Places Leisure

Part of Places for People

PfPL (Holdings) Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

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Directors	C D'Costa D Walker P Nourse (appointed 1 September 2023) O Lee (appointed 28 July 2022, resigned 11 August 2023) P McPartlan (resigned 28 July 2022)
Company secretary	K Alsop (appointed 1 July 2023) C Martin (resigned 1 July 2023)
Registered office	305 Gray's Inn Road London WC1X 8QR
Auditor	MHA Statutory Auditor 6th Floor 2 London Wall Place London EC2Y 5AU

The Directors have pleasure in submitting their Strategic Report for the year ended 31 March 2023.

REVIEW OF THE BUSINESS

Impact

As part of Places for People Group ("the PfP Group"), which seeks to be the UK's leading social enterprise, the impact on our communities drives everything we do. That is why we are proud to have generated £131.2m in social value in the last financial year. Beyond the expected health benefits of participating in regular activity, this figure includes £73m generated in associated wellbeing and £33m in social and community development. This is an increase of 29% and places our sites firmly in the top quartile of providers in the UK.

Our ability to deliver these benefits is underpinned by our 159,000 members and the 23.6m visitors we welcomed to our leisure centres in the last financial year. Despite the challenges the sector has faced we have continued to evolve the offer to our communities to ensure it is what they want and at a price they can afford. Our success in striking this balance is evidenced in the membership growth we have enjoyed, with fitness up 10% and dry courses up 16% compared to the previous financial year. Recognising the importance of swimming as a life skill, we have also dedicated more pool time to lessons. This has been reflected in a 4% growth in associated membership.

However, these figures do not show the broader engagement we conduct for and in our communities. As a social enterprise, our profit is not paid out in dividends, but is reinvested in the communities we serve. Outreach programmes are a growing fixture of our service, working in partnership with our local authorities and charities to meet their needs and requirements. The flagship of these this year has been Big Sister, which has engaged over 14,000 adolescent girls, providing support and access to advice, activities and period products. The cost-of-living crisis also spurred us into action to support those struggling over the winter period. We accordingly turned forty-five of our sites into warm hubs, with ten sites also acting as food bank collection points. We want to do more to create healthy communities, and this is reflected in our new strategy.

Strategy

In line with our own desire to do more for our communities, the PfP Group has placed 'community' at the heart of its purpose and is leading a welcome integration agenda with subsidiary companies including PfPL (Holdings) Limited ("the Company") and its subsidiary undertakings (together, "the Group"). This prompted the Group to reframe its strategy and operating model into tomorrow's characterisation of what it exists for.

The new strategy recognises the unique role the Group has in leading the healthy communities' agenda aspect of the PfP Group strategy. This is captured in our aspiration, which seeks to establish the Group as the UK's leading health and wellbeing enabler, changing lives by creating active places and healthy people for communities to thrive. This demands a greater focus on delivery for and in our communities, working with partners and clients in a collaborative and integrated approach.

The aim is for customers to learn about health and wellbeing, enjoy the benefits it can provide, and adopt a healthier lifestyle to improve their outcomes. Having created a structure to support the delivery of this strategy, including the establishment of a healthy communities team, we are now seeking to exploit the opportunities. We want to lead the sector in demonstrating the societal benefits of active places and healthy people.

Customers, Clients and Communities

Our customers, clients and communities are at the heart of everything we do. We are blessed with having great people who live in the heart of these communities and understand their intimate needs. Therefore, although we seek to run big initiatives such as Big Sister, we also encourage a local approach and the sharing of ideas to ensure those with broader relevance can be scaled at pace. There are too many to mention in this Strategic Report, but below are some highlights which exemplify the key tenets of our new strategy: access to exceptional services for all; collaboration and partnerships to deliver greater impact; and a community hub for everyone.

The first such initiative is one we delivered alongside a charity called Face Everything and Rise. Originally aimed at creating an inclusive swimming event for artificially fed people at Romsey Rapids, it has grown to become so much more. The event evolved to support individuals and families with a variety of medical needs attracting over 100 participants. It was clear the event needed to be expanded and we are delighted to be hosting events throughout 2023 at Dover, Hinckley, Andover, Camberley and Rotherham, and of course at Romsey and Eastleigh where it all began.

