

Parkwood Leisure Holdings Limited

Annual Report and Financial Statements 2022



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Company Information

Directors:	M P Hewitt M J Quayle G A Hall
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 2022.

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 £37.1 million (2021: £24.0 million) and reports profit before tax of £2.1 million (2021: £232,000 loss).

Parkwood Leisure Limited's order book was £123 million at year end (2021: £153 million).

The Group's Leisure division derives its revenues from the management of leisure facilities and theatres. 2022 was dominated by several key issues, including post pandemic recovery, rising inflation, extreme utility market volatility and an increasing cost of living crisis. That said, Parkwood Leisure's strategic focus, key decision making and strong policy on management of risk and governance ensured they managed these challenges robustly. Subsequently results were positive compared to others in the sector with a profit before tax of £1.8 million (2021: loss before tax of £0.5 million). The Company generated revenues of £31.3 million (2021: £20.4 million), which represents an increase of £10.9 million. The Company also received grants totalling £0.2 million (2021: £2.2 million) and Local Authority support of £2.8 million (2021: £7.4 million).

As at 31 December 2022 Parkwood Leisure's net assets were £4.2 million (2021: £2.73 million) and cash and cash equivalents were £4.20 million cash (2021: £1.79 million), the £2.41 million movement being a direct result of the positive working capital impact on the business as it continues to recover from the Covid-19 pandemic.

Parkwood Leisure's core values of Driving Innovation, Nurturing People and Achieving Excellence (DNA) are at the heart of the business. They remain focused on creating strong, lasting partnerships, built on a foundation of efficient and effective delivery, to encourage happier and healthier lifestyles. The businesses collaborative approach is based on honesty and transparency, working closely with local authorities to deliver against their own corporate, commercial and social objectives. These principles have helped drive post covid recovery and were recognised at the UKActive Awards in 2022 where they were awarded 'Outstanding Organisation of the Year'.

Parkwood Leisure continued to work collaboratively and in a true sense of partnership with its Local Authority clients and whilst several other operators in the market were not reopening facilities in a timely fashion or indeed closing facilities they were able to open all facilities and ensure local community needs were delivered.

Despite ending its 15 year partnership with Kettering Borough Council in 2022, Parkwood Leisure have agreed new and extended contracts with Local Authority partners. These included a five year extension at Vale of Glamorgan, which is delivered in partnership with Legacy Leisure Limited and commencement of the new Tarka Leisure Centre, through a £16m Design, Build, Operate and Maintain agreement on behalf of North Devon Council.

The unprecedented impact of Covid-19 continued to have a profound impact on customer participation especially in the first quarter of the year, where staff and customer isolations were still high. During the period Parkwood Leisure retained strict hygiene and safety procedures throughout the facilities, which was well received by Local Authority partners and users.

A strategic decision was taken to drive volume recovery in health & fitness memberships through strong discounting campaigns. This approach bore fruit, with performance at the end of the year delivering 87% recovery against pre covid levels. In regards to swimming lessons, the recovery was incredible. Initially it was felt the pent up demand for lessons was the major contributing factor, however Parkwood Leisure's adoption of the Customer Relation Management (CRM) system has started to illustrate that demand for swimming lessons was always there but not necessarily captured and executed effectively.

Throughout 2022 there was increasing volatility in the utility markets, which came to a crescendo on 22nd August where markets reached eye watering highs. Thankfully the Government intervened with the Energy Bill Relief Scheme (EBRS). Parkwood Leisure was fortunately insulated until August through strategic hedging purchases in prior years, however the final quarter of the year saw the new 'cap rates' applied, dramatically increasing the cost of electricity and gas purchases throughout the estate.

Long before the EBRS, a working Group including the Managing Director, Commercial & Finance Director and Operations Director had been established to introduce new operational measures and meet fortnightly. Key developments in the year included Gas & Electricity electronic loggers introduced across the core estate to ensure hourly digital monitoring of consumption, a new digital reporting platform introduced to ensure more robust policing of consumption management, improved training and guidance for employees on how to effectively manage consumption reduction and the development of a renewable technology and return on investment guidance document. The influence of this strategic approach to energy management saw a reduction in electricity and gas consumption across the estate, against pre-covid levels.

Health & Safety management remains a core focus. Parkwood Leisure continues to maintain its ISO45001 status throughout the estate, this is the foremost ISO standard for management systems of occupational health and safety and they remain one of the only operators to maintain this prestigious status.

