

Parkwood Leisure Holdings Limited

Annual Report and Financial Statements 2021

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Company Information

Directors:	M P Hewitt M J Quayle E R Lee
Registered number:	08923607 (England and Wales)
Registered office:	The Stables Duxbury Park Duxbury Hall Road Chorley Lancashire PR7 4AT
Independent auditors:	Kendall Wadley LLP Granta Lodge 71 Graham Road Malvern WR14 2JS

Strategic and Finance Review

The directors present their strategic report for Parkwood Leisure Holdings Limited for the year ended 31 December 2021.

Introduction

The ownership of the Group remains stable within the Hewitt family and will be operated for the long term benefit of all stakeholders.

Review of the business

The Group's revenue for the year has increased to £24.0 million (2020: £20.0 million) and loss before tax for the year decreased to £232,000 (2020: £366,000). The results for the year are driven by the impact of the COVID19 Pandemic and the national and regional lockdowns seen at the beginning of the year and the subsequent recovery period following the relaxation of restrictions.

Parkwood Leisure Limited's order book was £153 million at year end (2020: £97 million).

The Group's Leisure division derives its revenues from the management of leisure facilities and theatres. The pandemic continued to have a significant impact on the performance of Parkwood Leisure in 2021. As the year started the division was again plunged into lockdown on 6th January, with the vast majority of its workforce again placed on furlough. Despite a large number of facilities not reopening until 12th April, Parkwood Leisure were able to work in real partnership with Local Authority partners to not only receive direct financial support but also to successfully apply and ultimately receive invaluable National Leisure Recovery Funding. This funding allowed losses to be largely curtailed, resulting in a loss before tax of £0.5 million (2020: £0.1 million). Parkwood Leisure generated revenues of £20.4 million (2020: £17.3 million), which represents an increase of £3.1 million. Parkwood Leisure also received grants totalling £2.2 million (2020: £2.3 million) and Local Authority support of £7.4 million (2020: £10.6 million).

Inevitably there have been impacts on cash balances due to reduced revenue, whilst costs (although greatly reduced) continued to be incurred. Parkwood Leisure have managed to partially offset these negative effects on cash by taking advantage of Government initiatives aimed at supporting businesses, including claiming Job Retention Scheme support and taking advantage of business rate reductions on property. Parkwood Leisure have also proactively managed cash by reducing its cost base, deferring VAT payments, and sensitively managing supply chain payments.

The way in which Parkwood Leisure worked collaboratively, on an open book basis to seek direct financial support from Local Authority partners has been a real highlight in an undoubtedly challenging period. Not only has this strengthened relationships but it has also facilitated the opportunity to carry out fundamental reviews of facilities, products and services. In many ways these reviews have resulted in improvements that will undoubtedly help drive greater recovery and future participation in facilities, not only helping nurture improved physical and mental health & wellbeing in the local communities served but also allowing for more sustainable programming.

Despite ending a small contract at Stratfield Brake, Kidlington in June 2021, Parkwood Leisure have agreed new and extended contracts with Local Authority partners. These included a two year extension at Leeds Forum, a new 25 year contract at the Riviera International Centre, Torquay, a four year extension at The Hawth Theatre, Crawley, an extension to The Playhouse Theatre contract in Weston-super-mare and a new five year lease with option to purchase at Burnham Swim and Sports Academy.

In addition, Parkwood Leisure also subcontracted its Derbyshire schools contract at Chapel-en-le-Frith to its trust partner Lex Leisure CIC in August 2021. The division also signed a lease to operate Duxbury Park Golf Course, previously operated by Glendale Golf Limited.

Post year end Parkwood Leisure have also secured a 2 year extension with Rushcliffe Borough Contract, including the build of a new facility Bingham Arena, novated the Edwalton Golf Course contract from Glendale Golf Limited and been assigned the lease for Castle Point Golf Course from Glendale Golf Limited.

As at 31 December 2021 the division's net assets were £2.73 million (2020: £3.02 million) and cash and cash equivalents (including overdrafts) were £1.79 million cash (2020: £1.25 million overdrawn), the £3.04 million movement being a direct result of the positive working capital impact on the business as it starts to recover from the Covid-19 pandemic.

The unprecedented impact of Covid-19 had a profound impact on customer participation and inevitably revenue. During the period Parkwood Leisure vigorously implemented changes within its facilities and other activities including repurposing areas to allow users to workout in a socially distanced way. Parkwood Leisure also maintained measures to ensure that the number of users in the facilities complied with the required standards for Covid-19 safe use, providing cleaning stations and enhanced cleaning regimes to provide safe spaces for our staff and users.

The recovery from Covid-19 progressed positively during 2021, with core revenue lines of Swimming Lessons, Swimming Memberships and Health & Fitness Memberships exceeding sector averages. By the end of the year swimming lessons were 20% above pre Covid-19 levels on a like-for-like basis. In Swimming Memberships the division managed to exceed pre Covid-19 levels by 15%. Whilst Health & Fitness was always anticipated to take longer to re-establish, the year ended with 80% recovery, largely well ahead of sector-wide reporting.

Expectations are that Health & Fitness recovery will reach pre Covid-19 levels by July 2022, whilst the opportunity to extend Swimming Lesson and Membership levels to in excess of 25% by the end of 2022 seems realistic.

During the course of 2021 the division started to see increasing volatility in the utility markets, with Brexit, a Global pandemic and supply concerns pushing prices to all-time highs. It was already felt by the Board of Directors that until the covid pandemic had settled and post Brexit concerns were resolved, prices would not retreat. However, whilst markets remained impossible to predict, the situation has subsequently worsened and become even more challenging as a result of the invasion of Ukraine by Russia.

It is clear that the significant increase in utility prices is not a short term issue given the current wholesale prices for 2022, 2023 and 2024. This impact will undoubtedly be a significant challenge for the whole UK public leisure market and will be a core priority for the Executive team to manage going forward.

During 2021 Parkwood Leisure introduced additional measures, including 'sell back' of surplus utilities to mitigate the increased costs. In addition, the division has developed daily reviews, with 'triggers' and 'stop losses' managed weekly in conjunction with our brokers.

As a result of the strong and positive negotiations Parkwood Leisure conducted with Local Authority partners and the subsequent financial support provided the division is well placed to explore future new business opportunities.

Whilst open procurement inevitably slowed the division did see an increase in UK public sector contracts come to procurement in the final quarter of 2021. Despite no new arrangements being secured in the last quarter of the year, it was pleasing to note that Parkwood Leisure's quality scores were either ranked first or second. This is a sign of the vast improvements made in operational standards; innovation and wider community engagement initiatives.

Parkwood Leisure's policy on traditional facility management opportunities will continue to be based on sound due diligence, including robust risk management analysis. Too many competitors continue to deliver tenders which are unsustainable in the long term and the division does not believe this creates a foundation for strong sustainability and collaborative partnerships. Of particular note is Parkwood Leisure's approach to full modelling of maintenance and asset lifecycle (both equipment and buildings); transparent and honest approach to utility risk management and the delivery of sustainable bids which do not require frequent review of financial relationships between Council and operator. In a period where greater cost certainty is needed, the division believes this professional, long term, sustainable approach will help furnish wider partnership opportunities

Glen Hall, Managing Director, Alex Godfrey, Operations Director and Giles Rawlinson, Commercial and Finance Director are the core Board members. Alex Godfrey, Operations Director was appointed on 19th January 2021. The business is split into three geographical regions and a Golf region managed by three Regional Directors and three Assistant Regional Directors, as well as a Theatres region which is managed by a dedicated Director.

The business remains committed to ongoing investment in training, with particular emphasis on ensuring internal promotions can be made when vacancies arise. We have successfully retained membership of the 5% Club. In being a member of this dynamic movement, we continue to drive, earn and learn skills training opportunities.

