

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					
Operation of centre facilities	3	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.