372
		<u>108,498</u>	<u>132,365</u>
CREDITORS			
Amounts falling due within one year	14	(66,329)	(79,136)
		<u>42,169</u>	<u>53,229</u>
NET CURRENT ASSETS			
		<u>2,037,613</u>	<u>2,112,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,037,613</u>	<u>2,112,989</u>
NET ASSETS			
		<u>2,037,613</u>	<u>2,112,989</u>
FUNDS	18		
Unrestricted funds		48,937	65,469
Restricted funds		1,988,676	2,047,520
TOTAL FUNDS		<u>2,037,613</u>	<u>2,112,989</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 3rd August 2023 and were signed on its behalf by:


N A Sellar - Trustee

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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. The financial statements have been prepared under the historical cost convention.

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

Whilst no specific date has been set, the Trustees are exploring the possibility of transferring the activities and assets of the charity to the parent charity, Halo Leisure Services Limited. This may have the potential to yield benefits in relation to streamlined processes and cost reductions through consolidation, and to this end the Trustees will continue to consult with partners to explore benefits. As no decision has been made, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Due to the nature of operations the charity's cash position is favourable and accordingly the Trustees are satisfied that the charity is able to settle its liabilities as they fall due.

Company status

The company is a company limited by guarantee and a registered charity. The members of the charitable company are the Trustees named within the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charitable company.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Incoming resources

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES - continued

Incoming resources

The management fee is an unrestricted fund 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 installments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Resources expended

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 15% on cost

Assets costing more than £1,000 are capitalised.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES - continued**Creditors and provisions**

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

Significant judgements and estimates

In the application of the charitable company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

2. DONATIONS AND LEGACIES

	31.12.22	31.12.21
	£	£
Grants	-	27,097
	<u> </u>	<u> </u>

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

	31.12.22	31.12.21
	£	£
Local restrictions support grant	-	4,097
Closed business lockdown payment	-	4,000
Restart grant	-	8,000
National Leisure Recovery Fund	-	11,000
	<u> </u>	<u> </u>
	-	27,097
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. INCOME FROM CHARITABLE ACTIVITIES

		31.12.22	31.12.21
	Activity	£	£
Centre activities & related income	Operation of centre facilities	154,011	106,580
Management fees	Operation of centre facilities	91,379	89,192
		<u>245,390</u>	<u>195,772</u>

4. OTHER INCOME

	31.12.22	31.12.21
	£	£
Other income	-	28,497
	<u>-</u>	<u>28,497</u>

In 2022, the charity received £nil (2021: £15,140) of income related to a Covid Business Interruption Claim on its insurance policy.

In 2022, the charity also received £nil (2021: £13,357) of income related to a claim on its insurance policy following a leak from a water tank at its leisure centre which resulted in two weeks of lost trading.

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 6) £	Support costs (see note 7) £	Totals £
Operation of centre facilities	167,279	153,487	320,766
	<u>167,279</u>	<u>153,487</u>	<u>320,766</u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.22	31.12.21
	£	£
Staff costs	103,903	68,999
Other staff costs	472	368
Bar, catering & vending	(697)	-
Bad debts	(716)	(4,676)
Depreciation	64,317	63,481
Loss on sale of assets	-	274
	<u>167,279</u>	<u>128,446</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Operation of centre facilities	<u>144,789</u>	<u>8,698</u>	<u>153,487</u>

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

Management

	31.12.22 Operation of centre facilities £	31.12.21 Total activities £
Property costs	92,353	72,352
Insurance	8,660	7,616
Administrative costs	14,727	12,665
Management fee	20,004	20,000
Postage and stationery	223	177
Advertising	357	-
Sundries	3,034	1,690
Legal and professional fees	1,490	35
Irrecoverable VAT	3,941	-
	<u>144,789</u>	<u>114,535</u>

Governance costs

	31.12.22 Operation of centre facilities £	31.12.21 Total activities £
Auditors' remuneration	<u>8,698</u>	<u>6,000</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.22 £	31.12.21 £
Auditors' remuneration	8,698	6,000
Depreciation - owned assets	64,316	63,482
Deficit on disposal of fixed assets	<u>-</u>	<u>274</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

10. STAFF COSTS

	31.12.22	31.12.21
	£	£
Wages and salaries	95,184	61,269
Social security costs	4,776	4,246
Other pension costs	3,943	3,484
	<u>103,903</u>	<u>68,999</u>

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

	31.12.22	31.12.21
	11	11
Operation of centre facilities	<u>11</u>	<u>11</u>

No employees received emoluments in excess of £60,000.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	16,097	11,000	27,097
Charitable activities			
Operation of centre facilities	195,772	-	195,772
Other income	28,497	-	28,497
Total	<u>240,366</u>	<u>11,000</u>	<u>251,366</u>
EXPENDITURE ON			
Charitable activities			
Operation of centre facilities	179,136	69,845	248,981
NET INCOME/(EXPENDITURE)	61,230	(58,845)	2,385

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
RECONCILIATION OF FUNDS			
Total funds brought forward	4,239	2,106,365	2,110,604
TOTAL FUNDS CARRIED FORWARD	<u>65,469</u>	<u>2,047,520</u>	<u>2,112,989</u>

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2022 and 31 December 2022	<u>2,942,261</u>	<u>229,173</u>	<u>401,868</u>	<u>3,573,302</u>
DEPRECIATION				
At 1 January 2022	894,741	216,933	401,868	1,513,542
Charge for year	<u>58,844</u>	<u>5,472</u>	<u>-</u>	<u>64,316</u>
At 31 December 2022	<u>953,585</u>	<u>222,405</u>	<u>401,868</u>	<u>1,577,858</u>
NET BOOK VALUE				
At 31 December 2022	<u>1,988,676</u>	<u>6,768</u>	<u>-</u>	<u>1,995,444</u>
At 31 December 2021	<u>2,047,520</u>	<u>12,240</u>	<u>-</u>	<u>2,059,760</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Trade debtors	22,265	4,337
Prepayments and accrued income	<u>1,117</u>	<u>23,656</u>
	<u>23,382</u>	<u>27,993</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade creditors	9,723	9,831
Amounts owed to group undertakings	3,506	17,130
Social security and other taxes	22,590	21,024
Other creditors	549	549
Deferred income	10,168	9,232
Accrued expenses	19,793	21,370
	<u>66,329</u>	<u>79,136</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.22	31.12.21
	£	£
Within one year	<u>320</u>	<u>1,466</u>

16. SECURED DEBTS

The charity's parent company, Halo Leisure Services Limited, took out a £750k Coronavirus Business Interruption Loan Scheme (CBILS) in 2020 to support its operations. The loan is secured against all of the charity's assets by way of fixed and floating charges.