Parkwood Leisure's partnership with Lifetime Training remains positive with over 52 apprentices either working or having progressed through learning schemes. The business has also extended its apprenticeship scheme now offering Level two courses through to MSc In Strategic Leadership in partnership with Loughborough University.

Parkwood Leisure have further enhanced its e-Learning partnership with Human Focus, coupled with bespoke training delivery through its partnership with The Royal Society for the Prevention of Accidents (RoSPA) and Chartered Institute for the Management of Sport and Physical Activity (CIMSPA). The division has also developed a Coach Mentoring Programme for Managers, who have been assigned as part of our future Succession Plans. This scheme, delivered through a third party partner, should help transition key Managers into more Executive positions.

Parkwood Leisure's total number of employees during 2021 was 448 (2020: 567).

Finance review

Parkwood Group results and dividends

Revenue for the year increased to £24.0 million (2020: £20.0 million). The loss before tax for the year was £232,000 compared to £366,000 in the prior year.

The group did not pay a dividend in the year (2020: £nil).

Taxation

The Group's tax income was £371,000 (2020: £9,000).

After taxation the Group recorded a profit for the year of £0.1 million (2020: £0.4 million loss).

Cash flow

The Group generated net cash from operating activities of £4.2 million (2020: £6.5 million used). This represents an inflow in working capital.

The cash used in investing activities of £1.0 million (2020: £0.2 million) represents cash invested in property, plant and equipment.

The Group incurred expenditure on replacing council owned assets of £0.5 million (2020: £0.5 million) which is disclosed within operating activities. In accordance with IFRIC 12, expenditure of £nil (2020: £nil) incurred on council owned assets beyond the contractually required expenditure is recognised in the statement of financial position as an intangible asset.

The cash outflow from financing activities was £2.1 million (2020: £0.2 million inflow) which represents a payment of a loan to related undertakings of £2.1 million (2020: £2.1 million from related undertakings)

The total cash inflow for the year was £1.2 million (2020: £6.5 million outflow) resulting in a year end cash and cash equivalents balance of £5.0 million (2020: £3.8 million).

Balance sheet

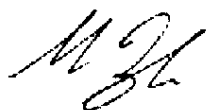
Net assets increased to £1.4 million (2020: £1.3 million).

At 31 December 2021 the Group had a total forward order book of £155 million (2020: £102 million) excluding the value of probable contract extensions arising from contractual benchmarks. The order book is the Group's main asset but it is not reflected in the statement of financial position since it is internally generated and therefore is not recognised in accordance with accounting standards.

Pensions

The Group provides a small number of employees with defined benefit pensions. The pension scheme surplus measured on an IAS 19 basis is reported at a £0.7 million surplus as at 31 December 2021 (2020: £0.8 million deficit).

The Strategic and Finance Review on pages 4 to 6 is approved by the Board of Directors and is signed on behalf of the Board.



M J Quayle, Director
17 May 2022

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The activities of the Group throughout the year are set out in the Strategic Report. This report, together with the Financial Review, fulfil the business review requirements of the Companies Act 2006, including an analysis of the Group's position at the year end, a description of the principal risks and uncertainties facing the Group and future developments for the business. The risks associated with financial instruments are disclosed in note 23 to the financial statements.

Results and dividends

The Group's profit after tax for the year amounted to £0.1 million (2020: £0.4 million loss). No dividends were paid during the year (2020: £nil).

Political and charitable donations

The Group made charitable donations of £nil during the year (2020: £nil). The Group made no political donations during the year (2020: £nil).

Board of Directors

Directors who held office from the date of the last report and up to the date of signing were:

- Mike Quayle
- Mary Patricia Hewitt
- Edwin Lee

Board responsibility and effectiveness

The Board's role is to provide entrepreneurial leadership to the whole Group within the framework of prudent and effective controls, which enable risk to be assessed and managed, having due regard to the requirements of S172 (1) (a) to (f) of the Companies Act 2006. The Board sets strategic aims, ensures that the necessary financial and human resources are in place to meet these objectives and reviews management performance.

Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary. In addition to the Board papers, information on the Group's performance is sent to directors each month and ad-hoc meetings are arranged to ensure the whole Board is aware of key business issues.

Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing directors as necessary.

Remuneration

The directors of the Group receive remuneration from Parkwood Holdings Limited, a wholly owned subsidiary of the Company. Details of remuneration of the directors are therefore given in the consolidated financial statements of Parkwood Leisure Holdings Limited.

Internal control

The Board is responsible for the review and assessment of the Group's internal control system. The system of internal financial controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Corporate Social Responsibility

Parkwood Leisure Holdings is committed to taking account of its corporate social responsibility in its actions and work to high standards of integrity and ethical propriety. The Board has adopted policies in relation to corporate and social matters covering the following key areas:

Employees

The Group provides equal opportunities to all employees and prospective employees and does not discriminate on the grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability or sexual orientation. Clear and fair terms of employment, as well as a fair and competitive remuneration policy, are in place. Employees are encouraged to develop their knowledge and skills.

Gender diversity

The Group recognises the benefits of diversity throughout the business and employs a number of female senior managers across the Group. The Group will continue to appoint on merit but will seek to ensure that wherever possible female candidates are represented in the short-listing process for executive positions.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management pursues the employment of disabled persons actively whenever a suitable vacancy arises. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Where an employee becomes disabled during the course of their employment every effort will be made to provide them with suitable alternative employment where their disability renders them unable to carry out their former duties.

Employee involvement

Members of the management team regularly visit operating sites within the Group.

Community and the environment

The Group aims to be a respectful custodian of the environment whilst carrying out business activities by conducting them in an environmentally and socially responsible manner.

The Group seeks to minimise the environmental impact of its operations by promoting environmentally responsible practices and incorporating sustainable principles into its work.

The Group continues to develop a culture of sustainable behaviour through the provision of training and development opportunities for all employees, the engagement of teams in community action days and the regular reporting of environmental progress and compliance in internal company meetings.

Environmental awareness training is provided to employees on an annual basis to maintain focus on the Group's commitment to good practice and continual improvement in all aspects of its work and of the environment it operates in.

The Group continues to maintain its ISO14001 certification and complies with, and will exceed where practical, all applicable legislation, regulations and codes of practice.

Streamlined Energy & Carbon Report (SECR)

EMISSION SCOPE	2021		2020	
	TOTAL ANNUAL UK ENERGY USE (kWh)	ASSOCIATED GREENHOUSE GAS EMISSIONS (tCO2e)	TOTAL ANNUAL UK ENERGY USE (kWh)	ASSOCIATED GREENHOUSE GAS EMISSIONS (tCO2e)
SCOPE 1 <i>Emissions from activities for which the company own or control</i>	13,979,190	2,585	11,011,743	2,051
SCOPE 2 <i>Emissions from purchase of electricity and heat for own use</i>	5,462,368	1,160	4,719,955	1,100
SCOPE 3 <i>Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel</i>	158,736	39	106,734	27
Total	19,600,294	3,784	15,838,432	3,178

INTENSITY RATIO	2021	2020
tCO2e per m2 of usable internal floor area	0.06	0.05

Methodology - Total energy use covers gas, LPG, heating oil, burning oil, electricity purchased, transport mileage, and heat purchased across Parkwood Leisure Holdings Ltd, Parkwood Project Management Ltd, Parkwood Leisure Ltd and Parkwood Community Leisure Ltd.

Associated Greenhouse gases have been calculated using GHG protocol methodology (including the Corporate Standard, GHG protocol upstream leased assets document) and Environmental Reporting Guidelines. Energy use has been measured using the operational control approach. Conversion factors from the UK Government 2021 GHG Conversion Factors for Company Reporting as published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA) have been used to calculate GHG emissions.

