Company number: 08923607

Parkwood Leisure Holdings Limited

Annual Report and Financial Statements 2020

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Company Information

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

Strategic and Finance Review

The directors present their strategic report for Parkwood Leisure Holdings Limited for the year ended 31 December 2020.

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 reduced to £20.0 million (2019: £44.0 million) and loss before tax for the year increased to £366,000 (2019: £1,000). The results for the year are driven by the impact of the COVID19 Pandemic and the national and regional lockdowns seen throughout the year.

Parkwood Leisure Limited's order book was £97 million at year end (2019: £106 million).

The Group's Leisure division derives its revenues from the management of leisure facilities and theatres. During 2020, Parkwood Leisure had a challenging year as a result of the impacts of the Covid-19 pandemic, delivering a loss before tax of £0.1 million (2019: £0.7 million profit). The reduction in profitability was inevitably linked to the extended national and subsequent regional lockdowns. The Company generated revenues of £17.3 million (2019: £38.4 million), which represents a decrease of £21.1 million. The company also received grants totalling £2.3 million (2019: £Nil) and authority support of £10.6 million (2019: £Nil).

The majority of Parkwood Leisure's facilities effectively ceased trading as a result of the Government lockdown on March 20th 2020, with the large majority not reopening until 25th July 2020. Thereafter a range of regional lockdowns, linked to the Tier restrictions meant services were significantly reduced through social distancing and further government restrictions.

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

A fundamental way in which Parkwood Leisure have managed the financial pressures brought about by the pandemic has been working collaboratively, on an open book basis to seek direct financial support from their Local Authority partners to deliver a cost neutral position. Procurement Policy Note PPN 02/20- Supplier relief due to COVID-19 Action Note issued by the Cabinet Office in March 2020 has been used as a blueprint for these arrangements.

It is testament to the Company's strong working partnerships with clients that, in the main, Local Authorities have been fully supportive. Whilst there has been some lag in payments, invariably linked to Government funding being provided to partners, they have managed to work collaboratively in ensuring the mothballing and reduced service of facilities has been delivered efficiently and effectively.

During 2020, Parkwood Leisure did not begin any new contracts due to the Covid-19 pandemic. Parkwood Leisure will be commencing their new contract at the Riviera International Conference Centre, Torquay in April 2021.

Contracts at Mulberry Biglands, Mulberry UTC, Exeter, Alice Holt and Royal Borough of Windsor & Maidenhead ended in 2020, the latter having contributed significant losses over the past few years.

Health & Safety management remains a core focus. Whilst Covid-19 has forced us to develop new working systems and practices, our Management team has been central in supporting UKactive as sector leaders in developing best practice. We continue to maintain our ISO45001 status throughout the estate, this is the foremost ISO standard for management systems of occupational health and safety.

The company remains exposed to energy cost risk; however, this is actively managed by the Group's Energy Purchasing Committee, with support from energy advisers. They aim to purchase utility requirements in advance and the business also continues to invest in energy saving technology. The Government's Decarbonisation funding initiative is being examined with applications being considered across the estate.

Prior to the pandemic, Parkwood Leisure identified a pipeline of traditional local authority and education procurement opportunities. In addition, there were a number of other procurements that would have started during spring to autumn of 2020. Since the initial lockdown the bidding environment has slowed significantly, with far less contracts being procured. That said, Parkwood Leisure have noticed a shift to in house operations during the course of 2020. It is anticipated this will only likely be a short-term change, given the volatility of the sector and the fact in house operations have historically brought significant commercial inefficiencies. Parkwood have developed a Professional Services Agreement offering for these Councils in order to provide direct services in areas such as Payroll, Marketing and IT.

Parkwood Leisure's policy on traditional facility management opportunities will continue to be based on sound due diligence, including robust risk management analysis. Too many competitors continue to deliver tenders which are unsustainable in the long term and we do not believe this creates a foundation for strong sustainability and collaborative partnerships. Of particular note is our approach including full modelling of asset lifecycle (both equipment and buildings) in order to ensure that facilities are maintained to the best possible standards.

Whilst Parkwood Leisure's focus will be more on stabilising the business, achieving profitable growth and improving cash flow, there will undoubtedly be new business opportunities. Indeed, they will be commencing our new contract at the Riviera International Centre in Torquay in April 2021, which extends the excellent relationship they have with Torbay Council, having managed the Torbay Leisure Centre for the last 16 years. Parkwood Leisure are also in discussions with a number of partners in respect to extending their relationships.

Glen Hall, Managing Director, Alex Godfrey, Operations Director and Giles Rawlinson, Commercial and Finance Director remain as the core Board members. Alex Godfrey, Operations Director was appointed after the year end. The business is split into three geographical regions each managed by a Regional Director and an Assistant Regional Director, as well as a Theatres region which is managed by a dedicated Director.

The total number of employees during 2020 was 567 (2019: 701), reduction of 19.1% from the previous year, largely due to a headcount review exercise undertaken as a result of COVID 19.

