RSM

Parkwood Leisure Holdings Limited

Annual Report and Financial Statements 2018



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Company Information

Directors:	M P Hewitt M J Quayle A R Sinacola L M Hewitt E R Lee
Registered number:	08923607 (England and Wales)
Registered office:	Parkwood House Cuerden Park Berkeley Drive Bamber Bridge Preston Lancashire PR5 6BY
Independent auditors:	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston PR2 5PE

Strategic and Finance Review

The directors present their strategic report for Parkwood Leisure Holdings Limited for the year ended 31 December 2018.

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 £52.2 million (2017: £62.2 million). The reduction in turnover is driven by the trend towards partnering with not for profit organisations which have a preferred taxation status and a consequent focus on management services.

Profit before tax (adjusted for loan waivers) for the year was £0.3 million (2017: £1.9 million) reflecting an increasingly competitive marketplace and reduced operating margins from reduced revenue, together with an increase in energy and legal costs. Parkwood Leisure Limited's order book was £151 million at year end (2017: £176 million).

The Group's Leisure division derives its revenues from the management of leisure facilities and theatres. During 2018, Parkwood Leisure reopened the extended Brackley Leisure Centre, through the DBOM (design, build, operate and maintain) contract with South Northants Council. Furthermore, in quarter one we extended our partnership with Bristol City Council when we commenced operation of the Portway Rugby Development Centre. We also commenced new contract arrangements, subcontracting at our facilities in Rushcliffe Borough Council and North Devon Council via our partnership with Lex Leisure and also at Salisbury Health & Fitness and Cardiff International Pool via our partnership with Legacy Leisure.

Parkwood Leisure's number one priority remains health and safety. The business continues to drive improvements and best practice. We continue to work in close partnership with RoSPA who are retained as safety consultants. At the end of the year we were successfully awarded ISO45001 status throughout the estate. This is an ISO standard for management systems of occupational health and safety published in March 2018. We were the first major leisure operator in the UK to achieve the standard.

The business remains committed to ongoing investment in training, with particular emphasis on ensuring internal promotions can be made when vacancies arise. During 2018 we successfully achieved our commitment to the 5% Club. In being a member of this dynamic movement, we continue to drive 'earn and learn' skills training opportunities.

An increase in energy costs remains a risk to the business, especially given wholesale prices reached a ten year high during the course of 2018. This risk is actively managed by the Group's Energy Purchasing Committee, which continues to invest in energy saving technology and which also implements a risk management strategy focussed on smoothing the volatility of purchase prices.

The bidding environment continues to be fierce with most local authorities seeking additional risk transfer to operators and further service cost savings. Parkwood Leisure responds to fierce market competition by carefully choosing bid opportunities. Furthermore, a large part of 2018 was spent re-evaluating bid models and submissions. This work bore fruit, with Parkwood being notified in the last quarter of the year we had been appointed preferred bidder in six contracts, all of which commence around quarter one of 2019. These included Castle Theatre, Wellingbrough; Pavilion Gardens, Buxton; Erewash Leisure Facilities, Derbyshire; Plantasia Visitor Attraction Centre, Swansea, South Holland Leisure Facilities, Lincolnshire and High Peak Leisure Facilities, Derbyshire. We look forward to working in partnership with these Authorities to further enhance the facilities.

A re brand took place during the second half of the year with an increased focus on localism and reduced sub branding. Feedback from customers and clients has been positive. We also extended our sales presence in the business, introducing a regional structure to drive improved growth. A comprehensive data warehousing project was initiated to improve the quality of information for strategic decision making and sales promotions.

The Company aims to be sensitive to local communities' cultural, social and economic needs, and seeks to ensure that its activities enhance the communities as places to work and live in. We also seek to ensure that our operations do not have a negative impact on the environment. Apart from compliance with all environmental regulations, the Company endeavours to promote the effective management of natural resources and encourage energy efficiency as well as waste minimisation and recycling where economically viable means of doing so are available. The Company maintained its ISO14001 certification.

Glen Hall now leads the Leisure division as Managing Director following the departure of Peter Fitzboydon on 28th February 2019. Giles Rawlinson remains Commercial and Finance Director. 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 the Theatres Director.

The average number of employees during 2018 was 597 (2017: 853), a decrease of 30% from the previous year.

Our partnership with Lifetime Training remains positive with over 500 apprentices either working or having progressed through learning schemes. We have also extended our apprenticeship scheme through the CIMPSA endorsed *Leisure Duty Manager* qualification and the MSc In *Strategic Leadership* in partnership with Loughborough University. The division has further enhanced its e-Learning partnership with Human Focus, coupled with bespoke training delivery through our partnership with The Royal Society for the Prevention of Accidents (RoSPA). We have now formed a new partnership with the NSPCC, to deliver the e-Learning module *Protection in Sport* for all Managers, to help ensure the safeguarding of children, young people and vulnerable adults remains a key focus.

The Group currently has 5 directors registered with Companies House, 3 female and 2 male.

Finance review

Overview

The results of the former Parkwood Holdings plc Group are now split between the consolidated financial statements of Alston Investments Limited and Parkwood Leisure Holdings Limited. Notwithstanding the legal demerger, the two groups continue to operate as a "family" of companies under common ownership. The table summarises the results of the two groups and also illustrates how these combine as a pro-forma under the heading 'Old Parkwood Group' as if the demerger had not taken place.