As at 31 December 2022, the remaining liability outstanding to the bank was £575k.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	31.12.22 Total funds	31.12.21 Total funds
	£	£	£	£
Fixed assets	6,768	1,988,676	1,995,444	2,059,760
Current assets	108,498	-	108,498	132,365
Current liabilities	(66,329)	-	(66,329)	(79,136)
	<u>48,937</u>	<u>1,988,676</u>	<u>2,037,613</u>	<u>2,112,989</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	65,469	(16,532)	48,937
Restricted funds			
Severn Centre Building Fund	2,047,520	(58,844)	1,988,676
TOTAL FUNDS	<u>2,112,989</u>	<u>(75,376)</u>	<u>2,037,613</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	245,390	(261,922)	(16,532)
Restricted funds			
Severn Centre Building Fund	-	(58,844)	(58,844)
TOTAL FUNDS	<u>245,390</u>	<u>(320,766)</u>	<u>(75,376)</u>

Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
Unrestricted funds			
General fund	4,239	61,230	65,469
Restricted funds			
Severn Centre Building Fund	2,106,365	(58,845)	2,047,520
TOTAL FUNDS	<u>2,110,604</u>	<u>2,385</u>	<u>2,112,989</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	240,366	(179,136)	61,230
Restricted funds			
Severn Centre Building Fund	-	(58,845)	(58,845)
National Leisure Recovery Fund	11,000	(11,000)	-
	<u>11,000</u>	<u>(69,845)</u>	<u>(58,845)</u>
TOTAL FUNDS	<u>251,366</u>	<u>(248,981)</u>	<u>2,385</u>

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.

19. ULTIMATE PARENT COMPANY

The ultimate parent company is Halo Leisure Services Limited, a Charity incorporated in England & Wales.

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2022.

SEVERN CENTRE TRUST LTD

England & Wales - Charity number 1138947

Accounts

REGISTERED COMPANY NUMBER: 07219190 (England and Wales)
REGISTERED CHARITY NUMBER: 1138947

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
SEVERN CENTRE TRUST LTD

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FOR THE YEAR ENDED 31 DECEMBER 2021

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 December 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal objects of the charity are to further or benefit the residents of the Parish of Highley, the surrounding neighbourhoods and such other areas as the trustees may determine from time to time without distinction of sex, sexual orientation, race or of political, religious or other opinions by associating together the said residents and the local authorities, voluntary and other organisations in a common effort to advance education and to provide facilities in the interest of social welfare for recreation and/or leisure time occupation with the objective of improving the conditions of life for those using the facilities.

Vision and mission

VISION: Creating Healthier Communities

MISSION: To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

Strategic themes

Quarter 1 of the year was all about the 2019-2021 Corporate Business Plan which continued to provide the direction of travel and strategic framework during 2020 and 2021. As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

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

Halo's two key themes for 2021 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing and expanding the business.

Public benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the board of trustees consider how planned activities will contribute to the aims and objectives that they have set.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

ACHIEVEMENT AND PERFORMANCE

Charitable activities

FUNDRAISING

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

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

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

FINANCIAL REVIEW

Reserves policy

The trustees recognise the need for a reasonable amount of financial reserves in order to protect the trust from the possibility of any adverse or unforeseen circumstances that could arise. The current policy is the unrestricted funds not committed or invested in tangible assets held by the trust should be between six and thirteen weeks of the trust's annual expenditure on payroll costs, property operating expenses and administration expenses. In the event that there was to occur a significant drop in funding, it has been identified that the trust will need to have access to unrestricted reserves with a current value of at least £60,000 which represents thirteen weeks of the trust's annual expenses. The unrestricted reserves currently stand at £65,469. The trustees will review the policy to ensure it remains appropriate to the needs of the charitable company.

FUTURE DEVELOPMENTS

2021 The Road to Recovery

Covid-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges the Severn Centre and indeed the sector face.

Although the sector has an unclear future, the early part of 2022 will be spent preparing for the challenges we face so we can consolidate and be prepared for 2023.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

A partnership between Shropshire Council, Highley Parish Council and Halo Leisure - Leading Leisure Trust and Social Enterprise.

The Severn Centre Trust became a charitable company limited by guarantee (Company no. 07219190, Charity no. 1138947) on 10 April 2010, remaining dormant until 31 March 2011 when it took over by resolution, the assets, liabilities and undertakings of the Severn Centre Trust (Charity no. 522528). With effect from 1 October 2017 ownership of the company was transferred to Halo Leisure Services Limited and new articles of association were adopted.

Recruitment and appointment of new trustees

The management of the charity is the responsibility of the trustees who are appointed under the terms of the memorandum and articles of the Limited company. Halo Leisure Services Limited as the charitable company's sole member appoints the trustees, at least one of whom shall not also be a trustee of Halo Leisure Services Limited.

Induction and training of new trustees

All new trustees receive induction training with regard to the organisation including its powers and objects and the charitable company itself.

Severn Centre Advisory Board

The charitable company has established an Advisory Board comprising trustees and representatives of the local community to keep the community informed of key developments and to ensure the charitable company is aware of the concerns and interest of local people.

Risk assessment

The charitable company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. The document is reviewed on a regular basis by the trustees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07219190 (England and Wales)

Registered Charity number

1138947

Registered office

Lion Yard
Broad Street
LEOMINSTER
HR6 8BT

Trustees

N A Sellar
V A Hill
M A W Salt
K E Bush

Company Secretary

J G Huxley

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

IMPACT OF COVID-19

The outbreak of COVID-19, which began in 2020 and has continued during the year, resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a number of lockdowns of different durations across England and Wales, resulting in the temporary closure of all leisure establishments including gyms and leisure centres between March 2020 and April 2021.