Energy efficiency action taken - In the period covered by the report the Company has installed LED lighting, pool covers, efficient heat exchangers, pumps and kitchen equipment. The Company has also installed gas smart meters to improve access to utility data for better ongoing energy monitoring and management, this project will be completed in 2022. The Company has amended the maintenance strategy to ensure that all replacement equipment is upgraded to the most efficient version upon replacement. An energy training programme was delivered to all managers in the Company during the period covered by the report.

Business relationships and ethics

All employees seek to be honest and fair in relationships with customers and suppliers. Every attempt is made to ensure that services are provided to the agreed standards and all reasonable steps are taken to ensure the safety and quality of those services. The Group has adopted an Anti-bribery Policy and Procedure in order to identify and mitigate any risks that may arise from its dealings with current or prospective clients, contractors, suppliers or consultants that may act on behalf of the Group.

Going concern

The Board has reviewed the performance for the current year and forecasts for the future period. Based on this information, the Board believes that the Group will continue in operational existence for the foreseeable future. On these grounds, the Board have continued to adopt the going-concern basis for the preparation of the financial statements. Further details are disclosed within the Group's accounting policies and the Financial Review.

Key performance indicators

The directors monitor the performance of the Group against its strategic objectives by reference to a number of key performance indicators (KPIs) as included within the Divisional Reviews. The key KPIs as set out in the strategic report are: revenue, profit before taxation, order book and employees.

Capital structure

The structure of the Company's capital at 31 December 2021 is 9,990,000 ordinary shares at a nominal value of 1 pence per share, and 1,110,000 ordinary 'B' shares at a nominal value of 1 pence per share. Ordinary shares carry the right to discretionary dividends determined by the Company's directors, while ordinary 'B' shares do not carry any dividend rights. Shares of all classes carry the right to one vote per share. There are no restrictions on the transfer of any of the classes of shares in issue and none of the shares in issue contain any special control rights.

Accountability and audit

The Board presents a balanced and understandable assessment of the Group's position and prospects. The directors' responsibilities for the financial statements are described below.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 Reduced Disclosure Framework (FRS 102). Under company law the directors 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditors

Each of the directors at the date of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution to re-appoint Kendall Wadley LLP as auditor for the ensuing year will be proposed at the next general meeting of the Company.

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Directors' Report on pages 7 to 9 is approved by the Board of Directors and is signed on behalf of the Board.



M J Quayle, Director
17 May 2022

Independent auditor's report to the members of Parkwood Leisure Holdings Limited

Opinion

We have audited the financial statements of Parkwood Leisure Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the primary statement on pages 12 to 17 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 director's 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 Parkwood Leisure Holdings Limited's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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:

The extent to which the audit was considered capable of detecting irregularities including fraud

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:

- an understanding of the risk assessment process (including the assessment of the risk of fraud) adopted by the Board is obtained and their attitude to risk ascertained
- an assessment of the susceptibility to material mis-statement of the financial statements as a result of management over-ride or fraud is made
- it is ensured that the engagement team have, collectively, the appropriate competence, capabilities and skills to be involved in the assignment, are fully briefed and understand the risks specific to the group

Audit response to risks identified

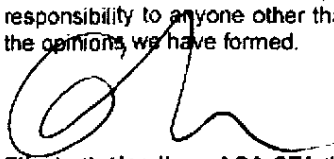
- processes to test the outcomes of our assessment include, a review of Board minutes, analytical review, the relevance and accuracy of significant accounting estimates, substantive testing of significant transactions, work to identify unusual or unexpected accounting entries including the testing of journal entries, information disclosed in the financial statements is traced to supporting documentation. In all instances it is acknowledged that material mis-statements that arise from fraud may involve deliberate concealment or collusion and are, therefore, by their very nature harder to detect than those arising from error.
- an understanding of the legal and regulatory framework as applicable to the group is obtained together with knowledge of the procedures put in place by the group in order to comply with the same
- it is established if there have been any instances of non-compliance with applicable laws and regulations, where there are such breaches, a full understanding, including gathering of relevant documentation appertaining to the event is obtained and assessed
- as described in the accounting policies, and as permitted by the Companies Act, not all group companies are subject to audit (identified in note 13), representations are sought from the Directors that they are not aware of any instances of fraud, or non-compliance with applicable laws and regulations
- financial data for the non-audited entities is reviewed and assessed in line with group materiality as to the impact on the truth and fairness of the reported group result should a material mis-statement due to management over-ride or fraud exist

It should be noted that Auditing standards limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Elizabeth Needham ACA CTA (VAT) (Senior Statutory Auditor)
for and on behalf of Kendall Wadley LLP
Chartered Accountants
Statutory Auditor

17 May 2022

Granta Lodge, 71 Graham Road
Malvern, WR14 2J

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue		24,009	20,036
Cost of sales		(25,242)	(27,019)
Gross loss		(1,233)	(6,983)
Administrative expenses		(9,120)	(7,539)
Other operating income	3	10,113	14,140
Operating loss		(240)	(382)
Finance income	5	9	53
Finance costs	6	(1)	(37)
Loss before taxation		(232)	(366)
Income tax income	8	371	9
Profit / (Loss) for the year		139	(357)

Consolidated Statement of Comprehensive Income/ (Expense)

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit / (Loss) for the year attributable to owners of the parent		139	(357)
Other comprehensive (expense) / income			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial (loss) / gain on defined benefit pension scheme	19	(59)	8
Deferred tax relating to components of other comprehensive income / (expense)		15	(1)
Other comprehensive (expense) / income for the year, net of tax		(44)	7
Total comprehensive income / (expense)		95	(350)

Statements of Financial Position

As at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	220	195	-	-
Property, plant and equipment	11	1,513	905	-	-
Investments	12	275	277	113	113
Trade and other receivables	14	3,781	1,988	-	-
Deferred tax asset	21	582	98	-	-
Total non-current assets		6,371	3,463	113	113
Current assets					
Inventories	13	225	238	-	-
Trade and other receivables	14	7,249	6,693	408	283
Income tax receivable		-	288	-	-
Cash and cash equivalents		4,929	3,768	52	53
Total current assets		12,403	10,987	460	336
Total assets		18,774	14,450	573	449
Current liabilities					
Trade and other payables	15	15,486	11,073	-	-
Obligations under finance leases	16	-	1	-	-
Total current liabilities		15,486	11,074	-	-
Non-current liabilities					
Retirement benefit obligations	19	(701)	810	-	-
Long-term provisions	20	2,546	1,188	-	-
Deferred tax liability	21	18	48	-	-
Total non-current liabilities		1,863	2,046	-	-
Total liabilities		17,349	13,120	-	-
Net assets		1,425	1,330	573	449

Statements of Financial Position

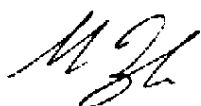
As at 31 December 2021

		2021	Group	2021	Company
		2020	2020	2020	2020
	Note	£'000	£'000	£'000	£'000
Equity					
Share capital	22	111	111	111	111
Retained earnings		1,314	1,219	462	338
Total equity and reserves		1,425	1,330	573	449

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's profit for the year was £124,000 (2020: £2,000 loss)

The notes on pages 18 to 37 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2022 and were signed on its behalf by:



M J Quayle
Director

Parkwood Leisure Holdings Limited
Company number: 08923607

Consolidated Statement of Changes in Equity

As at 31 December 2021

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020		111	1,569	1,680
Loss for the year		-	(357)	(357)
Other comprehensive expense				
Actuarial profit on defined benefit pension scheme	19	-	8	8
Deferred tax relating to other comprehensive expense	21	-	(1)	(1)
Total comprehensive expense for the year		-	(350)	(350)
Balance at 31 December 2020		111	1,219	1,330
Profit for the year		-	139	139
Other comprehensive income				
Actuarial loss on defined benefit pension scheme	19	-	(59)	(59)
Deferred tax relating to other comprehensive income	21	-	15	15
Total comprehensive income for the year		-	95	95
Balance at 31 December 2021		111	1,314	1,425