Our centres are a community asset, and we remain determined that they deliver for all the needs of the community. That is why it was fantastic to announce a collaboration with Barclays at Harborne Leisure Centre in December. With the bank closing its high street branch this ensured the community could still access face-to-face advice and support twice a week. This has already seen the initiative expanded to Graves Leisure Centre in Sheffield, and we hope to identify further opportunities in the near future.

However, one of the greatest partnerships we are keen to expand, and support is that with the NHS. We are already co-located with the National Centre for Sport and Exercise Medicine in Sheffield and numerous sites work alongside local GP practices to offer exercise referral schemes. In Sheffield alone, around 100,000 clinical appointments are conducted in the National Centre each year, with the Group working in partnership to deliver pre-habilitative or re-habilitative support. With the establishment of our healthy communities team we are poised to expand this support substantially.

People

Our people are key to the success of the business, and we continue to work tirelessly to ensure we are invested in their development and wellbeing. Our highest ever participation in our annual engagement survey at 90% demonstrates that our people are eager to play a part in the future of the business. We are now in the process of acting on their feedback and have already implemented change for the better.

As a responsible employer, in the face of an unprecedented squeeze on personal finances, we introduced the Real and London Living Wages in October 2022. This was followed with the launch of a hardship fund to help those with specific financial needs, and a one-off cost of living payment in January 2023. This has ensured everyone who works for the Group can make ends meet. Our recent pay review, which will be implemented at the start of the next financial year, has continued to ensure the lowest paid in the organisation are supported the most.

In a disaggregated business, the only effective means to implement strategic intent is to delegate authority to the frontline. This empowers leaders to own the performance of their location and its people, and to feel that such ownership is a reasonable proposition. It also helps develop the strategic leaders of the future. We have empowered our teams to make the right decisions for their site, their customers and their communities, as they know them better than anyone. This is part of our broader journey to create a culture to passionately deliver for our communities, by trusting in each other always to do what is right, however hard.

We have also worked hard to upskill our workforce. The number of apprentices has increased by 100% in the past year. Recognising the importance of mental wellbeing we have also increased the number of Mental Health First Aiders by 80 to 94. Our Placemaking programme was launched delivering four brand new customer experience and sales modules to 1,261 colleagues. A new learning champion network was also established made up of passionate frontline colleagues, and they have supported us to achieve 89% e-learning compliance.

Growth

Growth and expansion are a key part of our strategy as we pivot towards a broader community offer. This aligns seamlessly to the change in local authority leisure management contract opportunities, which are now more focused on active communities and social value delivery. Our strategy and broader, inclusive, community-based offer places us in a strong position to grow our business and take on opportunities for new contracts with local authority partners. This will also present opportunities with commissioning groups for wider public health funding to deliver a range of preventative and supportive health and wellbeing initiatives, led by the new healthy communities team.

Extending existing contracts with local authority partners remains a priority, and we are delighted to have been awarded a new 10-year contract with Elmbridge Borough Council which will incorporate £6m of the Group's funding to transform the leisure services. We are equally delighted to have extended our partnerships with Wandsworth Borough Council and Birmingham City Council. In July 2022, in partnership with Wokingham Borough Council we successfully opened the new £20m Wokingham Leisure Centre which has exceeded all our expectations. The centre is a true community hub which includes a bespoke gym for those with long term health conditions, an on-site library, an events venue for cultural and community use, along with a full array of traditional leisure services.

We will continue to work in collaboration with PfP Group and develop the strategic focus towards a broader, more inclusive, community-based offer across the wider business. This will ensure that we are in an optimum position to expand our proposition to the communities that we serve as we strive to make even more of a difference to locations and communities beyond the locality of where the leisure business has a presence.

Sustainability

Creating a healthy environment is also a key deliverable within our strategy. Spiralling energy costs have made energy savings a necessity. Through educating both our customers and people we successfully changed the culture within our centres. We have continued to upgrade to LED lighting, incorporating the latest daylight-saving technology, and improved our building control systems and air handling units. Where capital investment has allowed, we have also worked with local authority partners to install photo-voltaic arrays on the roofs of our leisure centres. These measures delivered savings of 17% in gas and 18% in electricity compared to the most recent pre-Covid comparative of 2019. Alongside the energy savings we also drove a reduction in water consumption, leading to an equally impressive 14% reduction.