The charitable company's activities, as with many businesses, have been negatively impacted. The impact of the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the charitable company's customers, is as of yet unknown. The charitable company has made use of the available Government schemes, such as the Coronavirus Job Retention Scheme, and Halo Leisure Services Limited, the company's parent company has applied for a loan under the government's Coronavirus Business Interruption Loan Scheme (CBILS). The trustees have agreed to pledge the assets of the Severn Centre Trust Ltd as security for this loan.

Due to the uncertainty regarding the performance of the UK economic, the volatility in the price of wholesale gas, the potential emergence of new COVID-19 strains, and the parent charitable company's minimal level of unrestricted reserves compared with the size of its activities, the Trustees of Halo Leisure Services have assessed that these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern.

Given that the charity has pledged its assets as security for the CBILS loan taken out by the parent company, the trustees have assessed that these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern.

SEVERN CENTRE TRUST LTD

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Severn Centre Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 10th August 2022 and signed on its behalf by:


.....
N A Sellar - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

Opinion

We have audited the financial statements of Severn Centre Trust Ltd (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements which indicates that the effects of the COVID-19 pandemic have had a detrimental impact on the trading results of the Trust's parent charitable company, to whom the charity has pledged its assets as security for a loan given to the parent. As stated in note 1 these events or conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists which may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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
SEVERN CENTRE TRUST LTD

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management 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 charitable company including, but not limited to, the UK charity tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the 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 as well as 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.

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 statements 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 regulators.

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

Use of our report

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



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

Date: 10.....August.....2022

SEVERN CENTRE TRUST LTD**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

		Unrestricted fund	Restricted funds	31.12.21 Total funds	31.12.20 Total funds as restated
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	16,097	11,000	27,097	11,334
Charitable activities	3				
Operation of centre facilities		195,772	-	195,772	160,465
Other income	4	28,497	-	28,497	-
Total		240,366	11,000	251,366	171,799
EXPENDITURE ON					
Charitable activities	5				
Operation of centre facilities		179,136	69,845	248,981	230,136
NET INCOME/(EXPENDITURE)		61,230	(58,845)	2,385	(58,337)
RECONCILIATION OF FUNDS					
Total funds brought forward		4,239	2,106,365	2,110,604	2,168,941
TOTAL FUNDS CARRIED FORWARD		65,469	2,047,520	2,112,989	2,110,604

The notes form part of these financial statements

SEVERN CENTRE TRUST LTD (REGISTERED NUMBER: 07219190)

BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 as restated £
FIXED ASSETS			
Tangible assets	13	2,059,760	2,113,118
CURRENT ASSETS			
Debtors	14	27,993	22,382
Cash at bank and in hand		104,372	38,880
		<u>132,365</u>	<u>61,262</u>
CREDITORS			
Amounts falling due within one year	15	(79,136)	(63,776)
NET CURRENT ASSETS		<u>53,229</u>	<u>(2,514)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,112,989</u>	<u>2,110,604</u>
NET ASSETS		<u>2,112,989</u>	<u>2,110,604</u>
FUNDS	19		
Unrestricted funds		65,469	4,239
Restricted funds		<u>2,047,520</u>	<u>2,106,365</u>
TOTAL FUNDS		<u>2,112,989</u>	<u>2,110,604</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 10th August 2022 and were signed on its behalf by:


N A Sellar - Trustee

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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. The financial statements have been prepared under the historical cost convention.

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

Going concern

The outbreak of COVID-19, which began in 2020, resulted in a pandemic causing extensive disruption across the globe. The resulting impact of the virus on the operations of the group and charitable company and measures taken by various governments to contain the virus have continued to negatively affected the group and charitable company's results in the current financial year. The currently known impacts of COVID-19 on the group and charitable company are:

- A significant reduction in income from March 2020 to date.
- The closure of all leisure facilities in the United Kingdom by the various governments periodically throughout the period from March 2020 until April 2021.
- A reduction in income compared to previous years when open as the Trust slowly rebuilds its membership, which declined during the periods of closure.
- These developments have resulted in a significant operating loss for the group, albeit reduced from 2020.
- The depletion of the charity's unrestricted funds

In response to these matters, the group and charitable company have taken the following mitigating actions:

- Have taken advantage of the Coronavirus Job Retention Scheme (CJRS) until the scheme closed in September 2021.
- In the prior year Halo Leisure Services received £750k financial support from our bankers via the Coronavirus Business Interruption Loan Scheme (CBILS). The loan is secured against the assets of Halo Leisure Services Limited and the Severn Centre Leisure Trust which have pledged their assets with the agreement of their Boards.
- We were in receipt of grants for some of our sites from the Coronavirus Retail, Hospitality and Leisure Grant Fund.
- Facilities are cashless.
- We have put new hygiene measures in place at our gyms, pools and fitness classes in line with coronavirus regulations.
- We successfully negotiated with our local authority partners financial support packages across a large part of the business for the closure period, and to support the Trust during the re-opening period and beyond.
- The group were successful in our COVID related Business Interruption Insurance claim for 11 insured sites, resulting in a final settlement of £1.3m.
- We are currently working on contingency planning, which includes potential pricing changes and pool closures to restrict costs, in the event that the Trust becomes exposed to sizeable energy price increases.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Basis of preparing the financial statements

Looking towards post COVID recovery:

- Revenue forecasted to recover to pre-pandemic levels by second half of 2022, and Swimming courses are expected to exceed pre-pandemic levels through additional demand and improved utilisation of the pools/teaching resource.
- The board of Halo Leisure Services are considering the sale of its investment in Halo Leisure Enterprises, which would help to reduce the deficit in unrestricted funds caused by the pandemic.

From 19 July 2021, all restrictions upon the charity's operation of its leisure centre was eased, which allowed trading performance to improve and contributed towards a surplus for the year of £2,385, compared to a deficit of £58,337 in 2020.

Charitable company cash flow forecasts, and those of the wider group to establish group-wide cash requirements, have been produced for the foreseeable future. The key assumptions regarding revenue are based on the current expectations when the level of usage of the various activities that can be achieved over the period covered by the forecast, determined as a proportion of historic usage achieved. Usage forecasts have been based on the independent UK Active report on the leisure sector 'COVID-19 Impact Report' and data particular to our facilities. Management have carried out an extensive review of the underlying cost base of the business and have factored in changes and restructuring that are likely to be implemented as a result in the impact of COVID-19 on the business which have been reflected in the forecasts.