	Alston Group		Parkwood Group		'Old Parkwood Group'	
	Audited	Audited	Audited	Audited	Unaudited	Unaudited
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**58,324**	62,987	**52,181**	62,239	**108,853**	123,873
Profit before taxation and loans waived	**157**	148	**313**	1,852	**470**	2,000
Waiver of amounts due from related undertakings	-	500	-	(500)	-	-
Profit before taxation	**157**	648	**313**	1,352	**470**	2,000

Parkwood Group results and dividends
Revenue for the year decreased to £52.2 million (2017: £62.2 million). Profit before tax for the year and loan waivers from related undertakings was £0.3 million compared to £1.9 million in the prior year.

During the year a dividend of 1.515 pence per ordinary share was paid in respect of the year ended 31 December 2017 (2017: 2.503 pence). An interim dividend of 1.505 pence per ordinary share was paid in respect of the year ended 31 December 2018.

Taxation
The Group's tax charge was £0.2 million (2017: £0.4 million).

After taxation the Group recorded a profit for the year of £0.1 million (2017: £0.9 million profit).

Cash flow
The Group generated net cash from operating activities of £3.6 million (2017: £2.4 million).

The cash used in investing activities of £0.3 million (2017: £1.1 million) represents cash invested in property, plant and equipment.

The Group incurred expenditure on replacing council owned assets of £0.4 million (2017: £0.7 million) which is disclosed within operating activities. In accordance with IFRIC 12, expenditure of £0.3 million (2017: £0.1 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 outflow from financing activities was £0.2 million (2017: £4.0 million) which includes dividend payments of £0.3 million (2017: £0.4 million) and loan repayments by Directors of £2.0 million (2017: £1.4 million loan increase).

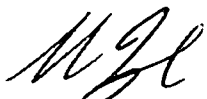
The total cash inflow for the year was £3.1 million (2017: £2.6 million outflow) resulting in a year end cash and cash equivalents balance of £10.6 million (2017: £7.5 million).

Balance sheet
Net assets decreased to £2.5 million (2017: £2.7 million).

At 31 December 2018 the Group had a total forward order book of £155 million (2017: £180 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 reduced to £1.1 million as at 31 December 2018 (2017: £1.5 million) with the decrease being a result of higher deficit recovery payments and an increase in the discount rate.

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
26 April 2019

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2018.

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

Results and dividends
The Group's profit after tax for the year amounted to £0.1 million (2017: £0.9 million). A final dividend of 1.515 pence per ordinary share was paid during the year in respect of the financial year ended 31 December 2017 (2017: 2.503 pence). An interim dividend of 1.505 pence per ordinary share was paid during the year in respect of the financial year ended 31 December 2018.

Political and charitable donations
The Group made charitable donations of £30,000 during the year (2017: £30,000). The Group made no political donations during the year (2017: £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
- Amy Sinacola
- Lara Hewitt
- Edwin Lee - Appointed 16th January 2018

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. 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.

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 2018 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.

Commercial relationships
Group guidelines do not allow any division to have more than 20% of its business with any one client or seek to win any contract that represents more than 20% of the Group's total revenue. For 2019 this means that the Group is unlikely to tender for any one contract with annual revenues in excess of £10.4 million.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union 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 RSM UK Audit 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
26 April 2019

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 2018 which comprise the consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, company statements of changes in equity, consolidated statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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, or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 7 and 8, 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.

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

RSM UK AUDIT LLP

Ian Taylor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

29 April 2019

Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue		**52,181**	62,239
Cost of sales		**(37,687)**	(42,886)
Gross profit		**14,494**	19,353
Administrative expenses		**(14,263)**	(17,568)
Operating profit		**231**	1,785
Waiver of amounts due from related undertakings		**-**	(500)
Finance income	4	**113**	107
Finance costs	5	**(31)**	(40)
Profit before taxation		**313**	1,352
Income tax expense	7	**(227)**	(438)
Profit for the year		**86**	914

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Profit for the year attributable to owners of the parent		**86**	914
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined benefit pension scheme	19	**45**	(434)
Deferred tax relating to components of other comprehensive (expense) / income		**(8)**	74
Other comprehensive income / (expense) for the year, net of tax		**37**	(360)
Total comprehensive income for the year		**123**	554

Statements of Financial Position

As at 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	**1,122**	1,168	**-**	-
Property, plant and equipment	11	**1,566**	1,699	**-**	-
Investments	12	**278**	278	**113**	113
Trade and other receivables	14	**1,328**	1,673	**-**	-
Deferred tax asset	21	**99**	287	**-**	-
Total non-current assets		**4,393**	5,105	**113**	113
Current assets					
Inventories	13	**363**	490	**-**	-
Trade and other receivables	14	**9,910**	10,331	**281**	282
Income tax receivable		**288**	105	**-**	-
Cash and cash equivalents		**10,612**	7,549	**119**	124
Total current assets		**21,173**	18,475	**400**	406
Total assets		**25,566**	23,580	**513**	519
Current liabilities					
Trade and other payables	15	**19,548**	16,739	**-**	-
Obligations under finance leases	16	**361**	358	**-**	-
Total current liabilities		**19,909**	17,097	**-**	-
Non-current liabilities					
Retirement benefit obligations	19	**1,106**	1,478	**-**	-
Long-term provisions	20	**1,831**	1,922	**-**	-
Obligations under finance leases	16	**185**	351	**-**	-
Deferred tax liability	21	**30**	50	**-**	-
Total non-current liabilities		**3,152**	3,801	**-**	-
Total liabilities		**23,061**	20,898	**-**	-
Net assets		**2,505**	2,682	**513**	519