The new Carnival Hub in Wokingham is a window into the evolutionary process towards a more sustainable leisure centre and is one of the most energy efficient in the country. The centre boasts a huge 350kW photo-voltaic array on the roof and incorporates the latest air source heat pump technology. Its air leakage and insulation levels are close to Passivhaus standards and, as a result, it only requires a small gas fired boiler for extreme cold spells.

Our new centre planned for Epping will improve on this. Currently in the design stage it will be an all-electric centre with air source heat pumps, photo-voltaic arrays and high levels of insulation incorporated, along with the latest in building management systems to ensure energy requirements are minimised. However, this does not preclude making improvements to our existing centres. We continue to explore the latest technologies to reduce our operating footprint, including the installation of the innovative tulip wind turbines. These investments are essential to delivering a net zero footprint.

Technology, Data and Insights

We have developed a digital transformation strategy to exploit the benefits of modern technology for our customers and people. Central to this is a change in the leisure management system which is the backbone of the IT infrastructure. We have chosen to develop a technology partnership with market leader Gladstone Software. They have developed a software as a service leisure management system and have pledged to continue to invest a % of their turnover in ongoing software development. To lead this and the broader implementation of the strategy, we have recruited a new IT director with experience in completing similar journeys within the sector.

Technology, Data and Insights (continued)

We are only at the start of this journey, but at the centre of our approach is an effortless experience for our customer. All connected systems are being reviewed to ensure we are exploiting the very best of what is on offer. This has already led to the development of a new app, which will be launched in the coming year, and proposed changes to our online joining process. Linked to this step-change is bringing data to the forefront of the organisation. Working with 4Global, we are developing dashboards and models to ensure that business decisions are data driven and managers are well informed of the day-to-day operations.

The Group will see vast change over the next two years with the rapid implementation of the new leisure management system, delivering improvements to customer and staff experiences. This, coupled with ensuring stability from our current systems and ensuring we access those systems to their full potential, will lead to continued organisational stability and financial benefits into the future.

Governance

To manage this huge amount of change and to ensure our people know where and how to engage, we have published a new governance handbook to reflect our revised operating model and closer collaboration with PfP Group. This has provided clarity on our business processes, so that everyone in the organisation can contribute. At the heart of this: transparency, involvement, enfranchisement, and a strong sense of collective belonging.

Risk

The senior leadership team monitors strategic risks to the business closely and develops mitigation to protect itself from the impact if they should be realised. Key risks being monitored include:

Political and Economic. Continued economic uncertainty creates challenging trading conditions. Agility and resilience are key to weather these economic headwinds to ensure the business continues to operate on strong economic foundations. We have taken measures to protect ourselves from the worst of any market fluctuations. Our strategic intent is implemented through delegated authority to the frontline, empowering our leaders to balance social impact, income and growth.

Social. The cost-of-living crisis continues to impact disposable incomes and that which might be spent on leisure services. We are monitoring this carefully to ensure we continue to present value for money services and to grow the number of people engaged in physical activity. Our people are our biggest asset and critical to well looked after customers. Our adoption of the Real and London Living Wages supports our colleagues and meets our moral responsibility as a socially aware employer.

Technology. The leisure sector is not immune from rapid technological advancements. Whilst this presents opportunities to enhance customer journeys, we will monitor its adoption carefully to ensure customer data and privacy is maintained. The digital transformation roadmap strikes this balance.

Legal. Many of the contracts we operate are unequal to the world in which they now exist, adding complexity to the operating environment, and often restricting our ability to support the very communities we are charged with serving. We continue to work with our local authority partners to find compromises to ensure we can deliver the services they seek. We are developing options to compete with other operators for new business.

Environmental. Global warming places a moral obligation on the business to reduce its carbon footprint. We continue to drive energy saving behaviours and technologies to meet these obligations. Concurrently the increasing risk of extreme weather events on operations is monitored carefully.

