

7 Hills Leisure Trust

Annual report and financial statements

Registered number 07923816

Charity Registration number 1150711

Year ended 31 March 2021

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Trustees and advisors

Trustees

A Pettifer MBE (Chairman)
P Abel

Company secretary

LM Gavin

Registered office

23 Carbrook Hall Road
Sheffield
S9 2EH

Solicitor

Hemingways Solicitors Limited
11 Westbourne Road
Sheffield
S10 2QQ

Banker

Barclays Bank Plc
10-12 Pinstone Street
Sheffield
S1 2HN

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Trustees' and directors' report (including Strategic Report)

The trustees, who act as directors for the purpose of company law, are pleased to present their report and audited financial statements for the year ended 31 March 2021.

Purpose of the charity

The objects of the charity are as detailed in the charity's governing document, its Memorandum of Association.

- 1 An object of the charity is to provide or assist in the provision of facilities and services for the benefit of the community for recreational, sporting and other leisure time occupation in the interests of social welfare, such facilities being provided to the public at large save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities or services.
- 2 A further object of the charity is to promote good physical and mental health.

Activities

In furtherance of the charity's object to provide facilities for recreation and other leisure time occupations it has continued to directly operate the following facilities:

- Sinfin Golf Course
- Westfield Sports Centre

On 1 May 2020, the operations of Sinfin Golf Course were transferred to Sheffield City Trust, the ultimate controlling party and on 1 November 2020, the operations of Westfield Sports Centre were also transferred to Sheffield City Trust.

Further details in respect of the transfer are included in note 14.

Another company within the group, Sheffield International Venues Limited, undertakes commercial activities within the venues and any profit is passed back to the charity by way of a gift aid payment.

As a result of Covid-19, both venues were closed on 17 March 2020. Sinfin Golf Course re – opened on 14 May 2020, after its transfer to Sheffield City Trust. Westfield Sports Centre re – opened on 7 September 2020 and remained open until the date of transfer on 1 November 2020.

The operation of the two leisure facilities up until the dates of transfer was the primary way in which the two main objects of the charity were achieved. The impact of Covid -19 and the closure of the venues for a significant part of the financial year has significantly impacted on results, with limited income being generated in the period during which these venues were within the charity, whilst costs that were fixed in nature were still incurred. Following the transfer of all the venues to Sheffield City Trust, as noted above, the trustees took the decision to cease trading and as such the financial statements have not been prepared on a going concern basis.

In measuring achievements against the above objectives, the charity uses financial measures, a review of which is given below. In addition to financial performance measures, the charity monitors the performance of its venues by using non-financial key performance indicators that give information regarding attendance at each venue by activity, and also split attendances by age and gender. These performance indicators are monitored against targets and previous years' results.

Financial review

When considering the financial performance of the charity the trustees examine the results of each facility that the charity operates. In 2020/21 financial performance was below expectation which is understandable given the closure of venues as a result of Covid-19 and the operations of the venues transferring to Sheffield City Trust, the ultimate controlling party. Following the transfer of the operations and net assets of Sinfin Golf Course and Westfield Sports Centre to Sheffield City Trust on 1 May 2020 and 1 November 2020 respectively, the charity has positive unrestricted general reserves. As stated in the prior year it was believed that the beneficiaries would be best served if the charitable activities are delivered by one rather than two charities.

Business review

In previous years, the trustees considered the general trend in financial performance of the venues to be disappointing and therefore considered what the best options were for the long term future of the charity and how they might best deliver positive outcomes for beneficiaries for many years to come, resulting in the transfer of the operations of the majority of venues to Sheffield City Trust on 1 April 2019 with the remaining venues transferring their operations in the current financial year.

Trustees' and directors' report (including Strategic Report) (continued)

Our pricing policy

Prices are set to enable as many people as possible to use the facilities, while ensuring that income generated is sufficient to cover the costs of the charity. It is essential that prices are affordable and in no way create a barrier to use of the facilities by any of the people of Sheffield, and concessionary prices are used to ensure that the least wealthy are able to attend. The pricing policy will continue under the oversight of Sheffield City Trust.

The trustees review pricing for all charitable activities on an annual basis in order to deliver the best possible facilities to citizens at affordable prices.

Investment powers and policy

The trustees balance the needs of the organisation to have funds available for the operations of the charity and the need to maximise investment returns. At present, interest rates are low and little additional income is gained by the use of deposit accounts, however, the bank accounts of the charity and its subsidiaries are managed to maximise the income earned.