The forecasts include the level of financing that has already been agreed and do not include any other grants/financing for which an application has been made but for which the outcome is uncertain. Any capital expenditure of a non-urgent nature has been delayed until a point where the economic conditions may be more certain.

These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due. However, in the current climate given the uncertainty regarding the performance of the UK economic, the volatile price of wholesale gas and the potential emergence of new COVID-19 strains, it is extremely difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the group and charitable company's ability to continue to operate.

Unlike Severn Centre, whose unrestricted funds have returned to pre-pandemic levels, the unrestricted funds for its parent charitable company, Halo Leisure Services, remain far below pre-pandemic levels and are minimal relative to the size of its operations. Given the uncertainties that exist, in combination with the weak reserves position of the parent, and that Severn Centre pledged its assets as security for a loan to Halo Leisure Services, the Trustees' have assessed that this may cast significant doubt upon the charitable company's ability to continue as a going concern and therefore whether the charitable company will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Company status

The company is a company limited by guarantee and a registered charity. The members of the charitable company are the Trustees named within the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charitable company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Incoming resources

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.

The management fee is an unrestricted fund 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 installments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Government grants

Government grants are recognised when it is reasonably certain that the conditions attached the grant are met. Income from grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably, some grants will contain terms or conditions that must be met before the Charitable Company has entitlement to the resources and such grants are only recognised when entitlement is confirmed. Where conditions 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 Charitable Company received the following grants:

National Leisure Recovery Fund (NLRf) payments to support the reopening of the leisure centre to the public as government restrictions were lifted during the year.

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

Resources expended

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 15% on cost

Assets costing more than £1,000 are capitalised.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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 charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. 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 FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued**Significant judgements and estimates**

In the application of the charitable company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

2. DONATIONS AND LEGACIES

	31.12.21	31.12.20 as restated
	£	£
Grants	27,097	11,334

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

	31.12.21	31.12.20 as restated
	£	£
Covid rates support grants	-	11,334
Local restrictions support grant	4,097	-
Closed business lockdown payment	4,000	-
Restart grant	8,000	-
National Leisure Recovery Fund	11,000	-
	27,097	11,334

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. INCOME FROM CHARITABLE ACTIVITIES

		31.12.21	31.12.20 as restated
	Activity	£	£
Centre activities & related income	Operation of centre facilities	106,580	64,085
Management fees	Operation of centre facilities	89,192	96,380
		<u>195,772</u>	<u>160,465</u>

4. OTHER INCOME

	31.12.21	31.12.20 as restated
	£	£
Other income	<u>28,497</u>	<u>-</u>

In 2021, the charity received £15,140 (2020: £Nil) of income related to a Covid Business Interruption Claim on its insurance policy.

In 2021, the charity also received £13,357 (2020: £Nil) of income related to a claim on its insurance policy following a leak from a water tank at its leisure centre which resulted in two weeks of lost trading.

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 6) £	Support costs (see note 7) £	Totals £
Operation of centre facilities	<u>128,446</u>	<u>120,535</u>	<u>248,981</u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.21	31.12.20 as restated
	£	£
Staff costs	68,999	63,446
Other staff costs	368	415
Bad debts	(4,676)	4,569
Depreciation	63,481	65,166
Loss on sale of assets	274	-
	<u>128,446</u>	<u>133,596</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Operation of centre facilities	114,535	6,000	120,535

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

Management

	31.12.21	31.12.20 as restated
	Operation of centre facilities £	Total activities £
Property costs	72,352	40,482
Insurance	7,616	8,031
Administrative costs	12,665	13,818
Management fee	20,000	20,000
Postage and stationery	177	35
Advertising	-	260
Sundries	1,690	2,707
Legal and professional fees	35	845
Irrecoverable VAT	-	2,534
	<u>114,535</u>	<u>88,712</u>

Governance costs

	31.12.21	31.12.20 as restated
	Operation of centre facilities £	Total activities £
Auditors' remuneration	6,000	7,828

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.21	31.12.20 as restated
	£	£
Auditors' remuneration	6,000	7,828
Depreciation - owned assets	63,482	65,166
Deficit on disposal of fixed assets	274	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2021 nor for the year ended 31 December 2020.

10. STAFF COSTS

	31.12.21	31.12.20 as restated
	£	£
Wages and salaries	61,269	57,413
Social security costs	4,246	3,008
Other pension costs	3,484	3,025
	<u>68,999</u>	<u>63,446</u>

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

	31.12.21	31.12.20 as restated
Operation of centre facilities	<u>11</u>	<u>10</u>

No employees received emoluments in excess of £60,000.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted funds	Total funds as restated
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	-	11,334	11,334
Charitable activities			
Operation of centre facilities	171,799	(11,334)	160,465
Total	<u>171,799</u>	<u>-</u>	<u>171,799</u>
EXPENDITURE ON			
Charitable activities			
Operation of centre facilities	171,291	58,845	230,136
NET INCOME/(EXPENDITURE)	<u>508</u>	<u>(58,845)</u>	<u>(58,337)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund	Restricted funds	Total funds as restated
	£	£	£
RECONCILIATION OF FUNDS			
Total funds brought forward	3,731	2,165,210	2,168,941
TOTAL FUNDS CARRIED FORWARD	<u>4,239</u>	<u>2,106,365</u>	<u>2,110,604</u>

12. PRIOR YEAR ADJUSTMENT

The accounts prepared for the year ended 31 December 2020 were identified to have misclassified Covid rates support grants as Income from Charitable Activities. According to the definitions outlined within the Charities SORP, this income should have been classified within Donations and Legacies income.

The comparatives have subsequently been adjusted, and the impact of this adjustment has been to decrease Income from Charitable Activities and increase Donations and Legacies income by £11,334.

The brought forward funds of the charity have remained unchanged.