Health and Safety. The delivery of leisure activities is inherently high-risk. We take the health and safety of our customers and colleagues extremely seriously. Our Safety Quality Management System has been developed in line with the PLAN, DO, CHECK, ACT approach to achieve a balance between our systems and behavioural aspects of managing our business. It is monitored rigorously and resourced accordingly, including utilising external partners to support us in delivering compliance.

Risk (continued)

Financial instruments

The Group's principal financial instruments comprise sterling cash and bank deposits, obligations under finance leases, and trade debtors and creditors arising from operations. The risks arising from the Group's financial instruments can be analysed as follows:

i) Credit risk

Credit risk is minimal to the Group as major debtors mainly comprise of Local Authorities who pay management fees in line with contractual terms.

ii) Liquidity Risk

Liquidity risk is managed closely by the Directors through a monthly review process. Capital investment projects are funded through cash and lease finance.

iii) Cash Flow Interest Rate Risk

Price risk and foreign exchange risk is minimal to the Group.

iv) Commodity Price Risk

The Group uses forward contracts to mitigate the risk of fluctuating gas and electricity prices. The wholesale value of gas and electricity is monitored daily, and trigger points dictate our decision-making process. Additionally, we take advice from our energy broker's market intelligence department.

Approval

On behalf of the Board

D.Walker
D.Walker (Sep 26, 2023 13:14 GMT+1)
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Director: D Walker
Date: Sep 26, 2023

The Directors present their annual report and financial statements for the year ended 31 March 2023.

A review of the performance of the Group's business during the year, the principal risks and uncertainties facing the Group and likely future developments are included in the Strategic Report.

As permitted by legislation, some of the matters normally included in the Directors' Report, have instead been included in the Strategic Report as the Board considers them to be of strategic importance.

Disclosures elsewhere in the Annual Report and consolidated financial statements are cross-referenced in this Directors' Report where appropriate.

Principal Activities

The principal activities of the Group are outlined in the Strategic Report.

The results are shown in the financial statements.

No dividends have been declared or paid in respect of the year ended 31 March 2023 (2022: £nil).

There have been no important events affecting the Group since the financial year end.

Principal Clients

In the year ended 31 March 2023 we worked in partnership with the following Local Authorities to manage their leisure facilities:

Amber Valley Borough Council	North Northants Council
Birmingham City Council	North Somerset District Council
Buckinghamshire Council	Norwich City Council
Dartford Borough Council	Rotherham Metropolitan Borough Council
Dorset Council	Rushmoor Borough Council
Dover District Council	Sandwell Metropolitan Borough Council
Eastleigh Borough Council	Sheffield City Council
East Suffolk Council	Southampton City Council
Elmbridge Borough Council	Surrey Heath Borough Council
Epping Forest District Council	Test Valley Borough Council
Gosport Borough Council	Tewkesbury Borough Council
Hinckley and Bosworth Borough Council	Wandsworth Borough Council
Horsham District Council	Waverley Borough Council
Kingston Council	Wokingham Borough Council
Maldon District Council	Wolverhampton City Council
Mid Sussex District Council	Wyre Forest District Council
Mole Valley District Council	
Newport Pagnell Town Council	

Directors

The Directors who served the Company during the year are set out on page 1.

Throughout the year the Group has maintained qualifying third-party indemnity provisions for the Directors.

Political Donations

The Group has made no political donations during the year (2022: nil).

Financial Instruments

Details of financial instruments, including exposure to risk, management objectives and policies can be found in the Strategic Report on page 6.

Engagement with Environment

Refer to the Sustainability section in the Strategic Report on page 4 for further details.

Engagement with Employees

Refer to the People section in the Strategic Report on page 3 for further details.

Disabled Persons

The Group's recruitment policy incorporates a fair commitment to a 'disability confident' approach. All candidates who declare a disability and who meet the minimum essential criteria for the role will be shortlisted and guaranteed an interview. Managers also receive training and guidance on how to apply reasonable adjustments during the recruitment process, to ensure candidates with a disability are given full opportunity to demonstrate their skills and ability. The Group takes appropriate steps to support those colleagues who become disabled during their employment, including the support of specialist occupational health advice for colleagues with underlying health conditions and additional training where this may be appropriate.