Company Statement of Changes in Equity

As at 31 December 2021

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	111	340	451
Loss for the year	-	(2)	(2)
Balance at 31 December 2020	111	338	449
Profit for the year	-	124	124
Balance at 31 December 2021	111	462	573

Statements of Cash Flows

For the year ended 31 December 2021

			Group		Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Net cash flow generated from / (used in) operating activities	24	4,231	(6,488)	(127)	(4)
Cash flow from investing activities					
Interest received		9	53	-	-
Dividends received		-	-	126	-
Subordinated loan repaid		2	-	-	-
Purchase of property, plant and equipment		(942)	(209)	-	-
Purchase of intangibles		(60)	-	-	-
Net cash flow (used in) / generated from investing activities		(991)	(156)	126	-
Cash flow from financing activities					
Interest paid		(1)	(37)	-	-
Payment of loan (to) / from related undertaking		(2,077)	2,077	-	-
Director loans payment		-	(1,242)	-	-
Repayment of obligations under finance leases		(1)	(618)	-	-
Net cash flow (used in) / generated from financing activities		(2,079)	180	-	-
Net increase / (decrease) in cash and cash equivalents	25	1,161	(6,464)	(1)	(4)
Cash and cash equivalents at beginning of the year		3,768	10,232	53	57
Cash and cash equivalents at end of the year		4,929	3,768	52	53

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Parkwood Leisure Holdings Limited is a private limited company limited by shares registered in England & Wales.

The principal accounting policies adopted in the preparation of the Group's consolidated financial statements and the Company's individual financial statements are set out below. The policies have been applied consistently to all of the statements presented, unless otherwise indicated.

Basis of preparation

The Group financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 including the provisions of the Large and Medium-Sized Companies and Group (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. Where appropriate, departures from Financial Reporting Standard 102 are adopted for certain aspects of the financial statements, there are as described below.

For the year ended 31 December 2021, a number of the Group's subsidiaries (as listed in note 12) are exempt from the requirements of an audit, by virtue of section 479a of the Companies Act 2006, for their individual financial statements as Parkwood Leisure Holdings Limited, the parent undertaking, has provided a guarantee to the relevant subsidiaries under section 479c in respect of the year ended 31 December 2021.

Going concern

The Group's business activities, together with the factors likely to affect its future development are set out in the Strategic and Finance Report on pages 4 to 6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Strategic and Financial Review on pages 4 and 6. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

After making reasonable enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Changes in accounting policies

There have been no changes in accounting policies during the year and accounting policies have been consistently applied with the prior year.

Significant Judgements and Key Sources of Estimation Uncertainty

The preparation of the Group's financial statements in conformity with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed below:

Claims and litigation

Management assess each claim on an incident by incident basis. Where management consider the adverse risk to the group to be remote no provision is recognised in the accounts. In accordance with IAS 37, if the adverse risk is possible or the amount cannot be measured reliably then a contingent liability would be disclosed. If the adverse risk is probable and can be quantified a provision is recognised.

Impairment of intangible assets, property, plant and equipment

Determining whether intangible assets, property, plant or equipment are impaired requires an estimation of the value in use of the cash generating units. The value in use calculation involves an estimation of the future cash flows of cash generating units and also the selection of appropriate discount rates to calculate present values. In support of the assumptions, management uses experience of historic performance and expected contractual cash flows to arrive at future cash flows.

In assessing the quantum of the future cash flows generated from property, plant and equipment, management has made judgements over future cash flows arising from operational improvements.

Dilapidations provision

Management have made judgements over contractual obligations on dilapidation costs for operating leases. The estimate is based on the expected wear and tear of the buildings for fully repairing operating lease contracts.

Management ensure that such buildings are well maintained to reduce the need for dilapidation works when such contracts end. The carrying value of dilapidations provisions at 31 December 2021 amounts to £2,455,000 (2020: £461,000). See note 20 for further details.

Insurance provision

Management have made judgements over the future cash flows used in the estimation of provisions for insurance claims incurred but not reported. In assessing the quantum of future cash flows management have made judgements over the timing and amount of potential claims arising from incidents that occurred during an underwriting year, including claims of which the Group has not yet been notified. The carrying value of the insurance provisions at 31 December 2021 amounts to £214,000 (2020: £1,125,000). See note 20 for further details.

Estimate of contractual obligations on council owned assets

The contractual obligation on replacement of council owned assets within leisure centres operated by the Group is based on management's best estimate after taking into account past experience of the estimated useful economic life of assets and the present operational state of assets within the centres. The estimate is based on expected future prices of assets at the expected replacement dates. The carrying value of the contractual obligation on council owned assets provision is £nil (2020: £758,000). See note 20 for further details.

Onerous contract provisions

Management have made judgements over the future cash flows and discount rates used in the estimation of onerous contract provisions. In assessing the quantum of certain future cash flows, management have made judgements over future cash flows arising from operational improvements. The carrying value of the onerous contract provisions as at 31 December 2021 amounts to £nil (2020: £41,000). See note 20 for further details.

Defined benefit liability

Management have made judgements over certain assumptions in relation to the Group's IAS 19 pension liabilities. See note 19 for further details.

Basis of consolidation

The Group consolidates the financial information of the Company and all of its subsidiary undertakings as at 31 December each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal. Subsidiaries are those entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the statement of profit or loss. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other revenue-related taxes. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

- Service contract revenue is recognised in the periods for which a service is being provided to a customer by reference to the proportion of time for which the service has been provided.
- Revenue from the sale of goods is recognised when the goods are delivered and title passes.

Intangible assets

Goodwill arising on the acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of profit or loss and is not subsequently reversed. On disposal, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Expenditure to acquire intangible assets is capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at their fair value at the date of acquisition.

IFRIC 12 'Service Concession Arrangements'

IFRIC 12 requires assets which are purchased by an operator of a service concession arrangement for use by the public in return for a fee from a public body or for the right to charge the public to use the assets, to be derecognised from property, plant and equipment if the public body to some extent:

- controls or regulates what services the operator must provide with those assets, to whom it must provide them and at what price; and

- controls through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the arrangement.

Instead, the cost of purchasing assets during the contract is accrued for evenly over the life of the contract in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'. If spend on assets is higher than the cumulative provision, a receivable is held on the statement of financial position, being the spend in excess of the cumulative provision. This is currently the status given high spends on refurbishments of leisure centres being a requirement of new operating contracts commenced in recent years.

Provisions are assessed on a contract by contract basis using management's judgement of the expected future spend as at the balance sheet date.

Intangible assets recognised under IFRIC 12

Expenditure on enhancements to council-owned assets in excess of what is contractually required is recognised as an intangible asset in the Group's financial statements and is amortised over the remaining term of the contract at the point the expenditure is incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write-off the cost, less estimated residual values, of all property, plant and equipment over their expected useful lives. Residual values are assessed at least annually. The annual rates generally applicable are:

Plant and equipment	- 12.5% to 25% straight line
Fixtures and fittings	- 10% to 33.3% straight line
Land and buildings	- over the remaining life of the lease or useful life if shorter. Land is not depreciated.

Assets held under hire purchase and finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Impairment

At each balance sheet date the Group reviews the carrying amounts of its property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments

The Group's trade investment in D4E Mulberry Limited is stated at cost less any accumulated impairment losses. On acquisition the carrying value was compared to the expected project return which is equivalent to the fair value of the investment and the difference was considered immaterial. This fair value will not fluctuate annually and therefore the investment is being held at cost in the Group financial statements.