Parkwood Leisure's policy on traditional facility management opportunities will continue to be based on sound due diligence, including robust risk 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

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 are an experienced, innovative, family-owned business, who remain committed to providing bespoke services in the communities that they serve. The business continues to not look to drive its corporate identity; instead, they market the facilities and the activities within the local communities that they operate in.

Parkwood Leisure's mission is to create strong, lasting partnerships, built on a foundation of efficient and effective delivery, to encourage happier and healthier lifestyles. Their collaborative approach is based on honesty and transparency, working closely with local authorities to deliver against their own corporate, commercial and social objectives.

These core principles remain at the heart of what Parkwood Leisure do and are the foundation by which they deliver the services on behalf of its partners.

Finance review

Parkwood Group results and dividends

Revenue for the year increased to £37.1 million (2021: £24.0 million). The profit before tax for the year was £2.1 million compared to a loss of £232,000 in the prior year.

The group did not pay a dividend in the year (2021: £nil).

Taxation

The Group's tax expense was £418,000 (2021: £371,000 tax income).

After taxation the Group recorded a profit for the year of £1.7 million (2021: £0.1 million).

Cash flow

The Group generated net cash from operating activities of £6.4 million (2021: £4.2 million). This represents an inflow in working capital.

The cash used in investing activities of £1.1 million (2021: £1.0 million) represents cash invested in property, plant and equipment and intangibles.

The Group incurred expenditure on replacing council owned assets of £0.1 million (2021: £0.5 million) which is disclosed within operating activities. In accordance with IFRIC 12, expenditure of £nil (2021: £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 £3,000 (2021: £2.1 million) which represents a interest paid (2021: £2.1 million outflow relating to payment of loan to related undertaking)

The total cash inflow for the year was £5.2 million (2021: £1.2 million) resulting in a year end cash and cash equivalents balance of £10.2 million (2021: £5.0 million).

Balance sheet

Net assets increased to £3.2 million (2021: £1.4 million).

At 31 December 2022 the Group had a total forward order book of £128 million (2021: £155 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 measured on an IAS 19 basis is reported at a £0.8 million surplus as at 31 December 2022 (2021: £0.7 million).

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 August 2023

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2022.

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 22 to the financial statements.

Results and dividends

The Group's profit after tax for the year amounted to £1.7 million (2021: £0.1 million). No dividends were paid during the year (2021: £nil).

Political and charitable donations

The Group made charitable donations of £592 during the year (2021: £nil). The Group made no political donations during the year (2021: £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

Other changes in directors holding office are as follows;

- Edwin Lee - resigned 1st February 2023
- Glen Hall - appointed 1st February 2023

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 with the exception of G A Hall who receives remuneration from Parkwood Leisure 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)

Methodology

Energy data has been collected from supplier invoices agreed and paid within the reporting year. Any energy that has been re-billed to Parkwood Leisure has been included as per the SECR guidance. F Gas data has been taken from F Gas approved contractor service reports, removing any recovered and destroyed gases. Transport data has been taken from a collection of supplier invoices, fuel cards and expense reports.

We have used the Government's greenhouse gas emission conversion factors for 2022 to calculate scope 1 and scope 2 emissions and to convert our diesel, petrol, gas oil, LPG and burning oil from litres to MWh. These are all referred to as 'other fuels' for the purpose of this report. Corresponding historic conversion factors have been used to calculate historic emissions.

It should be noted that 2020 and 2021 data from previous reports have been revised in-line with SECR guidance.

Intensity Metrics

Parkwood Leisure portfolio has changed since 2019 and therefore to de-couple emission changes from business changes we have employed two energy intensity metrics:

- Kgs CO2e per m2 floor area
- Kgs CO2e per £ of business revenue generated (excluding management fees)

Our year on year targets are currently to improve upon the previous year's emissions, using the above energy intensity metrics to benchmark emissions against the previous year.