No funds are invested in non-cash assets such as property or shares. All property owned by the charity is held to deliver services directly to the beneficiaries. The trustees believe that the level of cash and bank assets owned is insufficient for the charity to consider investment in stock, shares or bonds, particularly in the current volatile climate for investments.

Pension scheme

The charity did not contribute to a pension scheme in the current financial year.

On 1 April 2019, all employees of 7 Hills Leisure Trust were transferred to Sheffield City Trust, the ultimate controlling party under the provisions of TUPE and contributions for employees who were members of the defined benefit schemes are now made to the Sheffield City Trust South Yorkshire Authority Pension Scheme. Following agreement from the relevant pension authorities, the assets and liabilities of the 7 Hills Leisure Trust South Yorkshire Pension Authority Scheme were transferred to the Sheffield City Trust South Yorkshire Pension Authority Scheme on 1 April 2019. The 7 Hills Leisure Trust Derbyshire Pension Authority Scheme ceased on 1 April 2019 and individual members were given the option to transfer their benefits to the Sheffield City Trust South Yorkshire Pension Authority Scheme.

Since the pension liability was transferred to Sheffield City Trust, Sheffield City Trust has made a donation to the charity equal to the liability transferred which reduced the unrestricted pension reserve to £nil at 31 March 2020.

Reserves policy

It is the policy of the trustees to spend unrestricted general reserves in pursuit of the charitable objectives in a way that maximises their value in meeting those objectives. The charity had no restricted funds.

The level of unrestricted reserves at the end of the financial year was £414,000 (2020: £489,000). The trustees believe it is appropriate to hold reserves in order to meet the future depreciation of capital assets and to provide some "buffer" should future operations fall short of financial budgets. Given that all operations have now transferred into Sheffield City Trust, the trustees believe that an appropriate level of reserves would be those sufficient to support the remaining fixed costs of the charity while the trustees realise the assets and consider the appropriate way to close the charity. Following the transfer of the pension reserve, the trustees believe that the general unrestricted reserves of £414,000 on 31 March 2021 (2020: £489,000) were adequate for this purpose.

Trustees' and directors' report (including Strategic Report) (continued)

Plans for future periods

The trustees considered the future of the charity and how it might achieve its reserves target and deliver its charitable objects in the long term. It was determined that the beneficiaries would be best served if all the charitable activities within the group were delivered by one rather than two charities and hence on 1 April 2019 the operations of the majority of venues were transferred to the parent charity, Sheffield City Trust. The remaining venues were transferred to Sheffield City Trust during the current financial year and in doing so, it is believed that the streamlined group structure is driving further efficiencies and ultimately improving the resources available to deliver the charitable objects of both charities.

The trustees believe that the decision to amalgamate operations in one charity has proved prescient during the Covid 19 pandemic. Most of the group's venues have been closed for most of the year and many staff have been on furlough or made redundant. In these very difficult times, the administration of the charity and the care of staff has been improved by the simplified structure. The trustees believe that the future provision of services to beneficiaries will be better served post pandemic by the simplified group.

Impact of Brexit

Following the UK's departure from the European Union on 31 January 2020, the trustees have considered the impact and currently have not identified any significant impact on their future plans. The trustees are of the view that given the nature of the business, any impact of Brexit is minimal.

Reference and administrative details

Charity Registration Number: 1150711

Company Registration Number: 07923816

Registered Office

23 Carbrook Hall Road
Sheffield
S9 2EH

Secretary

LM Gavin

Advisers

Solicitor

Hemingways Solicitors Limited
11 Westbourne Road
Sheffield
S10 2QQ

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Banker

Barclays Bank Plc
10-12 Pinstone Street
Sheffield
S1 2HN

Directors and directors' interests

The trustees, who also act as directors, who held office during the year and to the date of this report are as follows:

A Pettifer MBE (Chairman)

P Abel

Cllr N Gibson (resigned 23 September 2020)

The charity has a joint Audit Committee with Sheffield City Trust. Mr J Warner, a trustee of Sheffield City Trust, is chairman of that Group Audit Committee. The Group Audit Committee members are Mr J Warner and Mr R H M Plews. Cllr N Gibson was also a member of the joint Audit Committee until his resignation on 23 September 2020. Cllr N Gibson was a Trustee of 7 Hills Leisure Trust and also a director of Sheffield International Venues Limited until 23 September 2020. Cllr M Iqbal was appointed to the joint Audit Committee on 23 September 2020. Cllr M Iqbal was also appointed as a director of Sheffield International Venues Limited on this date.