Statements of Financial Position

As at 31 December 2018

	Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Equity					
Share capital	22	111	111	111	111
Retained earnings		2,394	2,571	402	408
Total equity and reserves		**2,505**	2,682	**513**	**519**

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's profit for the year was £294,000 (2017: £675,000)

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 26 April 2019 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 2018

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017		111	2,395	2,506
Profit for the year		-	914	914
Other comprehensive income				
Actuarial loss on defined benefit pension scheme	19	-	(434)	(434)
Deferred tax relating to other comprehensive income		-	74	74
Total comprehensive income for the year		-	554	554
Transactions with owners				
Dividends	9	-	(378)	(378)
Balance at 31 December 2017		111	2,571	2,682
Profit for the year		-	86	86
Other comprehensive income				
Actuarial gain on defined benefit pension scheme	19	-	45	45
Deferred tax relating to other comprehensive income		-	(8)	(8)
Total comprehensive income for the year		-	123	123
Transactions with owners				
Dividends	9	-	(300)	(300)
Balance at 31 December 2018		**111**	**2,394**	**2,505**

Company Statement of Changes in Equity

As at 31 December 2018

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017		111	111	222
Profit for the year		-	675	675
Transactions with owners				
Dividends	9	-	(378)	(378)
Balance at 31 December 2017		111	408	519
Profit for the year		-	294	294
Transactions with owners				
Dividends	9	-	(300)	(300)
Balance at 31 December 2018		**111**	**402**	**513**

Statements of Cash Flows

For the year ended 31 December 2018

	Note	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Net cash flow generated from / (used in) operating activities	24	**3,565**	2,427	**1**	(280)
Cash flow from investing activities					
Interest received		**113**	107	**-**	-
Dividends received		**-**	-	**294**	675
Purchase of property, plant and equipment		**(42)**	(305)	**-**	-
Purchase of intangibles		**(334)**	(290)	**-**	-
Acquisition of subsidiary net of cash acquired		**-**	(600)	**-**	-
Net cash flow (used in) / from investing activities		**(263)**	(1,088)	**294**	675
Cash flow from financing activities					
Interest paid		**(31)**	(40)	**-**	-
Dividends paid	9	**(300)**	(378)	**(300)**	(378)
Payment of loan to related undertaking		**(1,467)**	(1,000)	**-**	-
Director loan repayment / (drawing)		**2,011**	(1,451)	**-**	-
Loan notes redeemed		**-**	(113)	**-**	-
Repayment of obligations under finance leases		**(452)**	(973)	**-**	-
Net cash flow from / (used in) financing activities		**(239)**	(3,955)	**(300)**	(378)
Net increase / (decrease) in cash and cash equivalents	26	**3,063**	(2,616)	**(5)**	17
Cash and cash equivalents at beginning of the year		**7,549**	10,165	**124**	107
Cash and cash equivalents at end of the year		**10,612**	7,549	**119**	124

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1 Accounting policies

Parkwood Leisure Holdings Limited is a private limited company limited by shares.

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 International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 as applicable to companies using IFRS. The financial statements have been prepared under the historical cost convention.

For the year ended 31 December 2018, a number of the Group's subsidiaries (as listed in note 12) are exempt from the requirements of an audit, by virtue of section 479a of the Companies Act 2006, for their individual financial statements as Parkwood Leisure Holdings Limited, the parent undertaking, has provided a guarantee to the relevant subsidiaries under section 479c in respect of the year ended 31 December 2018.

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 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The Group meets its day-to-day working capital requirements through an overdraft facility, which is due for renewal at the end of May 2019. The Group's forecasts and projections, which have been prepared for the period to 31 May 2020 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.

Significant Judgements and Key Sources of Estimation Uncertainty

The preparation of the Group's financial statements in conformity with IFRS as adopted by the European Union 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 have 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 2018 amounts to £485,000 (2017: £707,000). See note 20 for further details.

Insurance provision
Management have made judgements over the future cash flows used in the estimation of provisions for insurance claims incurred but not reported. In assessing the quantum of future cash flows management have made judgements over the timing and amount of potential claims arising from incidents that occurred during an underwriting year, including claims of which the Group has not yet been notified. The carrying value of the insurance provisions at 31 December 2018 amounts to £1,116,000 (2017: £686,000). See note 20 for further details.

Estimate of contractual obligations on council owned assets
The contractual obligation on replacement of council owned assets within leisure centres operated by the Group is based on management's best estimate after taking into account past experience of the estimated useful economic life of assets and the present operational state of assets within the centres. The estimate is based on expected future prices of assets at the expected replacement dates. The carrying value of the contractual obligation on council owned assets provision is £2,720,000 (2017: £2,460,000). See note 20 for further details.