Energy Consumption

	Scope 1				Scope 2		
	Natural Gas (MWh)	Transport (MWh)	Other Fuels (MWh)	F Gases (MWh)	Electricity (MWh)	Transport (MWh)	Heat (MWh)
2022	13,357	80	307	N/A	6,024	0	0
2021	13,265	202	177	N/A	5,685	0	0
2020	10,035	982	246	N/A	4,033	0	0
2019	15,395	92	355	N/A	6,165	0	0

Scope 1 and 2 CO2e Emissions

	Scope 1				Scope 2		
	Natural Gas (Tonnes) CO2e	Scope 1 Transport (Tonnes)	Other Fuels (Tonnes)	F Gas (Tonnes) CO2e	Electricity (Tonnes) CO2e	Scope 2 Transport (Tonnes)	Heat (Tonnes) CO2e
2022	2,404	19	12	46	1,165	0	0
2021	2,430	49	4	0	1,207	0	0
2020	1,845	233	6	0	940	0	0
2019	2,830	22	14	0	1,576	0	0

Scope 1 and 2 CO2e Emissions Against Intensity Metrics

	Scope 1					Scope 2				Total GHG		
	Energy MWh	F Gas (Tonnes) CO2e	CO2e (Tonnes)	kg CO2e per m2	kg CO2e per £ Revenue	Energy MWh	CO2e (Tonnes)	kg CO2e per m2	kg CO2e per £ Revenue	CO2e (Tonnes)	kg CO2e per m2	kg CO2e per £ Revenue
2022	13,744	46	2,482	32.74	0.155	6,024	1,165	15.37	0.073	3,647	48.10	0.228
2021	13,644	0	2,483	27.82	0.241	5,685	1,207	13.52	0.117	3,690	41.34	0.358
2020	11,263	0	2,084	19.70	0.322	4,033	940	8.89	0.145	3,024	28.59	0.468
2019	15,842	0	2,866	23.06	0.155	6,165	1,576	12.68	0.085	4,442	35.73	0.241

Energy Efficiency Action Taken

2022 saw high turnover of the individuals responsible for managing and monitoring energy and carbon emissions for the wider portfolio. Despite this, there was investment into the energy efficiency of buildings- primarily the continued roll-out of LED lighting and improved monitoring through the roll-out of gas AMR. The largest impact on energy efficiency was through direct site engagement to improve consumption during out of hours periods at the centres and improved controls of large mechanical equipment such as pool circulation pumps, air handling units and heating pumps.

In October 2022, Parkwood Leisure developed its energy strategy which highlights how the business will continue to improve on energy consumption and carbon emissions through identification and prioritisation of projects through:

- Surveys completed across priority sites. These will be raised ad-hoc when it is deemed appropriate.
- Service reports generated from pre-planned maintenance.
- Audits completed by the energy team.
- Projects or opportunities have been raised in the open log and deemed suitable for investigation by the energy team.

The outputs from this will be used to make decisions on capital spend in 2023 and beyond, focusing on the below technologies:

- Pipework lagging/ installation of jackets
- Building Management System optimisation
- Heating, ventilation and air conditioning controls
- General repair
- Pool covers
- Lighting upgrades
- Solar PV Installation
- Destratification fan technology
- Variable speed drive installation
- Water efficiency schemes.

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 2022 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 10 is approved by the Board of Directors and is signed on behalf of the Board.



M J Quayle, Director
17 August 2023

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 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

- adequate accounting records have not been kept 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 director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing 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 director either intends to liquidate the company or to cease operations, or has 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.

- an understanding of the risk assessment process (including the assessment of the risk of fraud) adopted by the Board is obtained and the 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

The information obtained through the assessment to risk procedures is reviewed and the following work undertaken:

- processes to test the outcomes of our assessment include 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 company and group is obtained together with knowledge of the procedures put in place by the company and group in order to comply with the same

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

Granta Lodge
71 Graham Road
Malvern
Worcestershire
WR14 2JS

Date: 17th August 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue		37,141	24,009
Cost of sales		(29,723)	(25,242)
Gross profit / (loss)		7,418	(1,233)
Administrative expenses		(8,383)	(9,120)
Other operating income	3	3,042	10,113
Operating profit / (loss)		2,077	(240)
Finance income	5	79	9
Finance costs	6	(3)	(1)
Profit / (Loss) before taxation		2,153	(232)
Income tax (expense) / income	8	(418)	371
Profit for the year		1,735	139

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the year attributable to owners of the parent		1,735	139
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain / (loss) on defined benefit pension scheme	18	126	(59)
Deferred tax relating to components of other comprehensive (expense) / income		(32)	15
Other comprehensive income / (expense) for the year, net of tax		94	(44)
Total comprehensive income		1,829	95