None of the trustees who held office at the end of the financial year had any disclosable interest in debentures of the charity or in any shares or debentures of any other group company.

According to the Register of Trustees' Interests, no rights to subscribe for debentures of the charity, or in any shares or debentures of any other group company, were granted to any of the trustees or their immediate families or exercised by them during the year.

Trustees' and directors' report (including Strategic Report) (continued)

Employees

The charity has a policy of offering job opportunities to persons with disabilities where possible. The charity has a formal consultation procedure in respect of employees' terms and conditions and health and safety issues.

The senior employee of the group is:

Chief Executive

Andrew Snelling

Insurance for trustees and officers

Insurance for trustees and officers against liabilities in relation to the group, as permitted by the Companies Act 2006, is maintained under a policy held by Sheffield City Trust and the cost of this was borne by Sheffield City Trust.

Structure, governance and management

7 Hills Leisure Trust is a company limited by guarantee and a registered charity and is governed by its Memorandum & Articles of Association. The trustees are the members of the charity under company law.

The trustees recognise the importance of communication with beneficiaries and will issue regular newsletters and updates on specific projects and overall performance. These reports may also include some summary financial information from the financial statements of the charity.

Organisation of the charity

7 Hills Leisure Trust is governed by a board of trustees, at present the charity has 2 trustees. Trustees are attracted based on advertising and introductions and are selected based on key skills. An induction process is carried out and all new trustees are invited to meet with the chairman and senior executives in order to better understand the operations of the charity. Trustee training is made available on an ad hoc basis when a need is identified.

During the year, the charity had one wholly owned subsidiary, 7 Hills Commercial Limited which is non-trading following a transfer of its activities to another group company, Sheffield International Venues, from 4 April 2016. Sheffield International Venues Limited now operates all commercial activities in the venues in order to support the charitable activity.

The overall management and control of the charity's activities and finances are vested in the Chief Executive, Andrew Snelling. The board of the charity meets monthly and Mr Snelling attends all meetings, reporting on all key operational and financial matters. There is a Group Audit Committee which meets as required and not less than three times in each financial year.

Trustee induction and training

New trustees undergo an induction process in which they spend some time with the chairman and chief executive and then the other executives. They will also visit the various facilities of the charity in company with a senior manager and familiarise themselves with the operations of the charity and its subsidiaries.

Each trustee is invited to take a special interest in one facility in order to get an in depth understanding of that part of the charity's operations and to be able to act as a point of contact for senior management. As with any special skills that any trustees may have, this arrangement adds to the effectiveness of the trustee board but doesn't change the responsibility of all trustees for all aspects of the governance and activities of the charity.

Relationship with other charities and organisations

The charity co-operates closely with Sheffield City Council in pursuit of its charitable objectives. The relationship is conducted in accordance with formal funding agreements. A councillor and an officer of the council are invited to attend as observers at each meeting of the board. Until 23 September 2020, the council has one nominee director on the board of 7 Hills Leisure Trust and continues to have one nominee director on the board of Sheffield International Venues Limited.

Trustees' and directors' report (including Strategic Report) *(continued)*

Pay policy for senior staff

The trustees, who are the directors of the company, consider that the board of trustees and the chief executive comprise the key management personnel of the charity in charge of directing, controlling, running, and operating the charity on a day-to-day basis. All trustees give their time freely and no trustee received any remuneration in the year.

The chief executive is paid by Sheffield City Trust, the ultimate holding company. The pay of the chief executive is reviewed annually by the board of trustees. In view of the nature of the charity, the trustees benchmark against pay levels in other leisure trusts and other similar organisations. All such organisations are different, and the trustees are aware of the organisational complexities of the group and take this into consideration when comparing with larger charities. The trustees also look at similar job roles in the local Sheffield economy and other local charitable organisations to ensure that salaries are reasonable within the market.

Management of risk

The trustees are responsible for ensuring the effective management of risk, including a system of internal financial control which is maintained by the charity. They consider risk management to be an important part of their role and endeavour to follow best practice.