The parent Company's investments in subsidiaries are stated at cost less any accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out (FIFO). Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is recognised in the statement of profit or loss when there is reliable evidence that the Group will not be able to fully collect the amount due. The amount of the provision is the difference between the carrying amount and the recoverable amount being the present value of expected future cash flows, discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditure which is expected to be required to settle the obligation

using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the obligation.

Taxation

Current tax, including UK corporation tax, is provided at amounts which are expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of lease payments represents a constant proportion of the capital balance and is charged to the statement of profit or loss over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the statement of profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Employee benefits

The pension costs for the defined contribution scheme charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately through the statement of comprehensive income. The surplus or deficit is presented within net assets in the statement of financial position. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group. The current service cost, past service cost, interest cost and costs from settlements and curtailments are charged to the statement of profit or loss.

Short term employment benefits

Short-term employee benefits, including holiday entitlement are included in current liabilities at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are paid.

Equity and reserves

Ordinary shares

Ordinary shares are classified as equity.

Ordinary 'B' Shares

Ordinary 'B' shares are classified as equity however they are not entitled to receive dividends.

Retained earnings

Retained earnings represent the cumulative profits and losses of the Group.

2 Business Divisions

The Group is organised into two operating divisions: Leisure and Parkwood Project Management (PPM). These divisions derive their revenue as follows:

Leisure	provision of leisure facility management services to local authorities and provision of private health and fitness clubs.
PPM	operational project, lifecycle and bid management fees

	Total revenue	Profit / (loss) before taxation	Total revenue	Profit / (loss) before taxation
Year ended 31 December	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Leisure	22,166	(66)	18,193	(136)
PPM	1,788	79	1,428	128
All other divisions	892	(245)	1,252	(358)
Intercompany elimination	(837)		(837)	
Total Group	24,009	(232)	20,036	(366)

All other divisions includes the revenues generated by the Broadwater and Cherwell DBOM (design, build, operate and maintain) contracts and expenses of the Group's head office function. Funding for the DBOM companies is provided by the local authority.

All revenues arise within the United Kingdom. The revenue from external customers reported to the Board is measured in a manner consistent with that in the Statement of Profit or Loss.

3 Other operating income

	2021 £'000	2020 £'000
NNDR Linked Grants	483	184
Council COVID Funding	7,396	10,655
Furlough Grants	1,218	3,299
Other Grants	1016	2
	10,113	14,140

4 Loss before Taxation

Loss before taxation is stated after charging:	2021 £'000	2020 £'000
Depreciation (note 11)		
- owned	321	262
- held under finance leases and hire purchase contracts	-	61
Amortisation of intangibles (note 10)	36	95
Movement in provisions (note 20)	1,810	(639)
IFRIC 12 charge	966	723
(Profit) / Loss on sale of property, plant and equipment	-	(101)
Cost of inventories recognised as an expense (note 13)	1,298	885
Staff costs (note 7)	8,638	10,238

	2021 £'000	2020 £'000
Auditors' remuneration		
Fees payable for the audit of the Company's annual financial statements	4	4
Fees payable to the auditors for other services:		
- audit of the Company's subsidiaries, pursuant to legislation	12	12
- independent reviews	1	-
	1	-

5 Finance income

	2021 £'000	2020 £'000
Interest on bank deposits	4	48
Interest receivable from subordinated debt investments	5	5
	9	53

6 Finance costs

	2021 £'000	2020 £'000
Interest charge in respect of finance leases	-	27
Other interest	1	10
	1	37

7 Staff costs

Staff costs for the year (including directors' remuneration) were as follows:

	2021 £'000	2020 £'000
Wages and salaries	7,552	9,037
Social security costs	727	763
Other pension costs (note 19)		
- defined contribution scheme	305	345
- defined benefit scheme	54	93
	8,638	10,238

The average number of full-time equivalents employed in the year were as follows:

	2021	2020
Operations	145	221
Administration and management	175	197
	321	418

The average number of persons employed in the Group during the year was 476 operations and 186 administration and management. (2020: 664 operations and 265 administration and management)

Parkwood Holdings Limited incurred the following costs relating to the remuneration of directors during the year. This amount includes time spent on the business of Alston Investments Holdings Limited (a company under the common control of M P Hewitt) and its subsidiaries.

	2021 £'000	2020 £'000
Emoluments	247	237
Pension costs	-	2
	247	239

No directors accrued retirement benefits under defined contribution pension schemes (2020: 3)
Total remuneration paid within the group to the highest paid directors was as follows:

	2021 £'000	2020 £'000
Emoluments	229	233
	229	233

The Company had no employees during the year and did not incur any staff costs. Directors' remuneration for the Company in the current and prior year was wholly borne by Parkwood Holdings Limited, a subsidiary of the Company.

8 Income tax

The income tax income is based on the profit for the year and comprises:

	2021 £'000	2020 £'000
Current tax		
- Current year	-	(78)
- Adjustments in respect of prior years	128	64
Total current tax	128	(14)
Deferred tax		
- Origination and reversal of temporary timing differences	(196)	19
- Adjustments in respect of prior years	(303)	(14)
Total deferred tax	(499)	5
Total income tax income	(371)	(9)

The standard rate of current tax for the year based on the UK standard rates of corporation tax is 19% (2020: 19%). Changes to the UK standard rate of corporation tax are disclosed in note 21. The current tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
Loss before taxation	(232)	(366)
Tax on profit on ordinary activities at the standard rate	(44)	(70)
Adjustment for tax rate differences	(167)	(3)
Expenditure not deductible for taxation purposes	15	14
Adjustments in respect of prior years for current tax	128	64
Adjustments in respect of prior years for deferred tax	(303)	(14)
Total income tax income	(371)	(9)

9 Parent company results

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of profit of loss in these financial statements. The Company recognised a profit for the year of £124,000 (2020: £2,000 loss).

10 Intangible assets

	2021 £'000	2020 £'000
Cost		
At 1 January	1,457	1,916
Additions	60	-
Disposals	(2)	(459)
At 31 December	1,515	1,457
Accumulated amortisation		
At 1 January	1,262	1,506
Charge for the year	36	95
Disposals	(3)	(339)
Impairment charges	-	-
At 31 December	1,295	1,262
Carrying amount as at 31 December	220	195

Intangible assets recognised in the statement of financial position represent expenditure on council-owned assets beyond contractually required expenditure for repairs and maintenance. Expenditure is amortised over the unexpired portion of the contract term. At 31 December the average contract term was seven years. Amortisation amounting to £36,000 (2020: £95,000) has been charged to administrative expenses.

As at 31 December 2021 the Company had £nil intangible assets (2020: £nil).

11 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2020	3,099	1,450	1,868	6,417
Additions	10	21	178	209
Disposals	-	(130)	(117)	(247)
Re-classifications	-	-	1	1
At 31 December 2020	3,109	1,341	1,930	6,380
Additions	740	102	100	942
Disposals	(104)	(116)	(125)	(345)
Re-classifications	-	-	-	-
At 31 December 2021	3,745	1,327	1,905	6,977
Accumulated depreciation				
At 1 January 2020	2,441	1,235	1,658	5,334
Charge for the year	112	98	113	323
Disposals	1	(118)	(65)	(182)
Impairments	-	-	-	-
At 31 December 2020	2,554	1,215	1,706	5,475
Charge for the year	137	89	95	321
Disposals	(93)	(115)	(124)	(332)
Impairments	-	-	-	-
At 31 December 2021	2,598	1,189	1,677	5,464
Carrying amount				
At 31 December 2021	1,147	138	228	1,513
At 31 December 2020	555	126	224	905

Non-current assets include assets held under finance leases and similar hire purchase contracts as follows:

	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Carrying amount			
At 31 December 2021	-	-	-
At 31 December 2020	121	6	127

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

12 Investments

	2021 £'000	2020 £'000
At 1 January	277	277
Repayment of subordinated debt	(2)	-
At 31 December	<u>275</u>	<u>277</u>

The investment in D4E Mulberry Limited is treated as a trade investment.