Statements of Financial Position

As at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	485	220	-	-
Property, plant and equipment	11	2,042	1,513	-	-
Investments	12	274	275	113	113
Trade and other receivables	14	2,658	3,781	-	-
Deferred tax asset	20	378	582	-	-
Total non-current assets		5,837	6,371	113	113
Current assets					
Inventories	13	280	225	-	-
Trade and other receivables	14	6,269	7,249	408	408
Income tax receivable		739	-	-	-
Cash and cash equivalents		10,167	4,929	52	52
Total current assets		17,455	12,403	460	460
Total assets		23,292	18,774	573	573
Current liabilities					
Trade and other payables	15	19,388	15,486	2	-
Total current liabilities		19,388	15,486	2	-
Non-current liabilities					
Retirement benefit obligations	18	(833)	(701)	-	-
Long-term provisions	19	1,472	2,546	-	-
Deferred tax liability	20	11	18	-	-
Total non-current liabilities		650	1,863	-	-
Total liabilities		20,038	17,349	2	-
Net assets		3,254	1,425	571	573

Statements of Financial Position

As at 31 December 2022

		2022	Group	2022	Company
	Note	£'000	2021 £'000	£'000	2021 £'000
Equity					
Share capital	21	111	111	111	111
Retained earnings		3,143	1,314	460	462
Total equity and reserves		3,254	1,425	571	573

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's loss for the year was £2,000 (2021: £124,000 profit)

The notes on pages 19 to 38 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 August 2023 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 2022

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021		111	1,219	1,330
Profit for the year		-	139	139
Other comprehensive income				
Actuarial profit on defined benefit pension scheme	18	-	(59)	(59)
Deferred tax relating to other comprehensive expense	20	-	15	15
Total comprehensive expense for the year		-	95	95
Balance at 31 December 2021		111	1,314	1,425
Profit for the year		-	1,735	1,735
Other comprehensive income				
Actuarial loss on defined benefit pension scheme	18	-	126	126
Deferred tax relating to other comprehensive income	20	-	(32)	(32)
Total comprehensive income for the year		-	1,829	1,829
Balance at 31 December 2022		111	3,143	3,254

Company Statement of Changes in Equity

As at 31 December 2022

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	111	338	449
Profit for the year	-	124	124
Balance at 31 December 2021	111	462	573
Loss for the year	-	(2)	(2)
Balance at 31 December 2022	111	460	571

Statements of Cash Flows

For the year ended 31 December 2022

			Group		Company
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
Net cash flow generated from / (used in) operating activities	23	6,389	4,231	-	(127)
Cash flow from investing activities					
Interest received		78	9	-	-
Dividends received		-	-	-	126
Subordinated loan repaid		1	2	-	-
Purchase of property, plant and equipment		(926)	(942)	-	-
Purchase of intangibles		(302)	(60)	-	-
Net cash flow (used in) / generated from investing activities		(1,149)	(991)	-	126
Cash flow from financing activities					
Interest paid		(3)	(1)	-	-
Payment of loan to related undertaking		-	(2,077)	-	-
Repayment of obligations under finance leases		-	(1)	-	-
Net cash flow used in financing activities		(3)	(2,079)	-	-
Net increase / (decrease) in cash and cash equivalents	24	5,237	1,161	-	(1)
Cash and cash equivalents at beginning of the year		4,929	3,768	52	53
Cash and cash equivalents at end of the year		10,166	4,929	52	52

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 2022, 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 and 394a 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 2022.

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 22 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 2022 amounts to £1,538,000 (2021: £2,455,000). See note 19 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 2022 amounts to £372,000 (2021: £215,000). See note 19 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 £1,022,000 (2021: £nil). See note 19 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 2022 amounts to £608,000 (2021: £nil). See note 19 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 18 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	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Leisure	34,950	1,755	22,166	(66)
PPM	2,280	132	1,788	79
All other divisions	790	266	892	(245)
Intercompany elimination	(879)		(837)	
Total Group	37,141	2,153	24,009	(232)

All other divisions include the revenues generated by the Cherwell DBOM (design, build, operate and maintain) contract and expenses of the Group's head office function. Funding for the DBOM company 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