Modern Slavery Act

The Group is required to publish an annual statement for the purposes of the Modern Slavery Act 2015. The Group is completely opposed to modern slavery practices, and it is committed to ensuring that those practices are neither taking place in any part of the business nor, as far as the Group can exert influence, in its supply chain.

The Group has adopted the PfP Group statement which is published on our website.

Streamlined Energy and Carbon Report

The Group's Streamlined Energy and Carbon Report ("SECR") has been included within the ultimate parent company's consolidated SECR Return and can be found within the PfP Group Annual Report.

Corporate Governance

The PfP Group Board recognises the importance of maintaining high standards of corporate governance. PfP Group subsidiaries have governance arrangements appropriate to their size and field of activity. Whilst the Group operates a distinct business, its relationships with other parts of the PfP Group and the services it provides are integral to maintaining the cohesive nature of the PfP Group's overall offering. All of those governance arrangements feed into the PfP Group's governance structure.

The arrangements for delegating authority in respect of the Group exist within the context of a framework of delegated authority that consists of:

(a) Matters reserved for the PfP Group Board;

(b) General authority delegated to the PfP Group Executive;

(c) Matters affecting the Company, the Group (including Places for People Leisure Limited and Places for People Leisure Management Limited) that are specifically reserved to the PfP Group Executive; and

(d) Authority delegated to Group operating management.

Corporate Governance (continued)

The framework of delegated authority operates as follows:

(a) Matters that are reserved for the PfP Group Board may only be authorised by the PfP Group Board. Authorisation by the PfP Group Board can be obtained at a scheduled meeting of the PfP Group Board or, in urgent circumstances, between such meetings. In order to draw a need for authorisation to the attention of the PfP Group Board, it should be referred to the Group Company Secretary.

(b) The PfP Group Board has authorised the PfP Group Executive to take action in connection with any matter that is not expressly reserved for the PfP Group Board up to specified limits. Those matters up to those limits may be the subject of decision by the PfP Group Executive. The PfP Group Executive may sub-delegate that authority, within agreed parameters, to management of any operating entity within the Group.

(c) The senior management of the Group has its own schedule of delegations to empower relevant line management at different levels. The purpose of the schedule of delegations is to promote easy but consistent action in each of the PfP Group's operating companies and divisions.

The PfP Group has an Audit & Risk Committee, a Remuneration & Nominations Committee, a Development Committee and a Treasury & Investment Committee. The remit of those committees extends to the Group's business. The committees draw members from, and report to, the PfP Group Board. The PfP Group's subsidiary, Places for People Ventures Limited ("Ventures"), has a controlling interest in a number of subsidiaries within the Group's non-social housing regulated businesses. To ensure that the non-social housing regulated businesses receive similar levels of scrutiny to that of the social housing regulated businesses, the Ventures Board comprises the same membership as that of the PfP Group Board. Management attends the Ventures Board to deliver the quarterly performance report which gives both PfP Group executive and non-executive directors the opportunity to hear about and discuss the business. Monthly meetings of the wider PfP Group Executive also enables management to collaborate and share knowledge with colleagues within the wider PfP Group.

For the year ended 31 March 2023, the PfP Group adopted the UK Corporate Governance Code (version 2018). Details of how the principles of the UK Corporate Governance Code have been applied throughout the overall PfP Group, bearing in mind the interdependency of each of its operating subsidiaries, can be found in its consolidated financial statements published at www.placesforpeople.co.uk.

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018 the Group has not applied its own corporate governance code for the year ended 31 March 2023 as the Directors consider that the governance arrangements described above demonstrate that a robust governance framework already exists.

Section 172 Statement

In their discussions and decisions during the year ending 31 March 2023, the Directors have acted in good faith to promote the success of the Group for the benefit of its members as a whole, and in doing so have had regard to its stakeholders and the duties set out in section 172(1)(a)–(f) of the Companies Act 2006.