The cost and carrying value of investments in subsidiary undertakings held by the Company at 31 December 2021 was £113,000 (2020: £113,000).

As at 31 December 2021 the Company held or controlled 100% of the allotted ordinary share capital of the following principal trading subsidiaries:

Name	Principal activity
Alston Acquisitions Limited**	Holding company
Parkwood Holdings Limited*	Holding company
Parkwood Leisure Investments Limited*	Leisure holding company
Parkwood Leisure Limited	Leisure facilities management
Parkwood Community Leisure Limited*	Leisure facilities management
Parkwood Health & Fitness Limited*	Private leisure facilities management
Parkwood Outdoors Leisure Limited*	Outdoor activities management
Parkwood Creative Limited*	Performing arts management
Parkwood Project Management Limited	PFI project management
Broadwater Leisure Limited*	Project management of a leisure centre
Cherwell Leisure Limited	Project management of a leisure centre
Tiger Bay Aquatics Limited*	Leisure facilities management

* - exempt from audit (note 1).

* - held directly by the Company

All subsidiaries were incorporated and registered in England and Wales.

13 Inventories

	2021 £'000	2020 £'000
Finished goods and goods for re-sale	<u>225</u>	<u>238</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,298,000 (2020: £885,000). No provisions were held against inventories at the year-end (2020: £nil).

As at 31 December 2021 the Company had £nil inventories (2020: £nil).

14 Trade and other receivables

	2021 £'000	2020 £'000
Current		
Trade receivables	3,657	4,156
Amounts owed by related undertakings	93	27
Other receivables	1,574	1,383
Prepayments and accrued income	1,925	540
Social security and other taxes	-	587
	7,249	6,693
Non-current		
Accelerated spend on contractual commitments	1,487	1,988
Amounts owed by related undertakings	2,294	-
	3,781	1,988
Total trade and other receivables	11,030	8,681

All trade and other receivables were receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value. Group receivables days were 104 days (2020: 123 days). A provision of £39,000 (2020: £101,000) was held against receivables. See note 23 for further analysis of ageing and impairment of trade and other receivables.

Accelerated spend on contractual commitments represents the excess of spend on replacement of council-owned assets over and above the estimate of the total contractual spend recognised in the statement of profit or loss to 31 December 2021. Future economic benefits will arise from the continued use of these assets. A balance of £1,487,000 is included within non current assets and relates to this excess of spend on replacement of council owned assets.

At 31 December the Company had receivables of £408,000 (2020: £283,000), all of which related to balances owed by subsidiary undertakings. This balance is due within the next twelve months.

15 Trade and other payables

Trade purchases are made under normal commercial terms. The directors consider that the carrying value of trade and other payables approximates to their fair value.

	2021 £'000	2020 £'000
Current		
Trade payables	611	1,048
Amounts due to related undertakings	136	77
Other payables	2,116	1,263
Provisions (note 20)	124	1,196
Accruals	7,488	4,198
Deferred income	4,704	3,291
Social security and other taxes	307	-
	15,486	11,073

16 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts payable under finance leases:				
Within one year	-	1	-	1
In the second to fifth years	-	-	-	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Less: future finance charges	-	-	-	-
Present value of lease obligations	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

All finance leases were repaid during 2020.

17 Operating lease arrangements

The Group had minimum lease payments under operating leases recognised in income during the year amounting to £557,000 (2020: £328,000).

As at the financial position date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
In one year or less	465	308
In the second to fifth years inclusive	2,329	929
After five years	8,019	979
	<u>10,813</u>	<u>2,216</u>

Operating lease payments represent rentals payable by the Group for certain of its property, photocopiers and motor vehicles. Property rentals are fixed for an average of twenty years, photocopier leases are fixed for an average of five years and motor vehicles an average of four years.

The Company did not have any operating lease arrangements during the year.

18 Contingent liabilities

The Company has guaranteed the bank borrowings of all its subsidiary undertakings and those of Alston Investments Holdings Limited and its subsidiary undertakings, which has the same ultimate controlling party as the Company. At the year end the gross liabilities covered by these guarantees totalled £113,000 (2020: £4,063,000).

At 31 December 2021 the Group guaranteed the contractual obligations in relation to certain Leisure operating contracts. It also guaranteed the contractual obligations relating to certain operating contracts undertaken by subsidiaries of Alston Investments Holdings Limited.

19 Retirement benefit obligations

Defined contribution schemes

The Group operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The total cost charged to income of £305,000 (2020: £345,000) represents contributions payable to the Group's scheme and the National Employment Savings Trust (NEST), at rates specified in the rules of the schemes. As at 31 December 2021, contributions of £47,000 (2020: £32,000) are due in respect of the current reporting year which has not been paid over to the schemes.

Defined benefit scheme

The Group participates in a defined benefit pension scheme for the benefit of employees who were members of the Local Government Pension Scheme prior to their employment by the Group. Benefits under the scheme are provided in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on the members' length of service and their salary upon retirement. The assets of the scheme are administered by trustees in a fund independent from those of the Group and are governed by UK law, as is the nature of the relationship between the

Group and the trustees of the scheme. Responsibility for the governance of the scheme lies jointly with the Group and the scheme's trustees. The scheme commenced on 1 May 1994.

The present value of the defined benefit obligation, the related service cost and past service cost were measured using the projected unit cost method.

Principal actuarial assumptions at the statement of financial position date	2021	2020
	%	%
Rate of increase in salaries	3.10	1.80
Rate of increase in pensions in payment	2.90	2.00
Discount rate	1.90	1.40
Inflation assumptions	3.35	2.80
Expected return on scheme assets	1.90	1.40

The assumed life expectancy for non-manual members currently aged 65 is 21.1 years. For a non-manual member currently aged 45, the life expectancy once they reach age 65 is assumed to be 23.4 years.

The expected return on scheme assets has been set taking into account the expected return on each asset class. Other actuarial assumptions used are as proposed by the actuary taking into account current consensus.

Amounts recognised in the statement of profit or loss	2021	2020
	£'000	£'000
Current service cost	24	33
Administrative cost	20	44
Interest cost	81	109
Expected return on scheme assets	(71)	(93)
Total	54	93

Of the total amount recognised in the statement of profit or loss £29,000 (2020: £41,000) has been recognised under cost of sales and £25,000 (2020: £52,000) has been recognised under administrative expenses.

Actuarial gains and losses have been reported in the statement of comprehensive income.

Amounts recognised in the statement of financial position	2021	2020
	£'000	£'000
Fair value of scheme assets	7,007	5,104
Present value of scheme liabilities	(6,306)	(5,914)
Surplus / (deficit) in the scheme	701	(810)
Related deferred tax (liability) / asset	(175)	138
Net pension asset / (liability)	526	(672)

Reconciliation of the movement in the fair value of assets	2021	2020
	£'000	£'000
At 1 January	5,104	4,238
Expected return on scheme assets	71	93
Actuarial gains on scheme assets	389	357
Contributions by the employer	1,624	529
Contributions from scheme members	4	7
Benefits paid and other net movements	(185)	(120)
As at 31 December	7,007	5,104
Reconciliation of the movement in the present value of liabilities	2021	2020
	£'000	£'000
At 1 January	5,914	5,492
Current service cost	24	33
Administrative cost	20	44
Interest cost	81	109
Contributions from scheme members	4	7
Actuarial losses	448	349
Benefits paid and other net movements	(185)	(120)
As at 31 December	6,306	5,914
Scheme assets	Fair value of assets	
	2021	2020
	£'000	£'000
Equities	2,978	2,169
Corporate bonds	3,461	2,521
Government bonds	568	414
Total fair value of assets	7,007	5,104

Risks

Through the defined benefit pension plan the Group is exposed to the following principal risks:

Asset volatility

The scheme's liabilities are calculated using a discount rate set with reference to yields on high quality corporate bonds. If scheme assets underperform this yield there is a risk that the deficit will increase. The scheme holds a significant proportion of its assets in equities, returns on which are expected to exceed corporate bond yields in the long-term. This strategy does expose the scheme to market volatility risk in the short-term, however the Group believes that the long-term nature of the scheme's liabilities and the level of continuing equity investment is appropriate to the long-term strategy for the scheme.