	2022	2021
	£'000	£'000
NNDR Linked Grants	-	483
Council COVID Funding	2,761	7,396
Furlough Grants	-	1,218
Other Grants	281	1,016
	3,042	10,113

4 Profit/ (Loss) before Taxation

Profit / (Loss) before taxation is stated after charging:	2022	2021
	£'000	£'000
Depreciation (note 11)		
- owned	394	321
Amortisation of intangibles (note 10)	37	36
Movement in provisions (note 19)	479	1,810
IFRIC 12 charge	1,278	966
Loss on sale of property, plant and equipment	4	-
Cost of inventories recognised as an expense (note 13)	2,008	1,298
Staff costs (note 7)	10,032	8,638

	2022 £'000	2021 £'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

5 Finance income

	2022 £'000	2021 £'000
Interest on bank deposits	75	4
Interest receivable from subordinated debt investments	4	5
Total finance income	79	9

6 Finance costs

	2022 £'000	2021 £'000
Other interest	3	1
Total finance costs	3	1

7 Staff costs

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

	2022 £'000	2021 £'000
Wages and salaries	8,817	7,552
Social security costs	896	727
Other pension costs (note 18)		
- defined contribution scheme	316	305
- defined benefit scheme	3	54
Total staff costs	10,032	8,638

	2022	2021
Operations	162	145
Administration and management	197	175
	359	320

The average number of persons employed in the Group during the year was 501 operations and 212 administration and management. (2021: 476 operations and 186 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.

	2022	2021
	£'000	£'000
Emoluments	208	247
	208	247

No directors accrued retirement benefits under defined contribution pension schemes (2021: 0)

Total remuneration paid within the group to the highest paid directors was as follows:

	2022	2021
	£'000	£'000
Emoluments	190	229
	190	229

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 expense / (income) is based on the profit for the year and comprises:

	2022	2021
	£'000	£'000
<i>Current tax</i>		
- Current year	213	-
- Adjustments in respect of prior years	38	128
Total current tax	251	128
<i>Deferred tax</i>		
- Origination and reversal of temporary timing differences	257	(196)
- Adjustments in respect of prior years	(90)	(303)
Total deferred tax	167	(499)
Total income tax expense / (income)	418	(371)

The standard rate of current tax for the year based on the UK standard rates of corporation tax is 19% (2021: 19%). Changes to the UK standard rate of corporation tax are disclosed in note 20. The current tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£'000	£'000
Profit / (Loss) before taxation	2,153	(232)
Tax on profit on ordinary activities at the standard rate	409	(44)
Enhanced capital allowances	(49)	-
Adjustment for tax rate differences	64	(167)
Expenditure not deductible for taxation purposes	46	15
Adjustments in respect of prior years for current tax	38	128
Adjustments in respect of prior years for deferred tax	(90)	(303)
Total income tax charge / (income)	418	(371)

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 or loss in these financial statements. The Company recognised a loss for the year of £2,000 (2021: £124,000 profit).

10 Intangible assets

	2022	2021
	£'000	£'000
Cost		
At 1 January	1,515	1,457
Additions	302	60
Disposals	-	(2)
At 31 December	1,817	1,515
Accumulated amortisation		
At 1 January	1,295	1,262
Charge for the year	37	36
Disposals	-	(3)
At 31 December	1,332	1,295
Carrying amount as at 31 December	485	220

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 £37,000 (2021: £36,000) has been charged to administrative expenses.

As at 31 December 2022 the Company had £nil intangible assets (2021: £nil).

11 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2021	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
Additions	251	314	361	926
Disposals	-	(21)	(32)	(53)
Re-classifications	-	-	-	-
At 31 December 2022	3,996	1,620	2,234	7,850
Accumulated depreciation				
At 1 January 2021	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
Charge for the year	208	81	105	394
Disposals	-	(20)	(30)	(50)
Impairments	-	-	-	-
At 31 December 2022	2,806	1,250	1,752	5,808
Carrying amount				
At 31 December 2022	1,190	370	482	2,042
At 31 December 2021	1,147	138	228	1,513

12 Investments

	2022 £'000	2021 £'000
At 1 January	275	277
Repayment of subordinated debt	(1)	(2)
At 31 December	<u>274</u>	<u>275</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 2022 was £113,000 (2021: £113,000).