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

Adoption of new and revised standards
At the date of authorisation of these financial statements, the following standards and interpretations have been published but are not yet effective, and have not been adopted early by the Group in preparing the financial statements:

• IFRS 16 Leases	(effective 1 January 2019)
• IAS 28 Long-term Interests in Associates and Joint Ventures	(effective 1 January 2019)
• IFRIC 23 Uncertainty over Income Tax Treatments	(effective 1 January 2019)
• IFRS 9 Prepayments Features with Negative Compensation	(effective 1 January 2019)

None of the above standards, with the exception of IFRS 16 'Leases', are expected to have any significant impact on the Group's financial statements.

The group is assessing its options in relation to the adoption of IFRS16.

The following new standards became effective in the year:

- IFRS 15 Revenue from contracts with customers - the standard requires a five step approach; to identify a contract with a customer, identify a performance obligation within that contract, determine a transaction price, allocate the transaction price to the performance obligation and recognise the revenue when the Group satisfies its performance obligation. The Group hold a number of contracts to provide goods and services to its customers. The revenue is only recognised when the goods or services are provided. The adoption of IFRS15 has therefore had no impact on the financial statements of the Group.
- IFRS 9 Financial Instruments - the standard specifies how the Group should classify and measure financial assets and liabilities. The financial assets and liabilities of the Group are held in accordance with the standard therefore IFRS9 has no impact on the financial statements of the Group.

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 2018 £'000	Profit / (loss) before taxation 2018 £'000	Total revenue 2017 £'000	Profit / (loss) before taxation 2017 £'000
Leisure	**50,374**	**1,632**	59,562	2,475
PPM	**1,223**	**72**	1,970	134
All other divisions	**1,679**	**(1,391)**	1,645	(757)
Intercompany elimination	**(1,095)**	**-**	(938)	-
Waiver of loans to related undertakings	**-**	**-**	-	(500)
Total Group	**52,181**	**313**	62,239	1,352

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 Profit before taxation

Profit before taxation is stated after charging:	2018 £'000	2017 £'000
Depreciation (note 11)		
- owned	**313**	337
- held under finance leases and hire purchase contracts	**125**	74
Amortisation of intangibles (note 10)	**316**	211
Movement in provisions (note 20)	**741**	1,035
IFRIC 12 charge	**774**	812
Loss on sale of property, plant and equipment	**6**	6
Loss on disposal of intangible assets	**64**	10
Cost of inventories recognised as an expense (note 13)	**2,229**	2,762
Staff costs (note 6)	**16,799**	23,570

Auditors' remuneration	2018 £'000	2017 £'000
Fees payable for the audit of the Company's annual financial statements	**6**	5
Fees payable to the auditors for other services:		
- audit of the Company's subsidiaries, pursuant to legislation	**20**	24

4 Finance income

	2018	2017
	£'000	£'000
Interest on bank deposits	51	38
Interest receivable from subordinated debt investments	5	5
Interest receivable from loans to directors (note 27)	57	64
Total finance income	113	107

5 Finance costs

	2018	2017
	£'000	£'000
Interest charge in respect of finance leases	31	37
Interest payable on unsecured loan notes	-	3
Total finance costs	31	40

6 Staff costs

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

	2018	2017
	£'000	£'000
Wages and salaries	15,337	21,720
Social security costs	987	1,330
Other pension costs (note 19)		
- defined contribution scheme	354	384
- defined benefit scheme	121	136
Total staff costs	16,799	23,570

The average number of full-time equivalent employees of the Group during the year was as follows:

	2018	2017
Operations	337	555
Administration and management	259	298
	597	853

The average number of employees in the Group during the year was 1,277 operations and 330 administration and management. (2017: 1,897 operations and 314 administration and management)

Parkwood Holdings Limited incurred the following costs relating to the remuneration of directors during the year with the exception of L Hewitt who was remunerated by Parkwood Leisure Limited. 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.

	2018	2017
	£'000	£'000
Emoluments	261	440
Pension costs	60	51
	321	491

Three directors accrued retirement benefits under defined contribution pension schemes (2017: 3).

Total remuneration paid within the Group to the highest paid director was as follows:

	2018	2017
	£'000	£'000
Emoluments	196	249
	196	249

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.

7 Income tax

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

	2018	2017
	£'000	£'000
Current tax		
- Current year	32	378
- Adjustments in respect of prior years	35	9
Total current tax	67	387
Deferred tax		
- Origination and reversal of temporary timing differences	41	8
- Adjustments in respect of prior years	119	43
Total deferred tax	160	51
Total income tax charge	227	438

The standard rate of current tax for the year based on the UK standard rates of corporation tax is 19% (2017: 19.25%). Changes to the UK standard rate of corporation tax are disclosed in note 21. The current tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2018	2017
	£'000	£'000
Profit before taxation	313	1,352
Tax on profit on ordinary activities at the standard rate	59	260
Adjustment for tax rate differences	(4)	(1)
Expenditure not deductible for taxation purposes	18	14
Loan waiver not deductible for taxation purposes	-	96
Net goodwill impairment and amortisation of intangible asset	-	17
Adjustments in respect of prior years for current tax	35	9
Adjustments in respect of prior years for deferred tax	119	43
Total income tax charge	227	438

8 Parent company results

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of profit of loss in these financial statements. The Company recognised a profit for the year of £294,000 (2017: £675,000).