During the period, the management teams at each venue have again discussed the risks identified with members of the senior leadership team and have ensured that proper controls are in place within their venue. They have also considered each of the objectives set for the venue in the corporate strategy of the charity to ensure that the risks are linked into the operational objectives and that the process of risk mitigation is embedded in the action plans to deliver the objectives. This work of monitoring and mitigating risks within the venues continues to be a major part of the work of the general managers at each venue. The senior leadership team regularly considers corporate risk in its meetings and updates the risk register accordingly. The Group Audit Committee reviews this process at each of its meetings as a standard agenda item providing additional checks and specific skill on top of the trustees' own monitoring process.

The trustees also believe the general economic climate to be a major risk to the charity. This will impact both in the ability of the charity to make the investments it wishes to in the venues and in the ability of customers to pay for the services offered by the charity. This risk has increased this year due to the impact of Covid-19, see further information in the Business review above. The consideration of these risks was part of the decision of the trustees to transfer the operations of the charity into Sheffield City Trust. It was thought that a more robust mitigation of risk could be achieved through a simplified structure.

Public benefit

The trustees are aware of their duty to ensure that the charity provides a public benefit. The trustees believe that the high levels of customer service, for which the group has won awards, demonstrates an ethos of providing the highest possible standards to all. The trustees also believe that the decision to transfer operations into Sheffield City Trust will further the public benefit by simplifying administration and management of charitable activities.

Trustees' and directors' report (including Strategic Report) *(continued)*

Disclosure of information to auditor

The trustees who held office at the date of approval of the trustees' and directors' report (including strategic report) confirm that, so far as they are each aware, there is no relevant information of which the group's auditor is unaware; and each trustee has taken all steps that he ought to have taken as a trustee to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

In accordance with Section 414 of the Companies Act 2006, the company has prepared a trustee's report that includes information that would be included with a strategic report. The trustees authorise both the trustees' report and strategic report below.

By order of the board



A Pettifer MBE
Chairman

Company registration number 07923816
Charity registration number 1150711

23 Carbrook Hall Road
Sheffield
S9 2EH

26 July 2021

Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the trustees do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of 7 Hills Leisure Trust

Opinion

We have audited the financial statements of 7 Hills Leisure Trust ("the charitable company") for the year ended 31 March 2021 which comprise the Statement of financial activities, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the quantum of revenue around the period end in comparison to materiality.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Independent auditor's report to the members of 7 Hills Leisure Trust *(continued)*

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' and directors' report (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' and directors' report (including Strategic Report), which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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.

We have nothing to report in these respects.

Independent auditor's report to the members of 7 Hills Leisure Trust (*continued*)

Trustees' responsibilities

As explained more fully in their statement set out on page 8, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

26 July 2021

Statement of financial activities

For the year ended 31 March 2021

	<i>Note</i>	Unrestricted funds - General 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Incoming resources				
Income from charitable activities		35	35	569
Income from donations and legacies - grants receivable		12	12	2,391
Total incoming resources		47	47	2,960
Resources expended				
Expenditure on charitable activities	2	(122)	(122)	(685)
Total resources expended		(122)	(122)	(685)
Net (outgoing)/incoming resources before other recognised gains and losses	4	(75)	(75)	2,275
Net movements in the period		(75)	(75)	2,275
Fund balances brought forward		489	489	(1,786)
Fund balances carried forward	12	414	414	489

The accompanying notes form part of the financial statements.

All incoming resources and resources expended derive from continuing activities which are in furtherance of the charity's objects.

Balance sheet

At 31 March 2021

	Note	2021	2020
		£000	£000
Fixed assets			
Investments	7	-	-
Tangible assets	8	-	3
Intangible assets	9	-	2
		-	5
Current assets			
Debtors	10	2,116	1,829
Cash at bank and in hand		71	74
Creditors: amounts falling due within one year	11	2,187 (1,773)	1,903 (1,419)
Net current assets		414	484
Total assets less current liabilities		414	489
Net assets		414	489
Fund balances			
Unrestricted reserves			
General reserve	3	414	489
Total funds	12	414	489

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 July 2021 and were signed on its behalf by:

A Pettifer MBE
Chairman

Charity registration number: 1150711 / Company registration number: 07923816

Notes to the financial statements

1 Accounting policies

Basis of preparation

7 Hills Leisure Trust (the “charity”) is a company limited by guarantee, is a registered charity and is incorporated and domiciled in the United Kingdom.

The charity is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the charity as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (*Charities SORP FRS 102*), the Charities Act 2011 and the Companies Act 2006. The presentation currency of these financial statements is sterling. The current period’s financial statements are for the year ended 31 March 2021 (2020: year ended 31 March 2020).