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

Parkwood Leisure's partnership with Lifetime Training remains positive with over 107 apprentices either working or having progressed through learning schemes. The Company has also extended their apprenticeship scheme now offering Level two courses through to MSc In Strategic Leadership in partnership with Loughborough University.

Parkwood Leisure have further enhanced their e-Learning partnership with Human Focus, coupled with bespoke training delivery through their partnership with The Royal Society for the Prevention of Accidents (RoSPA) and Chartered Institute for the Management of Sport and Physical Activity (CIMSPA).

Finance review

Parkwood Group results and dividends

Revenue for the year decreased to £20.0 million (2019: £44.0 million). The loss before tax for the year was £366,000 compared to £1,000 in the prior year.

The group did not pay a dividend in the year (2019: 1.502 pence).

Taxation

The Group's tax income was £9,000 (2019: £0.2 million expense).

After taxation the Group recorded a loss for the year of £0.4 million (2019: £0.2 million).

Cash flow

The Group used net cash from operating activities of £6.5 million (2019: £2.9 million). This represents an outflow in working capital.

The cash used in investing activities of £0.2 million (2019: £0.2 million) represents cash invested in property, plant and equipment.

The Group incurred expenditure on replacing council owned assets of £0.5 million (2019: £1.3 million) which is disclosed within operating activities. In accordance with IFRIC 12, expenditure of £nil (2019: £0.2 million) incurred on council owned assets beyond the contractually required expenditure is recognised in the statement of financial position as an intangible asset.

The cash inflow from financing activities was £0.2 million (2019: £2.7 million) which includes loan repayments to Directors of £1.2 million (2019: £1.6 million advance) and a payment of a loan from related undertakings of £2.1 million (2019: £2.0 million)

The total cash outflow for the year was £6.5 million (2019: £0.4 million) resulting in a year end cash and cash equivalents balance of £3.8 million (2019: £10.2 million).

Balance sheet

Net assets decreased to £1.3 million (2019: £1.7 million).

At 31 December 2020 the Group had a total forward order book of £102 million (2019: £141 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 deficit measured on an IAS 19 basis decreased to £0.8 million as at 31 December 2019 (2019: £1.3 million).

The Strategic and Finance Review on pages 3 to 5 is approved by the Board of Directors and is signed on behalf of the Board.

M J Quayle, Director
16 April 2021

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2020.

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 24 to the financial statements.

Results and dividends
The Group's loss after tax for the year amounted to £0.4 million (2019: £0.2 million). No dividends were paid during the year (2019: 1.502 pence).

Political and charitable donations
The Group made charitable donations of £nil during the year (2019: £30,000). The Group made no political donations during the year (2019: £nil).

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

- Mike Quayle
- Mary Patricia Hewitt
- Edwin Lee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Streamlined Energy & Carbon Report (SECR)

	2020	
Emission Scope	**Total annual UK energy use (kWh)**	**Associated greenhouse gas emissions (tCO2e)**
SCOPE 1: Emissions from activities for which the company own or control	11,011,743	2,051
SCOPE 2: Emissions from purchase of electricity and heat for own use	4,719,955	1,100
SCOPE 3: Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	106,734	27
Total	**15,838,432**	**3,178**

INTENSITY RATIO	
tCO2e per m2 of usable internal floor area	0.050

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

Associated Greenhouse gases have been calculated using GHG protocol methodology (including the Corporate Standard, GHG protocol upstream leased assets document) and Environmental Reporting Guidelines. Energy use has been measured using the operational control approach. Conversion factors from the UK Government 2020 GHG Conversion Factors for Company Reporting as published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA) have been used to calculate GHG emissions.

Energy efficiency action taken - Action taken in facilities in 2020 include; motor upgrades with improved efficiency. Due to Covid Lockdown the energy efficiency investment programme was postponed for 2020. Proactive analysis of consumption data, via smart metering utility monitoring platforms, throughout lockdown was completed to minimise unnecessary energy use. Ongoing maintenance with efficiency upgrades, in line with company policy, has been completed.

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 2020 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.

Brexit
The Group has assessed the impact of Brexit and has concluded that it will have no material impact.

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 6 to 8 is approved by the Board of Directors and is signed on behalf of the Board.