9 Dividends

	2018	2017
	£'000	£'000
Amounts recognised as distributions to equity shareholders in the year:		
Dividend for the year ended 31 December 2016 of 2.503p per ordinary share	-	236
Dividend for the year ended 31 December 2017 of 1.515p per ordinary share (2017: 1.502p)	150	142
Interim dividend for the year ended 31 December 2018 of 1.505p per ordinary share	150	-
	300	378

10 Intangible assets

	2018	2017
	£'000	£'000
Cost		
At 1 January	1,646	777
Additions	334	890
Disposals	(187)	(21)
At 31 December	1,793	1,646
Accumulated amortisation		
At 1 January	478	191
Charge for the year	316	211
Disposals	(123)	(11)
Impairment charges	-	87
At 31 December	671	478
Carrying amount as at 31 December	1,122	1,168

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 £270,000 (2017: £143,000) has been charged to administrative expenses. Amortisation from other intangible assets amounting to £46,000 (2017: £68,000) has been charged to administrative expenses.

As at 31 December 2018 the Company had £nil intangible assets (2017: £nil).

11 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2017	3,228	1,144	1,738	6,110
Additions	23	205	70	298
Disposals	-	-	(23)	(23)
Re-classifications	-	56	2	58
At 31 December 2017	3,251	1,405	1,787	6,443
Additions	1	336	99	436
Disposals	-	(206)	(146)	(352)
Re-classifications	-	32	4	36
At 31 December 2018	3,252	1,567	1,744	6,563
Accumulated depreciation				
At 1 January 2017	2,127	792	1,406	4,325
Charge for the year	121	177	113	411
Disposals	-	-	(17)	(17)
Re-classifications	-	24	1	25
At 31 December 2017	2,248	993	1,503	4,744
Charge for the year	121	208	109	438
Disposals	-	(74)	(131)	(205)
Re-classifications	-	19	1	20
At 31 December 2018	2,369	1,146	1,482	4,997
Carrying amount				
At 31 December 2018	**883**	**421**	**262**	**1,566**
At 31 December 2017	1,003	412	284	1,699

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 2018	**203**	**10**	**213**
At 31 December 2017	109	14	123

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

12 Investments

	2018 £'000	2017 £'000
At 1 January	278	278
At 31 December	278	278

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 2018 was £113,000 (2017: £113,000).

As at 31 December 2018 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 Limited*	Outdoor activities management
Parkwood Creative Limited*	Performing arts management
Parkwood Project Management Limited	PFI project management
Broadwater Leisure Limited*	Project management of a leisure centre
Cherwell Leisure Limited	Project management of a leisure centre
Tiger Bay Aquatics Limited*	Leisure facilities management

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

All subsidiaries were incorporated and registered in England and Wales.

13 Inventories

	2018 £'000	2017 £'000
Finished goods and goods for re-sale	363	490

The cost of inventories recognised as an expense and included in cost of sales amounted to £2,229,000 (2017: £2,762,000). No provisions were held against inventories at the year-end (2017: £nil).

As at 31 December 2018 the Company had £nil inventories (2017: £nil).

14 Trade and other receivables

	2018	2017
	£'000	£'000
Current		
Trade receivables	3,321	3,917
Amounts owed by related undertakings	4,091	2,817
Loans to directors (note 27)	339	2,350
Other receivables	1,054	327
Prepayments and accrued income	1,105	920
	9,910	10,331

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 71 days (2017: 47 days). A provision of £211,000 (2017: £175,000) was held against receivables. See note 23 for further analysis of ageing and impairment of trade and other receivables.

Accelerated spend on contractual commitments represents the excess of spend on replacement of council-owned assets over and above the estimate of the total contractual spend recognised in the statement of profit or loss to 31 December 2018. Future economic benefits will arise from the continued use of these assets. A balance of £1,323,000 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 £282,000 (2017: £282,000), all of which related to balances owed by subsidiary undertakings. This balance is due within the next twelve months.

15 Trade and other payables

	2018	2017
	£'000	£'000
Current		
Trade payables	2,907	2,747
Amounts due to related undertakings	528	152
Social security and other taxes	832	1,290
Other payables	2,648	1,391
Provisions (note 20)	2,490	1,931
Accruals	5,274	5,355
Deferred income	4,869	3,873
	19,548	16,739

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.

16 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts payable under finance leases:				
Within one year	377	381	361	358
In the second to fifth years	189	361	185	351
	566	742	546	709
Less: future finance charges	(21)	(33)	-	-
Present value of lease obligations	545	709	546	709

It is the Group's policy to lease major items of its operating equipment under finance leases. The average lease term is 3 years. For the year ended 31 December 2018 the average effective borrowing rate was 4.6 per cent (2017: 4.4 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the Group's lease obligations equates to their carrying amount. Obligations under finance leases and hire purchase contracts are secured on the leased assets which are subject to those contracts.

17 Operating lease arrangements

The Group had minimum lease payments under operating leases recognised in income during the year amounting to £511,000 (2017: £663,000).

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:

	2018	2017
	£'000	£'000
In one year or less	393	612
In the second to fifth years inclusive	1,013	1,243
After five years	1,357	1,947
	2,763	3,802

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.

18 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 £5,184,000 (2017: £4,894,000).

At 31 December 2018 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.