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2021	2,942,261	225,697	401,868	3,569,826
Additions	-	10,398	-	10,398
Disposals	-	(6,922)	-	(6,922)
At 31 December 2021	<u>2,942,261</u>	<u>229,173</u>	<u>401,868</u>	<u>3,573,302</u>
DEPRECIATION				
At 1 January 2021	835,896	219,532	401,280	1,456,708
Charge for year	58,845	4,049	588	63,482
Eliminated on disposal	-	(6,648)	-	(6,648)
At 31 December 2021	<u>894,741</u>	<u>216,933</u>	<u>401,868</u>	<u>1,513,542</u>
NET BOOK VALUE				
At 31 December 2021	<u>2,047,520</u>	<u>12,240</u>	<u>-</u>	<u>2,059,760</u>
At 31 December 2020	<u>2,106,365</u>	<u>6,165</u>	<u>588</u>	<u>2,113,118</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20 as restated
	£	£
Trade debtors	4,337	8,203
Prepayments and accrued income	23,656	14,179
	<u>27,993</u>	<u>22,382</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20 as restated
	£	£
Trade creditors	9,831	9,291
Amounts owed to group undertakings	17,130	14,008
Social security and other taxes	21,024	18,023
Other creditors	549	549
Deferred income	9,232	9,525
Accrued expenses	21,370	12,380
	<u>79,136</u>	<u>63,776</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.21	31.12.20 as restated
	£	£
Within one year	<u>1,466</u>	<u>-</u>

17. SECURED DEBTS

The charity's parent company, Halo Leisure Services Limited, took out a £750k Coronavirus Business Interruption Loan Scheme (CBILS) in 2020 to support its operations. The loan is secured against all of the charity's assets by way of fixed and floating charges.

As at 31 December 2021, the remaining liability outstanding to the bank was £725k.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

			31.12.21	31.12.20 as restated
	Unrestricted fund £	Restricted funds £	Total funds £	Total funds £
Fixed assets	12,240	2,047,520	2,059,760	2,113,118
Current assets	132,365	-	132,365	61,262
Current liabilities	(79,136)	-	(79,136)	(63,776)
	<u>65,469</u>	<u>2,047,520</u>	<u>2,112,989</u>	<u>2,110,604</u>

19. MOVEMENT IN FUNDS

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
Unrestricted funds			
General fund	4,239	61,230	65,469
Restricted funds			
Severn Centre Building Fund	2,106,365	(58,845)	2,047,520
TOTAL FUNDS	<u>2,110,604</u>	<u>2,385</u>	<u>2,112,989</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	240,366	(179,136)	61,230
Restricted funds			
Severn Centre Building Fund	-	(58,845)	(58,845)
National Leisure Recovery Fund	11,000	(11,000)	-
	<u>11,000</u>	<u>(69,845)</u>	<u>(58,845)</u>
TOTAL FUNDS	<u>251,366</u>	<u>(248,981)</u>	<u>2,385</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	3,731	508	4,239
Restricted funds			
Severn Centre Building Fund	2,165,210	(58,845)	2,106,365
TOTAL FUNDS	<u>2,168,941</u>	<u>(58,337)</u>	<u>2,110,604</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	171,799	(171,291)	508
Restricted funds			
Severn Centre Building Fund	-	(58,845)	(58,845)
TOTAL FUNDS	<u>171,799</u>	<u>(230,136)</u>	<u>(58,337)</u>

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.

National Leisure Recovery Fund

UK Government fund to support leisure centre operators reopen following the enforced closures in response to the coronavirus pandemic. The fund is restricted for use towards the costs of running the charity's leisure centre, including utilities, staff *who have not been furloughed), essential asset maintenance and security costs.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Halo Leisure Services Limited, a Charity incorporated in England & Wales.

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2021.

SEVERN CENTRE TRUST LTD

England & Wales - Charity number 1138947

Accounts

REGISTERED COMPANY NUMBER: 07219190 (England and Wales)
REGISTERED CHARITY NUMBER: 1138947

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
SEVERN CENTRE TRUST LTD

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FOR THE YEAR ENDED 31 DECEMBER 2020

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 December 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) (FRS102) 'Accounting and Reporting by Charities' (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal objects of the charity are to further or benefit the residents of the Parish of Highley, the surrounding neighbourhoods and such other areas as the trustees may determine from time to time without distinction of sex, sexual orientation, race or of political, religious or other opinions by associating together the said residents and the local authorities, voluntary and other organisations in a common effort to advance education and to provide facilities in the interest of social welfare for recreation and/or leisure time occupation with the objective of improving the conditions of life for those using the facilities.

Vision and mission

VISION: Creating Healthier Communities

MISSION: To make a sustainable and positive difference to the people in our communities by encouraging physical activity and healthier lifestyle.

Strategic themes

Quarter 1 of the year was all about the 2019-2021 Corporate Business Plan which continued to provide the direction of travel and strategic framework during 2020 and 2021. As a Social Enterprise, we take our role within the communities we serve seriously and see social responsibility at the heart of all we do. Our four corporate themes are:

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

Halo's two key themes for 2020 were:

1. Achieving a greater public benefit by working with key partners, stakeholders and funding organisations to increase participation in physical activity.
2. Developing and expanding the business.

2020 got off to a positive start with the Centre reporting strong membership sales and participation. The delivery of a new bespoke online membership sign up platform was key to this success. Deviation from this strategic and sales focus was forced upon our business towards the end of March 2020 when the Covid-19 pandemic emerged. Although Q2-Q4 of 2020 can be summed up by the '3 C's' - Covid, Closures and Comebacks - as an organisation with a passion for getting more people more active more often, Halo celebrated some notable successes during unprecedented and challenging times, highlighted below.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

OBJECTIVES AND ACTIVITIES

Public benefit

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the board of trustees consider how planned activities will contribute to the aims and objectives that they have set.

Under normal circumstances and trading conditions, this section paints a picture of the Severn Centre in terms of member base, new joiners, children's coaching courses, participation and local residents benefitting from the accessible pricing policy. Given that during 2020 the Centre was closed for more than half the year, 192 days as opposed to 173 open, these numbers are not meaningful. In 2020 it was still all about the numbers but for a less favourable reason:

- 5 months closed.
- 4 months restricted opening.
- 3 months 'normal' trading.
- Revenue stood at 36% of the annual Budget.
- Local Government support amounted to £19k.
- £12k was secured in grants to support operations.
- 20% savings made on normal overhead spend.

Notwithstanding these challenges, the resilience and flexibility displayed by our teams, allowed us to deliver some wonderful outcomes (both because of and despite Covid), which are celebrated below.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

ACHIEVEMENT AND PERFORMANCE

Charitable activities

CREATING HEALTHIER COMMUNITIES - Keeping the brand alive through Covid Closures and Comebacks

For 10 months of 2020, the vast majority of communications focused on keeping customers and partners abreast of what was happening with repeated lockdowns, restricted activities and reopenings. In fact over 4000* messages were issued during this time specifically relating to Covid. Customer confidence building was key to reassuring centre users that the Severn Centre was clean, safe and prepared for their return - advice, guidance, regular updates, new directional signage, video walkthroughs supported this.