M J Quayle
Director
16 April 2021

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 2020 which comprise the primary statement on pages 11 to 16 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Parkwood Leisure Holdings Limited's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

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

It should be noted that Auditing standards limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

16 April 2021

Granta Lodge
71 Graham Road
Malvern
WR14 2JS

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Note	**2020** **£'000**	2019 £'000
Revenue		**20,036**	44,010
Cost of sales		**(27,019)**	(32,239)
Gross (loss) / profit		**(6,983)**	11,771
Administrative expenses		**(7,539)**	(11,829)
Other operating income	3	**14,140**	-
Operating loss		**(382)**	(58)
Finance income	5	**53**	91
Finance costs	6	**(37)**	(34)
Loss before taxation	4	**(366)**	(1)
Income tax income / (expense)	8	**9**	(165)
Loss for the year		**(357)**	(166)

Consolidated Statement of Comprehensive Expense

For the year ended 31 December 2020

	Note	**2020** **£'000**	2019 £'000
Loss for the year attributable to owners of the parent		**(357)**	(166)
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit pension scheme	20	**8**	(433)
Deferred tax relating to components of other comprehensive (expense) / income		**(1)**	74
Other comprehensive income / (expense) for the year, net of tax		**7**	(359)
Total comprehensive expense		**(350)**	(525)

Statements of Financial Position

As at 31 December 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**£'000**	£'000	**£'000**	£'000
Non-current assets					
Intangible assets	11	**195**	410	**-**	-
Property, plant and equipment	12	**905**	1,083	**-**	-
Investments	13	**277**	277	**113**	113
Trade and other receivables	15	**1,988**	2,194	**-**	-
Deferred tax asset	22	**98**	113	**-**	-
Total non-current assets		**3,463**	4,077	**113**	113
Current assets					
Inventories	14	**238**	384	**-**	-
Trade and other receivables	15	**6,693**	7,405	**283**	383
Income tax receivable		**288**	165	**-**	-
Cash and cash equivalents		**3,768**	10,232	**53**	57
Total current assets		**10,987**	18,186	**336**	440
Total assets		**14,450**	22,263	**449**	553
Current liabilities					
Trade and other payables	16	**11,073**	16,577	**-**	102
Obligations under finance leases	17	**1**	344	**-**	-
Total current liabilities		**11,074**	16,921	**-**	102
Non-current liabilities					
Retirement benefit obligations	20	**810**	1,254	**-**	-
Long-term provisions	21	**1,188**	2,077	**-**	-
Obligations under finance leases	17	**-**	275	**-**	-
Deferred tax liability	22	**48**	56	**-**	-
Total non-current liabilities		**2,046**	3,662	**-**	-
Total liabilities		**13,120**	20,583	**-**	102
Net assets		**1,330**	1,680	**449**	451

Statements of Financial Position

As at 31 December 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**£'000**	£'000	**£'000**	£'000
Equity					
Share capital	22	**111**	111	**111**	111
Retained earnings		**1,219**	1,569	**338**	340
Total equity and reserves		**1,330**	1,680	**449**	451

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 (2019: £238,000 profit)

The notes on pages 17 to 37 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2021 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 2020

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		111	2,394	2,505
Loss for the year		-	(166)	(166)
Other comprehensive expense				
Actuarial loss on defined benefit pension scheme	19	-	(433)	(433)
Deferred tax relating to other comprehensive income		-	74	74
Total comprehensive expense for the year		-	(525)	(525)
Transactions with owners				
Dividends	9	-	(300)	(300)
Balance at 31 December 2019		111	1,569	1,680
Loss for the year		-	(357)	(357)
Other comprehensive expense				
Actuarial profit on defined benefit pension scheme	19	-	8	8
Deferred tax relating to other comprehensive expense		-	(1)	(1)
Total comprehensive expense for the year		-	(350)	(350)
Balance at 31 December 2020		**111**	**1,219**	**1,330**

Company Statement of Changes in Equity

As at 31 December 2020

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		111	402	513
Profit for the year		-	238	238
Transactions with owners				
Dividends	9	-	(300)	(300)
Balance at 31 December 2019		111	340	451
Profit for the year		-	(2)	(2)
Balance at 31 December 2020		**111**	**338**	**449**

Statements of Cash Flows

For the year ended 31 December 2020

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Net cash flow used in operating activities	24	**(6,488)**	(2,879)	**(4)**	(61)
Cash flow from investing activities					
Interest received		**53**	91	**-**	-
Dividends received		**-**	-	**-**	299
Purchase of property, plant and equipment		**(209)**	(36)	**-**	-
Purchase of intangibles		**-**	(266)	**-**	-
Net cash flow (used in) / generated from investing activities		**(156)**	(211)	**-**	299
Cash flow from financing activities					
Interest paid		**(37)**	(34)	**-**	-
Dividends paid	9	**-**	(300)	**-**	(300)
Payment of loan from related undertaking		**2,077**	2,000	**-**	-
Director loans (payment) / repayment		**(1,242)**	1,581	**-**	-
Repayment of obligations under finance leases		**(618)**	(537)	**-**	-
Net cash flow generated from / (used in) financing activities		**180**	2,710	**-**	(300)
Net decrease in cash and cash equivalents	26	**(6,464)**	(380)	**(4)**	(62)
Cash and cash equivalents at beginning of the year		**10,232**	10,612	**57**	119
Cash and cash equivalents at end of the year		**3,768**	10,232	**53**	57

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

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.