Changes in bond yields

A decrease in yields on corporate bonds will increase the liabilities of the scheme, however this will be offset by an increase in the value of the scheme's bond holdings.

Inflation risk

The obligations of the scheme are linked to inflation, as such increases in inflation will result in increased liabilities for the scheme.

Life expectancy

The scheme has an obligation to provide benefits for the life of its members, as such an increase in life expectancy will result in an increase in the scheme's obligations. The sensitivity of this risk is increased by inflationary increases in the benefits provided by the scheme.

Sensitivities

Discount rate

The overall effect of a 0.1% decrease in the discount rate would be an increase to the retirement benefit obligation of £106,000. An equivalent increase in the discount rate would result in a similar reduction to the retirement benefit obligation.

Inflation

The overall effect of a 0.1% decrease in expected future inflation would be a decrease to the retirement benefit obligation of £106,000.

Life expectancy

The overall effect of changing the life expectancy assumptions such that members are assumed to live one year longer would be an increase to the retirement benefit obligation of £220,000.

Maturity profile

The weighted average maturity profile of the defined benefit obligation is 22.4 years.

The history of experience adjustments is as follows:

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Present value of benefit obligations	(6,306)	(5,914)	(5,492)	(4,780)	(4,934)
Fair value of scheme assets	7,007	5,104	4,238	3,674	3,456
Deficit in the scheme	701	(810)	(1,254)	(1,106)	(1,478)
Experience adjustments on scheme liabilities	448	349	690	(301)	621
% of scheme liabilities	7.1%	5.9%	12.6%	6.3%	12.6%
Experience adjustments on scheme assets	389	357	257	(256)	187
% of scheme assets	5.6%	7.0%	6.1%	7.0%	5.4%

The estimated amount of contributions expected to be paid in the next financial year is £31,000 (2020: £400,000).

20 Provisions

	2021	2020
	£'000	£'000
At 1 January	2,384	3,214
Charged to the statement of profit or loss	2,056	205
Released to the statement of profit or loss	(41)	(844)
Utilised during the year	(1,729)	(191)
At 31 December	2,670	2,384
Included in:		
Current liabilities	124	1,196
Non-current liabilities	2,546	1,188
	2,670	2,384

During the year a provision of £2,056,000 (2020: £107,000) was charged to the statement of profit or loss reflecting property lease dilapidation. £62,000 (2020: £43,000) was utilised during the year. £nil (2020: £122,000) was released to the profit or loss. A balance of £5,000 (2020: £nil) is expected to be utilised within twelve months and £2,450,000 (2020: £325,000) is expected to be utilised after twelve months.

From 31 October 2012 the Group has adopted a policy of self-insuring certain losses up to £50,000. A provision has been recognised for such claims amounting to a £nil charge to the statement of profit or loss (2020: £98,000). £911,000 (2020: £147,000) was utilised during the year. £nil (2020: £57,000) was released to the profit or loss. Of the balance, £119,000 (2020: £262,000) is expected to be utilised in twelve months or less and £96,000 (2020: £863,000) is expected to be utilised after twelve months.

During the year a future maintenance cost provision of £758,000 was utilised (2020: £nil). A provision in respect of future maintenance costs on council-owned assets of £nil (2020: £758,000) is expected to be utilised in twelve months or less.

During the year a provision of £41,000 (2020: £665,000) was released to the statement of profit of loss relating to obligations to continue performance within a number of loss-making Leisure sites. Of the balance, £nil (2020: £41,000) is expected to be utilised after twelve months.

21 Deferred tax

	2021 £'000	2020 £'000
Asset at 1 January	50	57
Amount charged to profit or loss	499	(6)
Amount credited to other comprehensive income	15	(1)
Asset at 31 December	564	50
Included in:		
Non-current assets	582	98
Non-current liabilities	(18)	(48)
Asset at 31 December	564	50

The rate at which deferred tax is expected to unwind is 25% (2020: 17%) and this has been used to calculate the deferred tax assets and liabilities recognised in the statement of financial position.

During the year the main rate of UK corporation tax was 19%.

The deferred tax asset arises from the following:

	Opening balance £'000	Charged to profit or loss £'000	Charged to equity £'000	Closing balance £'000
Depreciation in excess of capital allowances	(122)	122	-	-
Short-term temporary differences	34	(6)	-	28
Tax on trade losses	-	711	-	711
Tax on provision for retirement benefit obligations	138	(328)	15	(175)
Asset at 31 December 2021	50	499	15	564

The directors consider the recovery of the deferred tax asset to be probable due to forecast future profits. Deferred tax assets have been recognised in respect of temporary differences and tax relating to the Group's pension liability. There is no un-provided deferred tax at the year-end (2020: £nil).

22 Share capital

Share capital represents the nominal value of equity shares.

	2021 £'000	2020 £'000
Authorised, issued and fully paid		
9,990,000 (2020: 9,990,000) ordinary shares of 1p each	100	100
1,110,000 (2020: 1,110,000) ordinary 'B' shares of 1p each	11	11
	111	111

23 Financial instruments

The Group uses financial instruments comprising cash, borrowings, trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to fund ongoing operations.

Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (primarily price risk), credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is undertaken and monitored by the central finance team and the Group's Board of Directors on an ongoing basis.

a) Market risk

The Group is not exposed to any material foreign exchange or interest rate risks. The Group's exposure to interest rate risk is explored at point c) below.

The Group consumes significant amounts of energy in the course of its operations, for example due to heating leisure centre swimming pools and saunas. An increase in energy costs remains a risk to the Group and is actively managed by the Groups Energy Purchasing Committee.

There would be an £84,000 (2020: £62,000) impact on profit before tax if energy costs had changed by 5% with all other variables held constant.

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and credit exposure to customers, including outstanding receivables and committed transactions.

Credit risk is managed at both a Group and at an operational level. For banks and institutions, only independently rated parties with a minimum rating of 'A' are accepted. Credit assessments are carried out by the operating divisions when accepting new customers. The Group benefits from the fact that a percentage of its revenues derive from customers who are local government bodies.

An analysis of the ageing of financial assets held at amortised cost is as follows:

	Not past due	< 30 days	30-60 days	60-90 days	> 90 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2021						
Trade receivables	2,254	288	901	89	125	3,657
Amounts owed by related undertakings	93					93
Other receivables	1,574				-	1,574
Total	3,921	288	901	89	125	5,324
	Not past due	< 30 days	30-60 days	60-90 days	> 90 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2020						
Trade receivables	1,566	210	1,174	325	881	4,156
Amounts owed by related undertakings	27					27
Other receivables	1,383	-	-	-	-	1,383
Total	2,976	210	1,174	325	881	5,566

The directors consider the credit quality of the above financial assets (not past due or impaired) to be good. Directors consider the ageing and renegotiation of terms on the above financial assets when determining whether financial assets are impaired.