As at 31 December 2022 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
CCL Leisure 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

	2022 £'000	2021 £'000
Finished goods and goods for re-sale	<u>280</u>	<u>225</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to £2,008,000 (2021: £1,298,000). No provisions were held against inventories at the year-end (2021: £nil).

As at 31 December 2022 the Company had £nil inventories (2021: £nil).

14 Trade and other receivables

	2022 £'000	2021 £'000
Current		
Trade receivables	3,093	3,657
Amounts owed by related undertakings	248	93
Other receivables	1,985	1,574
Prepayments and accrued income	943	1,925
	6,269	7,249
Non-current		
Accelerated spend on contractual commitments	581	1,487
Amounts owed by related undertakings	2,077	2,294
	2,658	3,781
Total trade and other receivables	8,927	11,030

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 66 days (2021: 104 days). A provision of £14,000 (2021: £39,000) was held against receivables. See note 22 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 2022. Future economic benefits will arise from the continued use of these assets. A balance of £581,000 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 (2021: £408,000), 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.

	2022 £'000	2021 £'000
Current		
Trade payables	1,051	611
Amounts due to related undertakings	314	136
Other payables	2,519	2,116
Provisions (note 19)	1,046	124
Accruals	8,852	7,488
Deferred income	5,194	4,704
Social security and other taxes	412	307
	19,388	15,486

16 Operating lease arrangements

The Group had minimum lease payments under operating leases recognised in income during the year amounting to £475,000 (2021: £557,000).

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:

	2022 £'000	2021 £'000
In one year or less	525	465
In the second to fifth years inclusive	2,270	2,329
After five years	3,282	8,019
	6,077	10,813

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.

17 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 (2021: £113,000).

At 31 December 2022 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.

18 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 £316,000 (2021: £305,000) 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 2022, contributions of £37,000 (2021: £47,000) 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	2022 %	2021 %
Rate of increase in salaries	2.85	3.10
Rate of increase in pensions in payment	2.85	2.90
Discount rate	4.60	1.90
Inflation assumptions	3.25	3.35
Expected return on scheme assets	4.60	1.90

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	2022	2021
	£'000	£'000
Current service cost	9	24
Administrative cost	10	20
Interest cost	117	81
Expected return on scheme assets	(133)	(71)
Total	3	54

Of the total amount recognised in the statement of profit or loss £1,000 (2021: £29,000) has been recognised under cost of sales and £2,000 (2021: £25,000) 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	2022	2021
	£'000	£'000
Fair value of scheme assets	4,460	7,007
Present value of scheme liabilities	(3,627)	(6,306)
Surplus in the scheme	833	701
Related deferred tax liability	(208)	(175)
Net pension asset	625	526

Reconciliation of the movement in the fair value of assets	2022	2021
	£'000	£'000
At 1 January	7,007	5,104
Expected return on scheme assets	133	71
Actuarial gains on scheme assets	(2,503)	389
Contributions by the employer	9	1,624
Contributions from scheme members	2	4
Benefits paid and other net movements	(188)	(185)
As at 31 December	4,460	7,007

Reconciliation of the movement in the present value of liabilities	2022	2021
	£'000	£'000
At 1 January	6,306	5,914
Current service cost	9	24
Administrative cost	10	20
Interest cost	117	81
Contributions from scheme members	2	4
Actuarial losses	(2,629)	448
Benefits paid and other net movements	(188)	(185)
As at 31 December	3,627	6,306

Scheme assets	Fair value of assets	
	2022 £'000	2021 £'000
Equities	1,896	2,978
Corporate bonds	2,203	3,461
Government bonds	361	568
Total fair value of assets	4,460	7,007

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 surplus of £95,000. An equivalent increase in the discount rate would result in a similar reduction to the retirement benefit surplus.

Inflation

The overall effect of a 0.1% decrease in expected future inflation would be a decrease to the retirement benefit surplus of £95,000.

The history of experience adjustments is as follows:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of benefit obligations	(3,627)	(6,306)	(5,914)	(5,492)	(4,780)
Fair value of scheme assets	4,460	7,007	5,104	4,238	3,674
Deficit in the scheme	833	701	(810)	(1,254)	(1,106)
Experience adjustments on scheme liabilities	(2,629)	448	349	690	(301)
% of scheme liabilities	72.5%	7.1%	5.9%	12.6%	6.3%
Experience adjustments on scheme assets	(2,503)	389	357	257	(256)
% of scheme assets	56.1%	5.6%	7.0%	6.1%	7.0%

The estimated amount of contributions expected to be paid in the next financial year is £7,000 (2021: £31,000).