For the year ended 31 December 2020, a number of the Group's subsidiaries (as listed in note 13) are exempt from the requirements of an audit, by virtue of section 479a of the Companies Act 2006, for their individual financial statements as Parkwood Leisure Holdings Limited, the parent undertaking, has provided a guarantee to the relevant subsidiaries under section 479c in respect of the year ended 31 December 2020.

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 3 to 5. 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 5. In addition, note 24 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.

The Group meets its day-to-day working capital requirements through an overdraft facility, which is due for renewal at the end of May 2021. The Group's forecasts and projections, which have been prepared for the period to 31 May 2022 and taking into account reasonably possible changes in performance, show that the Group should be able to operate within the level of its current facility. The directors do not foresee any reasons why the overdraft facility will not be renewed on similar terms to the current facility.

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 2020 amounts to £461,000 (2019: £520,000). See note 21 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 2020 amounts to £1,125,000 (2019: £1,230,000). See note 21 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 £758,000 (2019: £758,000). See note 21 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 2020 amounts to £41,000 (2019: £0.7 million). See note 21 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 20 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

Year ended 31 December	**Total revenue 2020**	**Profit / (loss) before taxation 2020**	Total revenue 2019	Profit / (loss) before taxation 2019
	£'000	**£'000**	£'000	£'000
Leisure	**18,193**	**(136)**	42,418	734
PPM	**1,428**	**128**	1,230	240
All other divisions	**1,252**	**(358)**	1,179	(975)
Intercompany elimination	**(837)**		(817)	
Total Group	**20,036**	**(366)**	44,010	(1)

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

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

3 Other operating income

	2020	2019
	£'000	£'000
Marlow Road Working Boys Grant Fund	**2**	-
NNDR Linked Grants	**184**	-
Council COVID Funding	**10,655**	-
Furlough Grants	**3,299**	
	14,140	-

4 Loss before Taxation

Loss before taxation is stated after charging:	**2020**	2019
	£'000	£'000
Depreciation (note 12)		
- owned	**262**	236
- held under finance leases and hire purchase contracts	**61**	163
Amortisation of intangibles (note 11)	**95**	304
Impairment of intangibles (note 11)	**-**	508
Impairment of tangible assets (note 12)	**-**	201
Movement in provisions (note 21)	**(639)**	(830)
IFRIC 12 charge	**723**	1,060
(Profit) / Loss on sale of property, plant and equipment	**(101)**	1
Cost of inventories recognised as an expense (note 14)	**885**	2,184
Staff costs (note 7)	**10,238**	12,188

Auditors' remuneration	**2020** **£'000**	2019 £'000
Fees payable for the audit of the Company's annual financial statements	**4**	4
Fees payable to the auditors for other services:		
- audit of the Company's subsidiaries, pursuant to legislation	**12**	12
- independent reviews	**-**	5

5 Finance income

	2020 **£'000**	2019 £'000
Interest on bank deposits	**48**	68
Interest receivable from subordinated debt investments	**5**	5
Interest receivable from loans to directors (note 28)	**-**	18
Total finance income	**53**	91

6 Finance costs

	£'000	£'000
Interest charge in respect of finance leases	**27**	34
Other interest	**10**	-
Total finance costs	**37**	34

7 Staff costs

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

	2020 **£'000**	2019 £'000
Wages and salaries	**9,037**	10,807
Social security costs	**763**	867
Other pension costs (note 20)		
- defined contribution scheme	**345**	414
- defined benefit scheme	**93**	100
Total staff costs	**10,238**	12,188

	2020	2019
Operations	**221**	202
Administration and management	**197**	235
	418	437

The average number of employees in the Group during the year was 664 operations and 265 administration and management. (2019: 909 operations and 256 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 Limited (a company under the common control of M P Hewitt) and its subsidiaries.

	2020	2019
	£'000	£'000
Emoluments	237	251
Pension costs	2	22
	239	273

Three directors accrued retirement benefits under defined contribution pension schemes (2019: 3)
Total remuneration paid within the group to the highest paid directors was as follows:

	2020	2019
	£'000	£'000
Emoluments	233	203
	233	203

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 charge is based on the profit for the year and comprises:

	2020	2019
	£'000	£'000
Current tax		
- Current year	(78)	54
- Adjustments in respect of prior years	64	26
Total current tax	(14)	80
Deferred tax		
- Origination and reversal of temporary timing differences	19	84
- Adjustments in respect of prior years	(14)	1
Total deferred tax	5	85
Total income tax (income) / expense	(9)	165

The standard rate of current tax for the year based on the UK standard rates of corporation tax is 19% (2019: 19%). Changes to the UK standard rate of corporation tax are disclosed in note 22. The current tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2020	2019
	£'000	£'000
Loss before taxation	(366)	(1)
Tax on profit on ordinary activities at the standard rate	(70)	-
Adjustment for tax rate differences	(2)	(10)
Expenditure not deductible for taxation purposes	14	149
Adjustments in respect of prior years for current tax	64	26
Adjustments in respect of prior years for deferred tax	(14)	-
Total income tax (income) / expense	(9)	165

9 Parent company results

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of profit of loss in these financial statements. The Company recognised a loss for the year of £2,000 (2019: £238,000 profit).