The charity’s ultimate parent undertaking, Sheffield City Trust includes the charity in its consolidated financial statements. The consolidated financial statements of Sheffield City Trust are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Key management personnel compensation.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

Going concern

Following the transfer of the operations of Sinfon Golf Course and Westfield Sports Centre to Sheffield City Trust (“SCT”), the ultimate controlling party on 1 May 2020 and 1 November 2020, the trustees took the decision to cease trading and as such the financial statements have not been prepared on a going concern basis. Assets and liabilities have been recognised as appropriate in the financial statements at their recoverable amount.

Investments

In the charity’s financial statements, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment - 10% to 25% per annum

Assets under construction

Assets under construction are recognised at cost and not subject to depreciation until the asset is available for use.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Capital grants receivable and restricted funds

In accordance with the requirements of the Statement of Financial Reporting Standard 102 "The Financial reporting standard applicable in the United Kingdom and Ireland" (Charities SORP FRS 102) capital grants have been recognised as restricted funds in the accounting period in which they are received. Depreciation charged over the period imposed by the grant agreement associated with the restricted fund, is included within restricted funds. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Revenue grants and unrestricted funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Revenue grants are recognised in the period in which the relevant expenditure is incurred and in line with any conditions specific to the grant. Where performance criteria are met, the grant is released.

Incoming resources from activities for generating funds

Incoming resources from activities for generating funds represents the amounts (excluding value added tax) derived from the rental of sites in Sheffield developed as recreational facilities together with other income derived from those sites, including payment by the community for use of the recreational facilities. All income from these activities arises from activities in the United Kingdom and is recognised in the period that it arises.

Resources expended and allocation of charitable expenditure

Resources expended are accounted for on an accruals basis and are classified by the trustees as costs of generating funds, other resources expended or governance costs depending on the nature of the expenditure incurred. Where resources expended are apportioned this is done on the basis of the use of the resources.

Tax

7 Hills Leisure Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore meets the definition of a charitable company for United Kingdom corporation tax purposes. Accordingly, the charity is potentially exempt from tax in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2012 or Section 256 of the Tax of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Related party transactions

As the charity is a 100% owned subsidiary of Sheffield City Trust (ultimate parent company), the charity has taken advantage of certain of the exemptions contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts, discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2 Resources expended

	2021 £000	2020 £000
<i>Unrestricted funds</i>		
<i>Expenditure on charitable activities</i>		
Overheads	60	335
Depreciation and amortisation	-	2
Staff costs	62	348
	<hr/>	<hr/>
Total resources expended	122	685
	<hr/>	<hr/>

3 Unrestricted funds

The breakdown of the unrestricted funds between designated and general funds is as follows:

	2020 £000	Deficit in period £000	2021 £000
<i>General funds</i>			
Generated funds	489	(75)	414
	<hr/>	<hr/>	<hr/>
	489	(75)	414
	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

4 Net outgoing resources before other recognised gains and losses are stated after charging

	2021 £000	2020 £000
Depreciation of tangible fixed assets - owned assets	-	1
Depreciation of intangible fixed assets – owned assets	-	1
Impairment of trade receivables	-	1
	<u>-</u>	<u>1</u>

Auditor's remuneration for the period ended 31 March 2021 was £4,000 (2020: £10,000) and was borne by another group company.

5 Remuneration of trustees

No emoluments were paid to any of the trustees during the period (2020: £nil).

A total of £nil (2020: £nil) was reimbursed to trustees for travel and subsistence expenses incurred on the charity's behalf.

6 Staff numbers and costs

On 1 April 2019 all staff were transferred, under the provisions of TUPE, to Sheffield City Trust, the ultimate controlling party. The company now procures HR services from Sheffield City Trust as required to support the operations of its venues and a management fee is charged for these services which is included in staff costs. Whilst the staff do not have a contract of service with 7 Hills Leisure Trust, given that they work wholly for this company, it is considered appropriate to disclose the staff costs and average numbers within these financial statements.

The average number of persons providing services to the company during the period, analysed by category, was as follows:

	2021 Number	2020 Number
Security and domestic	-	5
Administration	3	4
Recreation	14	26
	<u>17</u>	<u>35</u>

The aggregate payroll cost of the employees employed by the group during the period was as follows:

	2021 £000	2020 £000
Wages and salaries	135	370
Social security costs	5	19
Other pension costs (including a pension credit of £nil (2020: £61,000))	6	(41)
Furlough grant	(84)	-
	<u>62</u>	<u>348</u>

Furlough grant received in the year in respect of employees who are contracted to Sheffield City Trust but work wholly for the company of £84,000, has also been recharged as part of the management recharge of wages and salaries.