When customers couldn't come to the Severn Centre, Halo still facilitated their exercise habit by launching Halo@HOME. This online offer initially offered hundreds of online on demand workouts, then moved to adding live streamed classes delivered by Halo instructors, all of which could be done from the safety of the front room and back garden. Halo also supported home exercise for its members through discounts on home gym kit, artificial intelligent online coaching/motivation.

The Halo Leisure app was rolled out to the Severn Centre to support the new safety measure of pre booking activities.

*figures relate to the Halo group as a whole

CREATING HEALTHIER COMMUNITIES - through employee health and wellbeing

The main focus for the People team during 2020 was to ensure we supported our teams fully through the height of the pandemic by:

- Accessing full wages support through the Government's furlough scheme.
- Continuing to provide wellbeing support and benefits health cash plan schemes with our trusted partner Westfield Health.
- Introduced Togetherall, an online digital support package which employees can access 24/7 which provides them with digital peer to peer and professional counselling support and a range of learning and CPD opportunities.
- Ensured everyone was prepared and ready for their return to work in a COVID safe environment through training and development and return to work programmes.

CREATING HEALTHIER COMMUNITIES - where price is a barrier to participation

Our belief that price should never be a barrier to participation saw us deliver approximately 1,400 discounted sessions throughout the year as a result of our accessible pricing schemes, worth over a million pound of savings to communities we serve. Customers at the Severn Centre enjoyed discounted pricing as part of our concessions for juniors, seniors, people with disabilities and those individuals and families on low wages and in receipt of benefits.

CREATING HEALTHIER COMMUNITIES - through Awards and Accolades

Halo was a finalist in the prestigious national Community Leisure UK Workforce Development Award.

Other notable achievements were the teams rapid response to easing of lockdown restrictions and the opening of the outdoor pool at the Centre with less than 2 weeks lead in. £10k from the Highley Parish Council allowed an upgrade to the CCTV system which is protecting the building for the future. In an attempt to engage more of the local community in group exercise - new classes were added such as Yoga and Group Indoor Cycling.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

ACHIEVEMENT AND PERFORMANCE

Fundraising

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

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

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

FINANCIAL REVIEW

Reserves policy

The trustees recognise the need for a reasonable amount of financial reserves in order to protect the trust from the possibility of any adverse or unforeseen circumstances that could arise. The current policy is the unrestricted funds not committed or invested in tangible assets held by the trust should be between six and thirteen weeks of the trust's annual expenditure on payroll costs, property operating expenses and administration expenses. In the event that there was to occur a significant drop in funding, it has been identified that the trust will need to have access to unrestricted reserves with a current value of at least £60,000 which represents thirteen weeks of the trust's usual annual expenses. The unrestricted reserves currently stand at £4,239. The trustees will review the policy to ensure it remains appropriate to the needs of the charitable company.

FUTURE DEVELOPMENTS

2021 The Road to Recovery

Covid-19, increasing competition, changing customer requirements, potential economic downturn, funding restrictions, the fast moving pace of technology and its impact on how people consume leisure are all challenges the Severn Centre and indeed the sector face.

Although the sector has an unclear future, the early part of 2021 will be spent preparing for the challenges we face so we can consolidate and be prepared for 2022.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

A partnership between Shropshire Council, Highley Parish Council and Halo Leisure - Leading Leisure Trust and Social Enterprise.

Governing document

The Severn Centre Trust became a charitable company limited by guarantee (Company no. 07219190, Charity no. 1138947) on 10 April 2010, remaining dormant until 31 March 2011 when it took over by resolution, the assets, liabilities and undertakings of the Severn Centre Trust (Charity no. 522528). With effect from 1 October 2017 ownership of the company was transferred to Halo Leisure Services Limited and new articles of association were adopted.

Recruitment and appointment of new trustees

The management of the charity is the responsibility of the trustees who are appointed under the terms of the memorandum and articles of the Limited company. Halo Leisure Services Limited as the charitable company's sole member appoints the trustees, at least one of whom shall not also be a trustee of Halo Leisure Services Limited.

Induction and training of new trustees

All new trustees receive induction training with regard to the organisation including its powers and objects and the charitable company itself.

Severn Centre Advisory Board

The charitable company has established an Advisory Board comprising trustees and representatives of the local community to keep the community informed of key developments and to ensure the charitable company is aware of the concerns and interest of local people.

Risk assessment

The charitable company has developed a comprehensive risk register to identify both the risks it faces and risk mitigation measures. The document is reviewed on a regular basis by the trustees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07219190 (England and Wales)

Registered Charity number

1138947

Registered office

Lion Yard
Broad Street
LEOMINSTER
HR6 8BT

Trustees

A Curless (resigned 29.7.20)
R H T Kirby (resigned 29.9.20)
N A Sellar
V A Hill
M A W Salt
K E Bush (appointed 29.9.20)

Company Secretary

J G Huxley

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

IMPACT OF COVID-19

The outbreak of COVID-19, which has taken place during the year, has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020 and the temporary closure of all leisure establishments including gyms and leisure centres. The charitable company's activities, as with many businesses, have been impacted. The Government permitted leisure centres, gyms and indoor pools to reopen from 25 July 2020. With financial support from Shropshire County Council and Highley Town Council we were able to reopen the leisure centre and lido on 17 August 2020 but were again forced to close when further lockdowns were introduced. The impact of the new social distancing measures which limit a facility's capacity and the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the charitable company's customers, is still as of yet unknown. The charitable company has made use of the available Government schemes, such as the Coronavirus Job Retention Scheme, and Halo Leisure Services Limited, the company's parent company has applied for a loan under the government's Coronavirus Business Interruption Loan Scheme (CBILS). The trustees have agreed to pledge the assets of the Severn Centre Trust Ltd as security for this loan.