10 Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity shareholders in the year:		
Dividend for the year ended 31 December 2018 of 1.502p per ordinary share	-	150
Interim dividend for the year ended 31 December 2019 of 1.502p per ordinary share	-	150
	-	300

11 Intangible assets

	2020 £'000	2019 £'000
Cost		
At 1 January	1,916	1,793
Additions	-	266
Disposals	(459)	(143)
At 31 December	1,457	1,916
Accumulated amortisation		
At 1 January	1,506	671
Charge for the year	95	304
Disposals	(339)	23
Impairment charges	-	508
At 31 December	1,262	1,506
Carrying amount as at 31 December	195	410

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 £95,000 (2019: £258,000) has been charged to administrative expenses. Amortisation from other intangible assets amounting to £nil (2019: £46,000) has been charged to administrative expenses.

As at 31 December 2020 the Company had £nil intangible assets (2019: £nil).

12 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2019	3,252	1,567	1,744	6,563
Additions	3	31	145	179
Disposals	(156)	(148)	(23)	(327)
Re-classifications	-	-	2	2
At 31 December 2019	3,099	1,450	1,868	6,417
Additions	10	21	178	209
Disposals	-	(130)	(117)	(247)
Re-classifications	-	-	1	1
At 31 December 2020	3,109	1,341	1,930	6,380
Accumulated depreciation				
At 1 January 2019	2,369	1,146	1,482	4,997
Charge for the year	119	167	113	399
Disposals	(155)	(85)	(23)	(263)
Impairments	108	7	86	201
At 31 December 2019	2,441	1,235	1,658	5,334
Charge for the year	112	98	113	323
Disposals	1	(118)	(65)	(182)
Impairments	-	-	-	-
At 31 December 2020	2,554	1,215	1,706	5,475
Carrying amount				
At 31 December 2020	**555**	**126**	**224**	**905**
At 31 December 2019	658	215	210	1,083

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

	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Carrying amount			
At 31 December 2020	-	-	-
At 31 December 2019	121	6	127

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

13 Investments

	2020	2019
	£'000	£'000
At 1 January	**277**	278
Repayment of subordinated debt	**-**	(1)
At 31 December	**277**	277

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 2020 was £113,000 (2019: £113,000).

As at 31 December 2020 the Company held or controlled 100% of the allotted ordinary share capital of the following principal trading subsidiaries:

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

+ - exempt from audit (note 1).
* - held directly by the Company

All subsidiaries were incorporated and registered in England and Wales.

14 Inventories

	2020	2019
	£'000	£'000
Finished goods and goods for re-sale	**238**	384

The cost of inventories recognised as an expense and included in cost of sales amounted to £885,000 (2019: £2,184,000). No provisions were held against inventories at the year-end (2019: £nil).

As at 31 December 2020 the Company had £nil inventories (2019: £nil).

15 Trade and other receivables

	£'000	£'000
Current		
Trade receivables	**4,156**	2,803
Amounts owed by related undertakings	**27**	2,133
Other receivables	**1,383**	1,173
Prepayments and accrued income	**540**	1,296
Social security and other taxes	**587**	-
	6,693	7,405
Non-current		
Accelerated spend on contractual commitments	**1,988**	2,194
	1,988	2,194
Total trade and other receivables	**8,681**	9,599

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 123 days (2019: 73 days). A provision of £101,000 (2019: £144,000) was held against receivables. See note 24 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 2020. Future economic benefits will arise from the continued use of these assets. A balance of £1,988,000 is included in trade and other receivables 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 £283,000 (2019: £383,000), all of which related to balances owed by subsidiary undertakings. This balance is due within the next twelve months.

16 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.

	2020	2019
	£'000	£'000
Current		
Trade payables	**1,048**	3,471
Amounts due to related undertakings	**77**	50
Social security and other taxes	**-**	691
Other payables	**1,263**	1,827
Provisions (note 21)	**1,196**	1,137
Loans to directors (note 28)	**-**	1,242
Accruals	**4,198**	3,423
Deferred income	**3,291**	4,736
	11,073	16,577

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Amounts payable under finance leases:				
Within one year	**1**	366	**1**	344
In the second to fifth years	**-**	284	**-**	275
	1	650	**1**	619
Less: future finance charges	**-**	(31)	**-**	-
Present value of lease obligations	**1**	619	**1**	619

During the year ended 31 December 2020 the majority of finance leases were repaid.

18 Operating lease arrangements

The Group had minimum lease payments under operating leases recognised in income during the year amounting to £328,000 (2019: £318,000).