Notes to the financial statements (*continued*)

6 Staff numbers and costs (*continued*)

The number of employees in the charity whose emoluments amounted to over £60,000 in the period was £nil (2020: nil).

Staff numbers and costs include all contracted and casual staff regardless of hours worked.

The senior employee received no emoluments for his services during the period (2020: none). The senior employee was paid by Sheffield City Trust and his emoluments are disclosed in those accounts.

7 Investments

The charity owns the entire share capital of 7 Hills Commercial Limited at a cost of £100. 7 Hills Commercial Limited is registered in England and Wales, which is a non-trading entity.

8 Tangible fixed assets

	Fixtures, fittings and equipment £000	Total £000
Cost		
At beginning of the year	15	15
Group Transfers/disposals	(15)	(15)
	<hr/>	<hr/>
At end of the year	-	-
	<hr/>	<hr/>
Depreciation		
At beginning of the year	12	12
Group Transfers/disposals	(12)	(12)
	<hr/>	<hr/>
At end of the year	-	-
	<hr/>	<hr/>
Net book value		
At end of the year	-	-
	<hr/>	<hr/>
At beginning of the year	3	3
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

9 Intangible fixed assets

	Total £000
Cost	
At beginning of the year	4
Group transfers/disposals	(4)
	<hr/>
At end of the year	-
	<hr/>
Depreciation	
At beginning of the year	2
Group transfer/disposals	(2)
	<hr/>
At end of the year	-
	<hr/>
Net book value	
At end of the year	-
	<hr/>
At beginning of the year	2
	<hr/> <hr/>

10 Debtors

	2021 £000	2020 £000
Trade debtors	-	1
Prepayments and accrued income	-	9
Amounts owed by group undertakings	2,116	1,819
	<hr/>	<hr/>
	2,116	1,829
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed by group undertakings are interest free and repayable on demand.

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	-	23
Amounts owed to group undertakings	1,773	1,372
Accruals	-	24
	<u>1,773</u>	<u>1,419</u>

Amounts owed to group undertakings are interest free and repayable on demand.

12 Total funds

	£000
At beginning of year	489
Deficit for the year	(75)
	<u>414</u>
At end of year	<u>414</u>

13 Analysis of net liabilities between funds

	Unrestricted (designated and general) 2021 £000
Net current assets	414
	<u>414</u>
Net assets	<u>414</u>

14 Business combinations

On 1 May 2020 the operations of Sinfin Golf course were transferred to Sheffield City Trust, the ultimate controlling party. On 1 November 2020 the operations of Westfield Sports Centre were also transferred to Sheffield City Trust. On these dates, the assets and liabilities in respect of the respective venues were also transferred to Sheffield City Trust at their net book value. The assets and liabilities transferred were as follows:

	Sinfin Golf course 1 May 2020 £000	Westfield Sports Centre 1 November 2020 £000
Fixed assets	1	-
Intangible assets	2	-
Debtors	15	8
Cash	(2)	1
Creditors: Amount falling due in less than one year	(45)	(15)
	<u>(29)</u>	<u>(6)</u>
Net liabilities	<u>(29)</u>	<u>(6)</u>

The net liabilities were transferred at net book value and were settled through intercompany transfer.

Notes to the financial statements *(continued)*

15 Related party transactions

During the period the charity entered into the following transactions with Sheffield City Council:

- The charity entered into other arms length transactions with the council comprising of sales of goods and services to the council of £nil (2020: £nil) with amounts owed to the charity of £nil (2020: £nil) at the year end.
- The charity entered into other arms length transactions with the council comprising of purchases of goods and services from the council of £nil (2020: £8,000) with amounts owed by the charity of £nil (2020: £nil) at the year end.

16 Accounting estimates and judgements

In preparing these financial statements, the trustees have had to make the following judgements:

- Determine whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

17 Controlling parties

By virtue of their control of the board and strategy of 7 Hills Leisure Trust, Sheffield City Trust is considered to be the ultimate controlling party of the charity.

No one party has control of Sheffield City Trust on the grounds that the entity is a charity.