Due to the continuing situation with regards to COVID-19 and the charitable company's minimal level of unrestricted reserves, the trustees have assessed that these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Severn Centre Trust Ltd for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on ...28th July 2021 and signed on its behalf by:



N A Sellar - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

Opinion

We have audited the financial statements of Severn Centre Trust Ltd (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that the effects of the COVID-19 pandemic have had a detrimental impact on the trading results of the group. As stated in note 1 these events or conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists which may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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
SEVERN CENTRE TRUST LTD**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD**

Our responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management 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 charitable company including, but not limited to, the UK charity tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the 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 as well as 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.

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

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

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

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

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SEVERN CENTRE TRUST LTD

Use of our report

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

AP

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

Date: 3.....September.....2021

SEVERN CENTRE TRUST LTD**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted fund £	Restricted funds £	31.12.20 Total funds £	31.12.19 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	-	-	-	2,301
Charitable activities	3				
Operation of centre facilities		171,799	-	171,799	235,748
Total		<u>171,799</u>	<u>-</u>	<u>171,799</u>	<u>238,049</u>
EXPENDITURE ON					
Charitable activities	4				
Operation of centre facilities		171,291	58,845	230,136	304,787
NET INCOME/(EXPENDITURE)		<u>508</u>	<u>(58,845)</u>	<u>(58,337)</u>	<u>(66,738)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>3,731</u>	<u>2,165,210</u>	<u>2,168,941</u>	<u>2,235,679</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>4,239</u></u>	<u><u>2,106,365</u></u>	<u><u>2,110,604</u></u>	<u><u>2,168,941</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
FIXED ASSETS			
Tangible assets	11	2,113,118	2,178,284
CURRENT ASSETS			
Debtors	12	22,382	9,210
Cash at bank and in hand		<u>38,880</u>	<u>87,568</u>
		61,262	96,778
CREDITORS			
Amounts falling due within one year	13	(63,776)	(106,121)
NET CURRENT ASSETS		<u>(2,514)</u>	<u>(9,343)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,110,604</u>	<u>2,168,941</u>
NET ASSETS		<u>2,110,604</u>	<u>2,168,941</u>
FUNDS	15		
Unrestricted funds		4,239	3,731
Restricted funds		<u>2,106,365</u>	<u>2,165,210</u>
TOTAL FUNDS		<u>2,110,604</u>	<u>2,168,941</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 28th July 2021 and were signed on its behalf by:

N. A Sellar
N A Sellar - Trustee

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (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. The financial statements have been prepared under the historical cost convention.

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

Going concern

The outbreak of COVID-19 in 2020 has resulted in a pandemic causing extensive disruption across the globe. The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations of the charitable company and measures taken by various governments to contain the virus have negatively affected the charitable company's results in the current financial year. The currently known impacts of COVID-19 on the charitable company are:

- A significant reduction in income from March 2020 to date.
- The closure of all leisure facilities in the United Kingdom by the various governments periodically throughout the year from March 2020.
- A reduction in income compared to previous years when open due to the measures that are required to ensure our facility is COVID secure. The required measures limit the services offered and capacity of leisure sites.
- These developments have resulted in a significant operating loss for the group.

The full extent of the impact of COVID-19 on the charitable company is still unknown, including:

- The impact of changes in customers' behaviour and confidence levels as a result of the continued existence of the pandemic in our society is currently unknown, and if customers do not return to the site as anticipated this will have a significant impact on revenue generation.
- The government continues to implement measures to limit the spread of the virus although we are now on a reopening roadmap that should lift all restrictions in the 2nd half of 2021.
- The impact of new variants of the virus on government policy and the vaccination program are uncertain.

In response to these matters, the charitable company has taken the following mitigating actions:

- We have, via our parent company and in accordance with our dual employment contracts, taken and continue to take advantage of the Coronavirus Job Retention Scheme (CJRS).
- Halo Leisure Services Limited, the company's parent company has applied for a loan under the government's Coronavirus Business Interruption Loan Scheme (CBILS). The trustees have agreed to pledge the assets of the Severn Centre Trust Ltd as security for this loan.
- We have successfully negotiated with our local authority partner a financial support package for the closure period.
- We continue to work to secure further financial support for the initial re-opening period.
- We have established a minimum viable offering of services from re-opening.
- We have put new hygiene measures in place which are in line with coronavirus regulations.
- All visits to our facilities must be pre-booked.
- Facilities are cashless.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES - continued

Going concern

Charitable company cash flow forecasts, and those of the wider group to establish group-wide cash requirements, have been produced and are based on the original forecasts for the foreseeable future prepared prior to the arrival of COVID-19, adjusted for the impact of the lockdown period and measures that have been put in place since re-opening. The key assumptions regarding revenue are based on the current expectations when various facilities can re-open and when the various activities can resume and the level of usage that can be achieved over the period covered by the forecasts, determined as a proportion of historic usage achieved. Usage forecasts have been based on the independent UK Active report on the leisure sector 'COVID-19 Impact Report' and data particular to the group's facilities. Management of the parent charitable company have carried out an extensive review of the underlying cost base of the business and have factored in changes and restructuring that are likely to be implemented as a result in the impact of COVID-19 on the business which have been reflected in the forecasts. The forecasts include the level of financing that has already been agreed and do not include any other grants/financing for which an application has been made but for which the outcome is uncertain. Any capital expenditure of a non-urgent nature has been delayed until a point where the economic conditions may be more certain. These forecasts indicate that the group and charitable company will remain within the group's financing facilities for the foreseeable future and will be able to meet their financial obligations as they fall due. However, in the current climate, it is extremely difficult to arrive at reliable expectations on which to base assumptions. If the key assumptions are not achieved as a result of the uncertainties noted above, this may cast doubt on the charitable company's ability to continue to operate.

Although it is not certain that these efforts will be successful, the Board of Trustees has determined that the actions that it has taken mitigate the uncertainties and has therefore prepared the financial reporting on a going concern basis.

However, there are material uncertainties related to the events and conditions set out above that, together with the charitable company's limited unrestricted reserve position, may cast significant doubt upon the charitable company's ability to continue as a going concern and therefore whether the charitable company will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Company status

The company is a company limited by guarantee and a registered charity. The members of the charitable company are the Trustees named within the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £5 per member of the charitable company.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Incoming resources

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES - continued

Incoming resources

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.

The management fee is an unrestricted fund 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.

Government grants

Government grants are recognised when it is reasonably certain that the conditions attached to the grant are met. Income from grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably, some grants will contain terms or conditions that must be met before the Charitable Company has entitlement to the resources and such grants are only recognised when entitlement is confirmed. Where conditions 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 Charitable Company received the following revenue based grants:

- Government Business Grants relating to the retail, hospitality and leisure industries awarded during the lockdown periods. The amount received has been included in income (note 3).