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:

	2020	2019
	£'000	£'000
In one year or less	**308**	310
In the second to fifth years inclusive	**929**	935
After five years	**979**	1,121
	2,216	2,366

Operating lease payments represent rentals payable by the Group for certain of its office and operating site leases and motor vehicles. Operating site leases are generally negotiated for the life of the associated operating contract (an estimated average of seven years) and motor vehicles for four years. Property rentals are generally fixed for an average of five years.

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

19 Contingent liabilities

The Company has guaranteed the bank borrowings of all its subsidiary undertakings and those of Alston Investments 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 £4,063,000 (2019: £2,285,000).

At 31 December 2020 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 Limited.

20 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 £345,000 (2019: £414,000) 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 2020, contributions of £32,000 (2019: £122,000) 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	**2020**	2019
	%	%
Rate of increase in salaries	**1.80**	1.90
Rate of increase in pensions in payment	**2.00**	2.15
Discount rate	**1.40**	2.50
Inflation assumptions	**2.80**	3.15
Expected return on scheme assets	**1.40**	2.50

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	**2020**	2019
	£'000	£'000
Current service cost	**33**	32
Administrative cost	**44**	44
Interest cost	**109**	133
Expected return on scheme assets	**(93)**	(109)
Total	**93**	100

Of the total amount recognised in the statement of profit or loss £41,000 (2019: £64,000) has been recognised under cost of sales and £52,000 (2019: £36,000) 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	**2020**	2019
	£'000	£'000
Fair value of scheme assets	**5,104**	4,238
Present value of scheme liabilities	**(5,914)**	(5,492)
Deficit in the scheme	**(810)**	(1,254)
Related deferred tax asset	**138**	213
Net pension liability	**(672)**	(1,041)

Reconciliation of the movement in the fair value of assets	**2020**	2019
	£'000	£'000
At 1 January	**4,238**	3,674
Expected return on scheme assets	**93**	109
Actuarial gains on scheme assets	**357**	257
Contributions by the employer	**529**	385
Contributions from scheme members	**7**	8
Benefits paid and other net movements	**(120)**	(195)
As at 31 December	**5,104**	4,238

Reconciliation of the movement in the present value of liabilities	**2020**	2019
	£'000	£'000
At 1 January	**5,492**	4,780
Current service cost	**33**	32
Administrative cost	**44**	44
Interest cost	**109**	133
Contributions from scheme members	**7**	8
Actuarial losses	**349**	690
Benefits paid and other net movements	**(120)**	(195)
As at 31 December	**5,914**	5,492

Scheme assets	**Fair value of assets**	
	2020	2019
	£'000	£'000
Equities	**2,169**	1,801
Corporate bonds	**2,521**	2,094
Government bonds	**413**	343
Total fair value of assets	**5,104**	4,239

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

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

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

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

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

Sensitivities

Discount rate
The overall effect of a 0.1% decrease in the discount rate would be an increase to the retirement benefit obligation of £93,000. An equivalent increase in the discount rate would result in a similar reduction to the retirement benefit obligation.

Inflation
The overall effect of a 0.1% decrease in expected future inflation would be a decrease to the retirement benefit obligation of £93,000.

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

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

The history of experience adjustments is as follows:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Present value of benefit obligations	**(5,914)**	(5,492)	(4,780)	(4,934)	(4,132)
Fair value of scheme assets	**5,104**	4,238	3,674	3,456	3,118
Deficit in the scheme	**(810)**	(1,254)	(1,106)	(1,478)	(1,014)
Experience adjustments on scheme liabilities	**349**	690	(301)	621	843
% of scheme liabilities	**5.9%**	12.6%	6.3%	12.6%	20.4%
Experience adjustments on scheme assets	**357**	257	(256)	187	235
% of scheme assets	**7.0%**	6.1%	7.0%	5.4%	7.5%

The estimated amount of contributions expected to be paid in the next financial year is £400,000 (2019: £600,000).

21 Provisions

	2020	2019
	£'000	£'000
At 1 January	**3,214**	4,321
Charged to the statement of profit or loss	**205**	1,133
Released to the statement of profit or loss	**(844)**	(1,963)
Utilised during the year	**(191)**	(277)
At 31 December	**2,384**	3,214
Included in:		
Current liabilities	**1,196**	1,137
Non-current liabilities	**1,188**	2,077
	2,384	3,214

During the year a provision of £107,000 (2019: £174,000) was charged to the statement of profit or loss reflecting property lease dilapidation. £43,000 (2019: £139,000) was utilised during the year. £122,000 (2019: £nil) was released to the profit or loss. A balance of £136,000 (2019: £nil) is expected to be utilised within twelve months and £325,000 (2019: £520,000) 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 £98,000 charge to the statement of profit or loss (2019: £253,000). £147,000 (2019: £137,000) was utilised during the year. £57,000 (2019: £nil) was released to the profit or loss. Of the balance, £262,000 (2019: £379,000) is expected to be utilised in twelve months or less and £863,000 (2019: £851,000) is expected to be utilised after twelve months.

