

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	Total
	of centre	activities
	facilities	£
	£	£
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.