19 Provisions

	2022 £'000	2021 £'000
At 1 January	2,670	2,384
Charged to the statement of profit or loss	979	2,056
Released to the statement of profit or loss	(500)	(41)
Utilised during the year	(631)	(1,729)
At 31 December	2,518	2,670
Included in:		
Current liabilities	1,046	124
Non-current liabilities	1,472	2,546
	2,518	2,670

During the year a provision of £181,000 (2021: £2,056,000) was charged to the statement of profit or loss reflecting property lease dilapidation. £598,000 (2021: £62,000) was utilised during the year. £500,000 (2021: £nil) was released to the profit or loss. A balance of £583,000 (2021: £5,000) is expected to be utilised within twelve months and £955,000 (2021: £2,450,000) 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 £190,000 charge to the statement of profit or loss (2021: £nil). £33,000 (2021: £911,000) was utilised during the year. Of the balance, £179,000 (2021: £119,000) is expected to be utilised in twelve months or less and £193,000 (2021: £96,000) is expected to be utilised after twelve months.

During the year a provision of £608,000 (2021: £nil) was charged to the statement of profit or loss relating to obligations to continue performance within a number of loss-making Leisure sites. During the year a provision of £nil (2021: £41,000) was released to the statement of profit or loss. A balance of £284,000 (2021: £nil) is expected to be utilised within twelve months and £324,000 (2021: £nil) is expected to be utilised after twelve months.

20 Deferred tax

	2022 £'000	2021 £'000
Asset at 1 January	564	50
Amount charged to profit or loss	(165)	499
Amount credited to other comprehensive income	(32)	15
Asset at 31 December	367	564
Included in:		
Non-current assets	378	582
Non-current liabilities	(11)	(18)
Asset at 31 December	367	564

The rate at which deferred tax is expected to unwind is 25% (2021: 25%) 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	-	(227)	-	(227)
Short-term temporary differences	28	48	-	76
Tax on trade losses	711	14	-	725
Tax on provision for retirement benefit obligations	(175)	(0)	(32)	(207)
Asset at 31 December 2022	564	(165)	(32)	367

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 (2021: £nil).

21 Share capital

Share capital represents the nominal value of equity shares.

	2022 £'000	2021 £'000
Authorised, issued and fully paid		
9,990,000 (2021: 9,990,000) ordinary shares of 1p each	100	100
1,110,000 (2021: 1,110,000) ordinary 'B' shares of 1p each	11	11
	111	111

22 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 £77,000 (2021: £84,000) 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
2022						
Trade receivables	2,442	395	194	58	4	3,093
Amounts owed by related undertakings	248					248
Other receivables	1,838				-	1,838
Total	4,528	395	194	58	4	5,179
	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

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 £274,000 (2021: £275,000) 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:

	2022	2021
	£'000	£'000
Balance at the beginning of the year	39	101
Impairment losses recognised	12	23
Amounts written off as uncollectible	(3)	(25)
Amounts recovered during the year	(34)	(60)
Balance at the end of the year	14	39

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	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	1,051	611	-	-	-	-
Amounts owed to related undertakings	314	136	-	-	-	-
Finance lease obligations	-	-	-	-	-	-
Other financial liabilities	12,405	9,589	9	36	3	103
Total	13,770	10,336	9	36	3	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	2022	2021
	£'000	£'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	15,346	10,253
Financial liabilities		
Held at amortised cost	13,782	10,475

23 Notes to the consolidated statement of cash flows

Operating cash flows	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Profit / (loss) before taxation	2,153	(232)	-	-
Investment income recognised in profit or loss	(79)	(9)	-	(126)
Finance costs recognised in profit or loss	3	1	-	-
Depreciation of property, plant and equipment	392	321	-	-
Disposal proceeds on property, plant & equipment	2	12	-	-
Amortisation of intangible assets	36	36	-	-
Profit on the sale of property, plant and equipment	4	-	-	-
Decrease in provisions	(158)	(1,284)	-	-
Operating cash flows before movements in working capital	2,353	(1,155)	-	(126)
(Increase) / decrease in inventories	(55)	13	-	-
Decrease / (Increase) / in receivables	2,102	(272)	-	-
Increase in payables	2,979	5,485	-	-
Income taxes (paid) / received	(990)	160	-	(1)
Net cash flow generated from / (used in) operating activities	6,389	4,231	-	(127)