A provision in respect of future maintenance costs on council-owned assets of £758,000 (2019: £758,000) is expected to be utilised in twelve months or less and £nil (2019: £nil) is expected to be utilised after twelve months.

During the year a provision of £nil (2019: £706,000) was charged to the statement of profit of loss relating to obligations to continue performance within a number of loss-making Leisure sites. £665,000 (2019: £nil) was released to the profit or loss. Of the balance, £41,000 (2019: £706,000) is expected to be utilised after twelve months.

22 Deferred tax

	2020	2019
	£'000	£'000
Asset at 1 January	**57**	69
Amount charged to profit or loss	**(6)**	(86)
Amount credited to other comprehensive income	**(1)**	74
Asset at 31 December	**50**	57
Included in:		
Non-current assets	**98**	113
Non-current liabilities	**(48)**	(56)
Asset at 31 December	**50**	57

The rate at which deferred tax is expected to unwind is 17% (2019: 17%) and this has been used to calculate the deferred tax assets and liabilities recognised in the statement of financial position.

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

The deferred tax asset arises from the following:

	Opening balance	**Charged to profit or loss**	**Charged to equity**	**Closing balance**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation in excess of capital allowances	(177)	55	-	(122)
Short-term temporary differences	21	13	-	34
Tax on provision for retirement benefit obligations	213	(74)	(1)	138
Asset at 31 December 2020	57	(6)	(1)	50

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 (2019: £nil).

23 Share capital

	2020	2019
	£'000	£'000
Authorised, issued and fully paid		
9,990,000 (2019: 9,990,000) ordinary shares of 1p each	**100**	100
1,110,000 (2019: 1,110,000) ordinary 'B' shares of 1p each	**11**	11
	111	111

Share capital represents the nominal value of equity shares.

24 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 £62,000 (2019: £87,000) 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:

2020	**Not past due**	**< 30 days**	**30-60 days**	**60-90 days**	**> 90 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade receivables	1,566	210	1,174	325	881	**4,156**
Amounts owed by related undertakings	27					**27**
Other receivables	1,383					**1,383**
Total	**2,976**	**210**	**1,174**	**325**	**881**	**5,566**

2019	Not past due	< 30 days	30-60 days	60-90 days	> 90 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade receivables	1,626	195	144	90	748	2,803
Amounts owed by related undertakings	2,133					2,133
Other receivables	1,173	-	-	-	-	1,173
Total	4,932	195	144	90	748	6,109

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 £277,000 (2019: £277,000) which is measured at cost falls into Level 3 of the fair value hierarchy, meaning that its fair value is based upon unobservable inputs. The directors consider that the investment meets the business model and contractual cash flow characteristics tests and have decided to measure the asset at amortised cost.

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

	2020	2019
	£'000	£'000
Balance at the beginning of the year	**144**	211
Impairment losses recognised	**69**	38
Amounts written off as uncollectible	**(84)**	(10)
Amounts recovered during the year	**(27)**	(95)
Balance at the end of the year	**102**	144

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**	
	2020	2019	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Trade payables	**1,035**	3,471	**13**	-	**-**	-
Amounts owed to related undertakings	**50**	50	**-**	-	**-**	-
Finance lease obligations	**1**	172	**-**	171	**-**	276
Other financial liabilities	**6,657**	7,629	**-**	-	**-**	-
Total	**7,743**	11,322	**13**	171	**-**	276

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	**2020**	2019
	£'000	£'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**9,334**	18,904
Financial liabilities		
Held at amortised cost	**7,756**	13,344

25 Notes to the consolidated statement of cash flows

Operating cash flows		Group		Company
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Loss before taxation	**(366)**	(1)	**-**	240
Investment income recognised in profit or loss	**(53)**	(91)	**-**	(299)
Finance costs recognised in profit or loss	**37**	34	**-**	-
Depreciation of property, plant and equipment	**323**	599	**-**	-
Disposal proceeds on property, plant & equipment	**284**	61	**-**	-
Amortisation of intangible assets	**95**	446	**-**	-
Impairment of intangible assets	**-**	508	**-**	-
(Profit) / loss on the sale of property, plant and equipment	**(101)**	1		
Decrease in provisions	**(1,266)**	(1,392)	**-**	-
Operating cash flows before movements in working capital	**(1,047)**	165	**-**	(59)
Decrease / (Increase) in inventories	**146**	(21)	**-**	-
Decrease / (Increase) in receivables	**1,154**	(1,450)	**(1)**	(2)
Decrease in payables	**(6,632)**	(1,616)	**-**	-
Income taxes (paid) / received	**(109)**	43	**(3)**	-
Net cash flow used in operating activities	**(6,488)**	(2,879)	**(4)**	(61)