19 Retirement benefit obligations

Defined contribution schemes
The Group operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The total cost charged to income of £354,000 (2017: £384,000) 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 2018, contributions of £37,000 (2017: £37,000) 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 most recent actuarial valuation of scheme assets and present value of the defined benefit obligation was carried out on 31 December 2018 by Hymans Robertson LLP. 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	**2018**	2017
	%	%
Rate of increase in salaries	**1.90**	1.90
Rate of increase in pensions in payment	**2.15**	2.15
Discount rate	**2.80**	2.50
Inflation assumptions	**3.15**	3.15
Expected return on scheme assets	**2.80**	2.50

For 2018 the mortality tables used are bespoke to Hymans Robertson based on an analysis of scheme experience and account for variations in longevity due to factors including affluence, geo-demographics and reason for retirement. The assumed life expectancy for non-manual members currently aged 65 is 21 years. For a non-manual member currently aged 45, the life expectancy once they reach age 65 is assumed to be 23.3 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	**2018**	2017
	£'000	£'000
Current service cost	**54**	76
Administrative cost	**34**	33
Interest cost	**123**	114
Expected return on scheme assets	**(90)**	(87)
Total	**121**	136

Of the total amount recognised in the statement of profit or loss £77,000 (2017: £79,000) has been recognised under cost of sales and £44,000 (2017: £57,000) has been recognised under administrative expenses.

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

Amounts recognised in the statement of financial position	**2018**	2017
	£'000	£'000
Fair value of scheme assets	**3,674**	3,456
Present value of scheme liabilities	**(4,780)**	(4,934)
Deficit in the scheme	**(1,106)**	(1,478)
Related deferred tax asset	**188**	251
Net pension liability	**(918)**	(1,227)

Reconciliation of the movement in the fair value of assets	2018	2017
	£'000	£'000
At 1 January	3,456	3,118
Expected return on scheme assets	90	87
Actuarial (losses) / gains on scheme assets	(256)	187
Contributions by the employer	448	106
Contributions from scheme members	14	21
Benefits paid and other net movements	(78)	(63)
As at 31 December	3,674	3,456

Reconciliation of the movement in the present value of liabilities	2018	2017
	£'000	£'000
At 1 January	4,934	4,132
Current service cost	54	76
Administrative cost	34	33
Interest cost	123	114
Contributions from scheme members	14	21
Actuarial (gains) / losses	(301)	621
Benefits paid and other net movements	(78)	(63)
As at 31 December	4,780	4,934

Scheme assets	Fair value of assets	
	2018	2017
	£'000	£'000
Equities	2,535	2,384
Corporate bonds	772	726
Government bonds	366	346
Total fair value of assets.	3,674	3,456

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 £91,000. 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 £87,000.

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 £191,000.

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

The history of experience adjustments is as follows:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Present value of benefit obligations	**(4,780)**	(4,934)	(4,132)	(3,119)	(3,155)
Fair value of scheme assets	**3,674**	3,456	3,118	2,709	2,636
Deficit in the scheme	**(1,106)**	(1,478)	(1,014)	(410)	(519)
Experience adjustments on scheme liabilities	**(301)**	621	843	(215)	513
% of scheme liabilities	**6.3%**	12.6%	20.4%	6.9%	16.3%
Experience adjustments on scheme assets	**(256)**	187	235	(77)	76
% of scheme assets	**7.0%**	5.4%	7.5%	2.8%	2.9%

The estimated amount of contributions expected to be paid in the next financial year is £670,000 (2017: £63,000).

20 Provisions

	2018	2017
	£'000	£'000
At 1 January	**3,853**	3,405
Charged to the statement of profit or loss	**874**	1,035
Released to the statement of profit of loss	**(133)**	-
Utilised during the year	**(273)**	(587)
At 31 December	**4,321**	3,853
Included in:		
Current liabilities	**2,490**	1,931
Non-current liabilities	**1,831**	1,922
	4,321	3,853

During the year a provision of £53,000 (2017: £214,000) was charged to the statement of profit or loss reflecting property lease dilapidation. £214,000 (2017: £381,000) was utilised during the year. £60,000 (2017: £nil) was released to the profit or loss. A balance of £139,000 (2017: £534,000) is expected to be utilised within twelve months and £346,000 (2017: £173,000) 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 £561,000 charge to the statement of profit or loss (2017: £173,000). £59,000 (2017: £206,000) was utilised during the year. £73,000 (2017: £nil) was released to the profit or loss. Of the balance, £238,000 (2017: £194,000) is expected to be utilised in twelve months or less and £878,000 (2017: £492,000) is expected to be utilised after twelve months.

During the year a provision of £260,000 (2017: £648,000) was charged to the statement of profit of loss in respect of future maintenance costs on council-owned assets. Of the balance, £2,113,000 (2017: £1,203,000) is expected to be utilised in twelve months or less and £607,000 (2017: £1,257,000) is expected to be utilised after twelve months.

21 Deferred tax

	2018	2017
	£'000	£'000
Asset at 1 January	237	214
Amount charged to profit or loss	(160)	(51)
Amount credited to other comprehensive income	(8)	74
Asset at 31 December	69	237
Included in:		
Non-current assets	99	287
Non-current liabilities	(30)	(50)
Asset at 31 December	69	237

The rate at which deferred tax is expected to unwind is 17% (2017: 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%. Reductions in the corporation tax rate to 17% from 1 April 2020 have been substantially enacted at the statement of financial position date.