Resources expended

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 15% on cost

Assets costing more than £1,000 are capitalised.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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

Significant judgements and estimates

In the application of the charitable company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. DONATIONS AND LEGACIES

	31.12.20	31.12.19
	£	£
Donations	<u>-</u>	<u>2,301</u>
	<u>-</u>	<u>2,301</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		31.12.20	31.12.19
	Activity	£	£
Centre activities & related income	Operation of centre facilities	64,085	147,261
Management fees	Operation of centre facilities	96,380	88,487
Grants	Operation of centre facilities	<u>11,334</u>	<u>-</u>
		<u>171,799</u>	<u>235,748</u>

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

	31.12.20	31.12.19
	£	£
Covid rates support grants	<u>11,334</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
Operation of centre facilities	<u>133,596</u>	<u>96,540</u>	<u>230,136</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.12.20 £	31.12.19 £
Staff costs	63,446	93,183
Other staff costs	415	532
Bad debts	4,569	1,500
Depreciation	<u>65,166</u>	<u>70,143</u>
	<u>133,596</u>	<u>165,358</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Operation of centre facilities	<u>88,712</u>	<u>7,828</u>	<u>96,540</u>

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

Management

	31.12.20	31.12.19
Operation of centre facilities	£	Total activities £
Property costs	40,482	80,724
Insurance	8,031	7,700
Administrative costs	13,818	20,550
Management fee	20,000	20,000
Postage and stationery	35	331
Advertising	260	-
Sundries	2,707	828
Legal and professional fees	845	35
Irrecoverable VAT	<u>2,534</u>	<u>3,761</u>
	<u>88,712</u>	<u>133,929</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. SUPPORT COSTS - continued**Governance costs**

	31.12.20	31.12.19
	Operation of centre facilities	Total activities
	£	£
Auditors' remuneration	<u>7,828</u>	<u>5,500</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.20	31.12.19
	£	£
Auditors' remuneration	7,828	5,500
Depreciation - owned assets	<u>65,166</u>	<u>70,142</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2020 nor for the year ended 31 December 2019.

9. STAFF COSTS

	31.12.20	31.12.19
	£	£
Wages and salaries	57,413	85,764
Social security costs	3,008	3,767
Other pension costs	<u>3,025</u>	<u>3,652</u>
	<u>63,446</u>	<u>93,183</u>

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

	31.12.20	31.12.19
Operation of centre facilities	<u>10</u>	<u>16</u>

No employees received emoluments in excess of £60,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2,301	-	2,301
Charitable activities			
Operation of centre facilities	235,748	-	235,748
Total	238,049	-	238,049
EXPENDITURE ON			
Charitable activities			
Operation of centre facilities	245,941	58,846	304,787
NET INCOME/(EXPENDITURE)	(7,892)	(58,846)	(66,738)
RECONCILIATION OF FUNDS			
Total funds brought forward	11,623	2,224,056	2,235,679
TOTAL FUNDS CARRIED FORWARD	3,731	2,165,210	2,168,941

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2020 and 31 December 2020	<u>2,942,261</u>	<u>225,697</u>	<u>401,868</u>	<u>3,569,826</u>
DEPRECIATION				
At 1 January 2020	777,051	214,206	400,285	1,391,542
Charge for year	<u>58,845</u>	<u>5,326</u>	<u>995</u>	<u>65,166</u>
At 31 December 2020	<u>835,896</u>	<u>219,532</u>	<u>401,280</u>	<u>1,456,708</u>
NET BOOK VALUE				
At 31 December 2020	<u>2,106,365</u>	<u>6,165</u>	<u>588</u>	<u>2,113,118</u>
At 31 December 2019	<u>2,165,210</u>	<u>11,491</u>	<u>1,583</u>	<u>2,178,284</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Trade debtors	8,203	9,210
Prepayments and accrued income	14,179	-
	<u>22,382</u>	<u>9,210</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20	31.12.19
	£	£
Trade creditors	9,291	2,666
Amounts owed to group undertakings	14,008	64,494
Social security and other taxes	18,023	13,947
Other creditors	549	549
Deferred income	9,525	8,432
Accrued expenses	12,380	16,033
	<u>63,776</u>	<u>106,121</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	31.12.20 Total funds	31.12.19 Total funds
	£	£	£	£
Fixed assets	6,753	2,106,365	2,113,118	2,178,284
Current assets	61,262	-	61,262	96,778
Current liabilities	(63,776)	-	(63,776)	(106,121)
	<u>4,239</u>	<u>2,106,365</u>	<u>2,110,604</u>	<u>2,168,941</u>

15. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	3,731	508	4,239
Restricted funds			
Severn Centre Building Fund	2,165,210	(58,845)	2,106,365
TOTAL FUNDS	<u>2,168,941</u>	<u>(58,337)</u>	<u>2,110,604</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	171,799	(171,291)	508
Restricted funds			
Severn Centre Building Fund	-	(58,845)	(58,845)
	-	(58,845)	(58,845)
TOTAL FUNDS	<u>171,799</u>	<u>(230,136)</u>	<u>(58,337)</u>

Comparatives for movement in funds

	At 1.1.19 £	Net movement in funds £	At 31.12.19 £
Unrestricted funds			
General fund	11,623	(7,892)	3,731
Restricted funds			
Severn Centre Building Fund	2,224,056	(58,846)	2,165,210
TOTAL FUNDS	<u>2,235,679</u>	<u>(66,738)</u>	<u>2,168,941</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	238,049	(245,941)	(7,892)
Restricted funds			
Severn Centre Building Fund	-	(58,846)	(58,846)
TOTAL FUNDS	<u>238,049</u>	<u>(304,787)</u>	<u>(66,738)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. MOVEMENT IN FUNDS - continued

Severn Centre Building Fund

The buildings were funded by grants and are restricted for use by the Severn Centre as leisure facilities. The balance is reducing as the buildings depreciate.

Coronavirus Job Retention Scheme (CJRS)

To cover a portion of employees' wages who were furloughed due to the coronavirus pandemic.

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Halo Leisure Services Limited, a Charity incorporated in England & Wales.

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2020.