26 Reconciliation of net cash flow movement to net debt

		Group		Company
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Decrease in cash in the year	**(6,464)**	(380)	**(4)**	**(62)**
Cash inflow from changes in debt and lease financing	**618**	537	**-**	-
Change in net debt resulting from cash flows	**(5,846)**	157	**(4)**	(62)
New finance leases	**(1)**	(619)	**-**	-
(Increase) in net debt	**(5,847)**	(462)	**(4)**	(62)
Net cash at 1 January	**9,604**	10,066	**57**	**119**
Net cash at 31 December	**3,757**	9,604	**53**	57

27 Analysis of net cash

	At 1 January £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December £'000
Cash and cash equivalents	10,232	(6,464)	-	**3,768**
Obligations under finance leases	(628)	618	(1)	**(11)**
Total net cash	9,604	(5,846)	(1)	**3,757**

28 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 (2019: £nil).

Transactions with related parties not under common control

- During the year, interest on subordinated debt of £5,321 (2019: £5,337) was received by Parkwood Project Management Limited from D4E Mulberry Limited, a company in which the Group retains a 25% shareholding. A balance of £1,319 was outstanding at 31 December 2019 (2019: £1,337) for interest receivable.
- Parkwood Leisure Limited charged management fees of £764,000 to D4E Mulberry during the year (2019: £824,000) and a balance of £nil (2019: £nil) was outstanding at the year end.
- Parkwood Leisure Limited received utility capping of £90,000 (2019: £109,000) and paid deductions of £3,000 (2019: £4,000) from/to D4E Mulberry Limited during the year. At the year-end there was a balance due of £nil (2019: £nil).
- During the year the group made purchases of £2,000 (2019: £18,300) from William Heath & Co, a business E R Lee is a partner. At the year-end there was a balance due of £nil (2019: £nil).

Transactions with related parties under common control

- During the year loan payments amounting to £1,726,876 were made to Parkwood Holdings by Alston Investments Limited (2019: £2,000,000). A balance of £nil (2019 £1,726,876) was outstanding at the year-end and is held in current assets.
- During the year Parkwood Holdings Limited charged management fees totalling £409,740 to the Group's operating subsidiaries (2019: £151,673). There were no balances outstanding relating to these charges at the year end.
- During the year Parkwood Holdings Limited recharged centrally negotiated insurance costs totalling £485,811 (2019: £459,631) to the Group's operating subsidiaries. It also made a charge of £863,539 (2019: £897,542) to operating subsidiaries of Alston Investments Limited. At the year end a balance of £nil was due from the Group's operating subsidiaries or the operating subsidiaries of the Alston Group (2019: £nil).
- During the year Parkwood Leisure Limited was charged rent by Alston Properties Limited amounting to £nil (2019: £30,600). No balance was outstanding at the year-end (2019: £nil).
- During the year Parkwood Holdings Limited was charged rent by Alston Properties Limited amounting to £26,604 (2019: £13,302). No balance was outstanding at the year-end (2019: £nil).
- During the year the Group's operating subsidiaries were charged buildings and maintenance fees by Glendale Grounds Management Limited totalling £65,997 (2019: £291,093). A balance of £2,774 (2019: £20,321) 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 £350,549 (2019: £236,880). A balance of £13,042 (2019: £24,996) was owed by the Group's operating subsidiaries to Glendale Countryside Limited.
- During the year the Group's operating subsidiaries were charged £936 (2019: £7,921) for plants by Glendale Horticulture Limited. A balance of £nil (2019: £nil) was outstanding at year-end.
- During the year a loan repayment of £350,000 was made by Alston Properties Limited to Parkwood Holdings Limited (2019: £nil). A balance of £nil (2019: £350,000) is held in current trade and other receivables.
- At the year-end the Group's operating subsidiaries were owed £27,289 (2019: £52,244) by the subsidiaries of Alston Investments Limited. This balance is held in trade and other receivables.
- During the year Parkwood Leisure Limited was charged £79,000 by Glendale Golf Limited for management fees (2019: £82,000). At the year-end Parkwood Leisure Limited owed £60,913 (2019: £894) to Glendale Golf Limited. This balance is held in current trade and other payables.
- During the year Parkwood Leisure Limited made purchases of £nil (2019: £20,000) from Alston Old Hall Farm, a business under common control.

Transactions with directors

During the year Parkwood Holdings Limited made the following loans to directors:

	At 1 January	New loans made in the year	Repayments made in the year	Interest credited to profit and loss	At 31 December
M P Hewitt	(1,242,044)	-	1,242,044	-	-
Total	(1,242,044)	-	1,242,044	-	-

This loan is payable on demand. Loans made prior to 6 April 2015 attract interest at a rate of 3.25% per annum, while loans made after 6 April attract interest at a rate of 3% per annum. There were no other loans, quasi loans or other transactions (other than in the normal course of business) with any directors or key management personnel.

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:

	2020	2019
	£	£
Short-term employee benefits	**526,596**	586,622
Post-employment benefits	**37,666**	58,017
	564,262	644,639

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