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	(22)	(114)	-	(136)
Short-term temporary differences	8	9	-	17
Tax on provision for retirement benefit obligations	251	(55)	(8)	188
Asset at 31 December 2018	237	(160)	(8)	69

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 (2017: £nil).

22 Share capital

	2018	2017
	£'000	£'000
Authorised, issued and fully paid		
9,990,000 (2017: 9,990,000) ordinary shares of 1p each	100	100
1,110,000 (2017: 1,110,000) ordinary 'B' shares of 1p each	11	11
	111	111

Share capital represents the nominal value of equity shares.

23 Financial instruments

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

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

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

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

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

There would be a £156,000 (2017: £223,000) 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:

2018	Not past due	< 30 days	30-60 days	60-90 days	> 90 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade receivables	1,475	1,070	(20)	39	757	**3,321**
Amounts owed by related undertakings	4,091	-	-	-	-	**4,091**
Loans to directors	339	-	-	-	-	**339**
Other receivables	1,054	-	-	-	-	**1,054**
Total	**6,959**	**1,070**	**(20)**	**39**	**757**	**8,805**

2017	Not past due	< 30 days	30-60 days	60-90 days	> 90 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade receivables	2,951	146	115	8	697	3,917
Amounts owed by related undertakings	2,817	-	-	-	-	2,817
Loans to directors	2,350	-	-	-	-	2,350
Other receivables	327	-	-	-	-	327
Total	8,445	146	115	8	697	9,411

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 £278,000 (2017: £278,000) 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 so have decided to measure the asset at amortised cost.

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

	2018	2017
	£'000	£'000
Balance at the beginning of the year	175	65
Impairment losses recognised	121	120
Amounts written off as uncollectible	(10)	(3)
Amounts recovered during the year	(75)	(7)
Balance at the end of the year	211	175

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	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	2,907	2,747	-	-	-	-
Amounts owed to related undertakings	528	152	-	-	-	-
Finance lease obligations	181	179	180	179	185	351
Other financial liabilities	10,412	8,677	-	-	-	-
Total	14,027	11,755	180	179	185	351

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	2018	2017
	£'000	£'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	19,417	16,960
Financial liabilities		
Held at amortised cost	14,393	12,285

24 Notes to the consolidated statement of cash flows

Operating cash flows	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Profit before taxation	313	1,352	294	675
Investment income recognised in profit or loss	(113)	(107)	(294)	(675)
Finance costs recognised in profit or loss	31	40	-	-
Depreciation of property, plant and equipment	438	411	-	-
Amortisation of intangible assets	316	211	-	-
Impairment of intangible assets	-	87	-	-
Loss on the sale of property, plant and equipment	5	5		-
Loss on disposal of intangible assets	64	10		-
Increase in provisions	141	478	-	-
Operating cash flows before movements in working capital	1,195	2,487	-	-
Decrease in inventories	127	28	-	-
Decrease / (Increase) in receivables	242	(1,640)	-	(280)
Increase in payables	2,249	2,271	1	-
Income taxes paid	(248)	(719)	-	-
Net cash flow generated from / (used in) operating activities	3,565	2,427	1	(280)

25 Reconciliation of net cash flow movement to net debt

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Increase / (decrease) in cash in the year	3,063	(2,616)	(5)	17
Cash inflow from changes in debt and lease financing	452	1,101	-	-
Change in net debt resulting from cash flows	3,515	(1,515)	(5)	17
New finance leases	(289)	(562)	-	-
Decrease / (Increase) in net debt	3,226	(2,077)	(5)	17
Net cash at 1 January	6,840	8,917	124	107
Net cash at 31 December	10,066	6,840	119	124

26 Analysis of net cash

	At 1 January	Cash flow	Other non-cash changes	At 31 December
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,549	3,063	-	10,612
Obligations under finance leases	(709)	452	(289)	(546)
Total net cash	6,840	3,515	(289)	10,066

27 Related party transactions

Transactions between the Group, the Company and its related parties are disclosed below. Balances are payable in cash under normal commercial terms and are not subject to guarantees or other security unless noted otherwise. No amounts receivable have been impaired (2017: £nil).

Transactions with related parties not under common control

- During the year, interest on subordinated debt of £5,441 (2017: £4,461) was received by Parkwood Project Management Limited from D4E Mulberry Limited, a company in which the Group retains a 25% shareholding. A balance of £1,368 was outstanding at 31 December 2018 (2017: £1,392) for interest receivable.
- Parkwood Leisure Limited charged management fees of £816,478 to D4E Mulberry during the year (2017: £773,198) and a balance of £nil (2017: £nil) was outstanding at the year end.
- Parkwood Leisure Limited received a utility capping of £66,367 (2017: £104,432) from D4E Mulberry Limited during the year. At the year-end there was a balance due of £nil (2017: £nil).
- During the year D4E Mulberry Limited charged deductions of £1,696 (2017: £nil) to Parkwood Leisure Limited. At the year-end there was a balance due of £nil (2017: £nil).
- During the year the group made purchases of £3,247 from William Heath & Co, a business E R Lee is a partner. At the year-end there was a balance due of £3,247 (2017: £nil).