24 Reconciliation of net cash flow movement to net debt

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Increase / (Decrease) in cash in the year	5,237	1,161	-	(1)
Increase / (Decrease) in net debt	5,237	1,161	-	(1)
Net cash at 1 January	4,929	3,768	52	53
Net cash at 31 December	10,166	4,929	52	52

25 Analysis of net cash

	At 1	Cash	Other	At 31
	January	flow	non-cash	December
	£'000	£'000	£'000	£'000
Cash and cash equivalents	4,929	5,237	-	10,166
Total net cash	4,929	5,237	-	10,166

26 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 (2021: £nil).

Transactions with related parties not under common control

- During the year, interest on subordinated debt of £3,761 (2021: £5,242) was received by Parkwood Project Management Limited from D4E Mulberry Limited, a company in which the Group retains a 25% shareholding. A balance of £nil was outstanding at 31 December 2022 (2021: £1,281) for interest receivable.
- Parkwood Leisure Limited charged management fees of £934,000 to D4E Mulberry during the year (2021: £856,000) and a balance of £124,000 (2021: £nil) was outstanding at the year end.
- Parkwood Leisure Limited received utility capping of £240,775 (2021: £94,127) and paid deductions of £145 (2021: £83) from/to D4E Mulberry Limited during the year. At the year-end there was a balance due of £nil (2021: £nil).
- During the year a loan of £nil (2021: £217,171) was made from Parkwood Holdings Limited to Coblands Garden Centre Limited, of which Mrs Hewitt is a director. This loan was written off during the year. A balance of £nil was outstanding at the end of the year (2021: £217,171).

Transactions with related parties under common control

- During the year loan payments amounting to £nil were made from Parkwood Holdings Limited to Alston Investments Limited (2021: £1,726,876). A balance of £1,726,876 (2021: £1,726,876) was outstanding at the year-end and is held in non-current assets.
- During the year Parkwood Holdings Limited charged management fees totalling £1,097,965 to the Group's operating subsidiaries (2021: £540,423). A balance of £120,000 (2021: £nil) is held in trade and other receivables.
- During the year Parkwood Holdings Limited recharged centrally negotiated insurance costs totalling £454,436 (2021: £435,775) to the Group's operating subsidiaries. It also made a charge of £747,370 (2021: £916,600) to operating subsidiaries of Alston Investments Holdings Limited. Parkwood Holdings Limited gave insurance rebates of £168,167 to the Group's operating subsidiaries and £223,007 to the operating subsidiaries of Alston Investments Holdings Limited during the year. At the year end a balance of £391,174 was due from the Group's operating subsidiaries or the operating subsidiaries of the Alston Group (2021: £nil).
- During the year the Group's operating subsidiaries were charged rent by Alston Properties Limited amounting to £57,204 (2021: £223,917). No balance was outstanding at the year-end (2021: £nil).

- During the year the Group's operating subsidiaries were charged buildings and maintenance fees by Glendale Grounds Management Limited totalling £nil (2021: £57,752). A balance of £nil (2021: £13,367) 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 £655,964 (2021: £469,552). A balance of £64,532 (2021: £36,989) was owed by the Group's operating subsidiaries to Glendale Countryside Limited.
- During the year a loan payment of £nil was made to Alston Properties Limited by Parkwood Holdings Limited (2021: £350,000). A balance of £350,000 (2021: £350,000) is held in non-current assets.
- At the year-end the Group's operating subsidiaries were owed £nil (2021: £89,480) by the subsidiaries of Alston Investments Holdings Limited. This balance is held in trade and other receivables.
- At the year-end the Group's operating subsidiaries owed £249,449 (2021: £nil) to the subsidiaries of Alston Investment Holdings Limited. This balance is held in trade and other payables.
- During the year Parkwood Leisure Limited was charged £nil by Glendale Golf Limited for management fees (2021: £31,407). At the year-end Parkwood Leisure Limited owed £nil (2021: £82,413) to Glendale Golf Limited.

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:

	2022	2021
	£	£
Short-term employee benefits	638,443	601,790
Post-employment benefits	70,825	69,672
	709,268	671,462

Ultimate controlling party

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