The Group's trade investment of £275,000 (2020: £277,000) which is measured at cost falls into Level 3 of the fair value hierarchy, meaning that its fair value is based upon unobservable inputs. The directors consider that the investment meets the business model and contractual cash flow characteristics tests and have decided to measure the asset at amortised cost.

A reconciliation of the movements in the receivables impairment is as follows:

	2021 £'000	2020 £'000
Balance at the beginning of the year	101	143
Impairment losses recognised	23	69
Amounts written off as uncollectible	(25)	(84)
Amounts recovered during the year	(60)	(27)
Balance at the end of the year	39	101

c) Interest rate risk

The Group's outstanding borrowings and obligations under finance leases bear a fixed rate of interest, meaning the Group has no on-going exposure to interest rate risk.

d) Liquidity risk

The Group monitors its available cash resources and aims to keep credit funds available to maintain flexibility for operational and strategic goals.

The table below analyses the Group's financial liabilities, excluding short-term bank borrowings to be settled on a net basis, into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 6 months		6 - 12 months		1 - 5 years	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	611	1,035	-	13	-	-
Amounts owed to related undertakings	136	77	-	-	-	-
Finance lease obligations	-	1	-	-	-	-
Other financial liabilities	9,589	6,657	36	-	103	-
Total	10,336	7,770	36	13	103	-

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by the relevant net assets. Net debt is calculated as bank loans and overdrafts added to finance lease creditors less cash and cash equivalents. The relevant net assets are as presented in the consolidated statement of financial position.

Significant accounting policies

Details of significant accounting policies and methods adopted are disclosed in the accounting policies (note 1). These include the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument.

Categories of financial assets and liabilities

Carrying value	2021 £'000	2020 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	10,253	9,334
Financial liabilities		
Held at amortised cost	10,475	7,783

24 Notes to the consolidated statement of cash flows

Operating cash flows

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loss before taxation	(232)	(366)	-	-
Investment income recognised in profit or loss	(9)	(53)	(126)	-
Finance costs recognised in profit or loss	1	37	-	-
Depreciation of property, plant and equipment	321	323	-	-
Disposal proceeds on property, plant & equipment	12	284	-	-
Amortisation of intangible assets	36	95	-	-
Impairment of intangible assets	-	-	-	-
Profit on the sale of property, plant and equipment	-	(101)	-	-
Decrease in provisions	(1,284)	(1,266)	-	-
Operating cash flows before movements in working capital	(1,155)	(1,047)	(126)	-
Decrease in inventories	13	146	-	-
(Increase) / Decrease in receivables	(272)	1,154	-	(1)
Increase / (decrease) in payables	5,485	(6,632)	-	-
Income taxes received / (paid)	160	(109)	(1)	(3)
Net cash flow generated from / (used in) operating activities	4,231	(6,488)	(127)	(4)

25 Reconciliation of net cash flow movement to net debt

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Increase / (Decrease) in cash in the year	1,161	(6,464)	(1)	(4)
Cash inflow from changes in debt and lease financing	1	618	-	-
Change in net debt resulting from cash flows	1,162	(5,846)	(1)	(4)
New finance leases	-	(1)	-	-
Decrease / (Increase) in net debt	1,162	(5,847)	(1)	(4)
Net cash at 1 January	3,757	9,604	53	57
Net cash at 31 December	4,919	3,757	52	53

26 Analysis of net cash

	At 1 January	Cash flow	Other non-cash changes	At 31 December
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,758	1,161	-	4,919
Obligations under finance leases	(1)	1	-	-
Total net cash	3,757	1,162	-	4,919

27 Related party transactions

Transactions between the Group, the Company and its related parties are disclosed below. Balances are payable in cash under normal commercial terms and are not subject to guarantees or other security unless noted otherwise. No amounts receivable have been impaired (2020: £nil).

Transactions with related parties not under common control

- During the year, interest on subordinated debt of £5,242 (2020: £5,321) was received by Parkwood Project Management Limited from D4E Mulberry Limited, a company in which the Group retains a 25% shareholding. A balance of £1,281 was outstanding at 31 December 2021 (2020: £1,319) for interest receivable.
- Parkwood Leisure Limited charged management fees of £856,000 to D4E Mulberry during the year (2020: £764,000) and a balance of £nil (2020: £nil) was outstanding at the year end.
- Parkwood Leisure Limited received utility capping of £94,127 (2020: £90,000) and paid deductions of £83 (2020: £3,000) from/to D4E Mulberry Limited during the year. At the year-end there was a balance due of £nil (2020: £nil).
- During the year the group made purchases of £nil (2020: £2,000) from William Heath & Co, a business E R Lee is a partner.
- During the year a loan of £217,171 (2020: £nil) was made from Parkwood Holdings Limited to Coblands Garden Centre Limited, of which Mrs Hewitt is a director. A balance of £217,171 was outstanding at the end of the year and is held in non-current assets (2020: £nil).

Transactions with related parties under common control

- During the year loan payments amounting to £1,726,876 were made from Parkwood Holdings Limited to Alston Investments Limited (2020: £1,726,876 repayment to Parkwood Holdings Limited). A balance of £1,726,876 (2020: £nil) was outstanding at the year-end and is held in non-current assets.
- During the year Parkwood Holdings Limited charged management fees totalling £540,423 to the Group's operating subsidiaries (2020: £409,740). There were no balances outstanding relating to these charges at the year end.
- During the year Parkwood Holdings Limited recharged centrally negotiated insurance costs totalling £435,775 (2020: £485,811) to the Group's operating subsidiaries. It also made a charge of £916,600 (2020: £863,539) to operating subsidiaries of Alston Investments Holdings Limited. At the year end a balance of £nil was due from the Group's operating subsidiaries or the operating subsidiaries of the Alston Group (2020: £nil).
- During the year Parkwood Leisure Limited was charged rent by Alston Properties Limited amounting to £210,615 (2020: £nil). No balance was outstanding at the year-end (2020: £nil).
- During the year Parkwood Holdings Limited was charged rent by Alston Properties Limited amounting to £26,604 (2020: £26,604). No balance was outstanding at the year-end (2020: £nil).
- During the year the Group's operating subsidiaries were charged buildings and maintenance fees by Glendale Grounds Management Limited totalling £57,752 (2020: £65,997). A balance of £13,367 (2020: £2,774) was owed by the Group's operating subsidiaries to Glendale Grounds Management Limited.
- During the year the Group's operating subsidiaries were charged grounds maintenance fees by Glendale Countryside Limited totalling £469,552 (2020: £350,549). A balance of £36,989 (2020: £13,042) was owed by the Group's operating subsidiaries to Glendale Countryside Limited.
- During the year the Group's operating subsidiaries were charged £nil (2020: £936) for plants by Glendale Horticulture Limited. A balance of £nil (2020: £nil) was outstanding at year-end.
- During the year a loan payment of £350,000 was made to Alston Properties Limited by Parkwood Holdings Limited (2020: £350,000 repayment to Parkwood Holdings Limited). A balance of £350,000 (2020: £nil) is held in non-current assets.
- At the year-end the Group's operating subsidiaries were owed £89,480 (2020: £27,289) by the subsidiaries of Alston Investments Holdings Limited. This balance is held in trade and other receivables.
- During the year Parkwood Leisure Limited was charged £31,407 by Glendale Golf Limited for management fees (2020: £79,000). At the year-end Parkwood Leisure Limited owed £82,413 (2020: £60,913) to Glendale Golf Limited. This balance is held in current trade and other payables.

Remuneration of key management personnel

The remuneration of the directors of the Company's subsidiaries, who are the key management personnel of the Group, is set out below:

	2021 £	2020 £
Short-term employee benefits	302,847	526,596
Post-employment benefits	3,755	37,666
	306,602	564,262

Ultimate controlling party

The ultimate controlling party of the Company is M P Hewitt, the majority shareholder.