Transactions with related parties under common control

- During the year loans amounting to £nil (2017: £500,000) owed by Alston Investments Limited to Parkwood Holdings Limited were waived. During the year loans amounting to £1,467,219 (2017: £nil) were made to Alston Investments Limited by Parkwood Holdings Limited. A balance of £3,726,876 (2017: £2,259,657) was outstanding at the year-end and is held in current assets.
- During the year Parkwood Holdings Limited charged management fees totalling £230,365 to the Group's operating subsidiaries (2017: £162,543). 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 £601,208 (2017: £457,000) to the Group's operating subsidiaries. It also made a charge of £998,612 (2017: £977,783) to operating subsidiaries of Alston Investments Limited. At the year end a balance of £100,000 was due from Parkwood Holdings Limited to Glendale Managed Services Limited (2017: £nil).
- During the year Parkwood Holdings Limited charged Head Office costs totalling £20,339 to the subsidiaries of Alston Investments Limited (2017: £469,062). No balance was outstanding at the year-end (2017: £nil)
- During the year the Group's operating subsidiaries were charged consultancy fees by the subsidiaries of Alston Investments Limited totalling £nil (2017: £41,020). A balance of £nil (2017: £2,028) was owed by the Group's operating subsidiaries to Parkwood Consultancy Services Limited.
- During the year Parkwood Leisure Limited was charged rent by Alston Properties Limited amounting to £30,600 (2017: £30,600). No balance was outstanding at the year-end (2017: £nil).
- During the year Parkwood Leisure Limited was charged £28,630 (2017: £6,505) by Building & Property Services Limited in respect of property maintenance services. No balance was outstanding at year-end (2017: £nil).
- During the year Cherwell Leisure Limited was charged £70,545 (2017: £407,062) by Building & Property Services Limited in respect of property maintenance services. No balance was outstanding at year-end (2017: £nil).
- During the year the Group's operating subsidiaries were charged consultancy fees of £8,275 (2017: £11,550) by BSW (Exeter) Limited. £nil was outstanding at year-end (2017: £1,138).
- During the year Parkwood Project Management Limited was charged £30,442 (2017: £587,371) by Building and Property Services Limited in respect of building lifecycle works. A balance of £296 (2017: £109,435) remains outstanding at the year-end and is held in current trade and other payables.
- During the year the Group's operating subsidiaries were charged buildings and maintenance fees by Glendale Grounds Management Limited totalling £198,877 (2017: £233,359). A balance of £19,132 (2017: £27,602) was owed by the Group's operating subsidiaries to Glendale Grounds Management Limited.
- During the year the Group's operating subsidiaries were charged groundworks/ tree works by Glendale Countryside Limited totalling £200 (2017: £1,640). A balance of £nil (2017: £240) was owed by the Group's operating subsidiaries to Glendale Countryside Limited.
- During the year the Group's operating subsidiaries were charged grounds maintenance fees by Glendale Countryside Limited totalling £228,163 (2017: £233,359). A balance of £19,643 (2017: £27,602) was owed by the Group's operating subsidiaries to Glendale Countryside Limited.
- During the year the Group's operating subsidiaries were charged £22,260 (2017: £7,008) for plants by Glendale Horticulture Limited. A balance of £nil (2017: £1,109) was outstanding at year-end.
- During the year a loan of £nil was made by Parkwood Holdings Limited to Alston Properties Limited (2017: £350,000). A balance of £350,050 (2017: £350,000) is held in current trade and other receivables.
- At the year end Parkwood Holdings Limited was owed £nil (2017: £111,193) by Parkwood Consultancy Services Limited.
- During the year Parkwood Community Leisure Limited charged £2,054 to subsidiaries of Alston Investments Limited (2017: £603). A balance of £440 (2017: £453) remains outstanding at year-end and is held in trade and other receivables.
- During the year Parkwood Leisure Limited was charged £16,200 (2017: £nil) by Glendale Managed Services Limited for consultancy works. A balance of £8,736 (2017: £nil) was outstanding at the year-end and is held in current trade and other payables.
- At the year-end the Group's operating subsidiaries were owed £13,404 (2017: £20,458) by the subsidiaries of Alston Investments Limited. This balance is held in trade and other receivables.

- At the year-end Parkwood Holdings Limited owed £8,980 (2017: £10,689) to Glendale Golf Limited. This balance is held in trade and other payables.
- During the year Parkwood Leisure Limited was charged £48,000 by Glendale Golf Limited for management fees (2017: £nil). At the year-end the subsidiaries of Parkwood Leisure Holdings Limited owed £57,600 (2017: £10,689) to Glendale Golf Limited. This balance is held in current trade and other receivables.
- At the year end Parkwood Leisure Limited owed £331,056 (2017: £nil) to Glendale Grounds Management Limited for intercompany trading. This balance is held in trade and other payables.
- During the year Building and Property Services Limited charged £281 (2017: £25,911) to Parkwood Community Leisure Limited. At the year-end £nil was outstanding (2017: £nil).
- During the year Parkwood Leisure Limited made purchases of £19,359 (2017: £nil) 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	2,349,540	558,742	(2,626,079)	56,586	**338,790**
Total	2,349,540	558,742	(2,626,079)	56,586	**338,790**

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:

	2018 £	2017 £
Short-term employee benefits	**693,786**	837,884
Post-employment benefits	**100,720**	76,530
	794,505	914,414

Ultimate controlling party

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