There are no external shareholders in the PfP Group – the ultimate parent company is limited by guarantee. Although the Group does not have shareholders in the traditional sense the Directors recognise the importance of the Group engaging with its stakeholders at all levels and seeking to understand their views to ensure board decisions are made with due regard to their impact. The following stakeholder groups have been identified as influential to the Group's business model, the delivery of the strategy and ultimately the Group's success — their interest in and their link to the Group strategy is illustrated below.

Section 172 Statement (continued)

Our stakeholders	Other relevant disclosures in the Strategic Report
Customers, clients and communities	Impact – page 2 Strategy – page 2 Customer, client and communities – pages 2-3 Growth – page 4 Sustainability – page 4 Risk – pages 5-6
Partners	Impact – page 2 Strategy – page 2 Customer, client and communities – pages 2-3 Risk – pages 5-6
People	Strategy – page 2 People – page 3 Technology, data and insight – pages 4-5 Risk – pages 5-6

Going Concern

The Group produce a consolidated strategic business plan each year for the next three-year cycle. This process includes review and challenge by the Directors, alongside consideration of principal risks and uncertainties. When the business plan is approved it is then used as the basis for monitoring business performance. The risks and mitigating actions are robustly assessed through the use of a comprehensive risk mapping process. Principal risks and uncertainties are set out in the Strategic Report.

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis.

The Directors have reviewed the projected cash flows arising from the strategic business plan for the period up to 31 March 2025 ("the going concern period") and have undertaken stress testing on two scenarios. The first scenario is based on the strategic business plan, updated with current performance and emerging trends. The severe but plausible scenario ("the second scenario") contains assumptions including an increase in energy prices, a downturn in income due to the cost-of-living crisis and the failure to secure new contracts or extensions to existing contract terms which have been captured in the first scenario.

The results of the stress testing showed that even in the second scenario the Group continued to have sufficient liquidity for the going concern period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditor

Following the resignation of KPMG as the Group's auditor on completion of the audit of the financial year ending 31 March 2022, PFP Group's Audit and Risk Committee undertook a formal procurement exercise which concluded with MHA Macintyre Hudson being appointed in January 2023. Following a rebranding exercise on 15 May 2023, the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

Statement of Disclosure to Auditor

At the time of the approval of this report:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and

- The Directors have taken all steps that they are required to take as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company 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 they have elected to prepare the consolidated and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the 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 parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

On behalf of the Board

D.Walker
D.Walker (Sep 26, 2023 13:14 GMT+1)

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Director: D Walker
Date: Sep 26, 2023

We have audited the financial statements PfPL (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023, and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion 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 Group 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 Group 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 its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, 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 Group financial statements.

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

- Obtaining an understanding of the legal and regulatory frameworks in which the Group and the Company operates;

- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user, and those posted to unusual accounts; and
- Assessing significant accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Stephen Poleykett BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditors
London, United Kingdom

Date: 27 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

PfPL (Holdings) Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	2023 £000	2022 £000
Turnover	4	**149,799**	120,376
Cost of sales		**(122,395)**	(99,193)
Gross profit		**27,404**	21,183
Administrative expenses		**(24,399)**	(20,029)
Operating profit	5	**3,005**	1,154
Interest receivable and similar income	7	**518**	12
Interest payable and similar charges	8	**(42)**	(61)
Profit on ordinary activities before taxation		**3,481**	1,105
Tax charge on profit on ordinary activities	9	**(565)**	(68)
Profit on ordinary activities after taxation		**2,916**	1,037
Other comprehensive income for the year		**722**	692
Total comprehensive profit for the year		**3,638**	1,729

All amounts relate to continuing operations.

The accompanying notes form part of these financial statements.

PfPL (Holdings) Limited
Consolidated Statement of Financial Position
For the year ended 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	11	916	1,087
Tangible assets	12	19,058	19,497
		19,974	20,584
Current assets			
Stock	14	778	608
Debtors: amounts falling due after one year	15	2,344	1,215
Debtors: amounts falling due within one year	15	27,131	19,178
Cash at bank and in hand		1,131	732
		31,384	21,733
Creditors: amounts falling due within one year	16	(4,526)	(7,397)
Net current assets		26,858	14,336
Total assets less current liabilities		46,832	34,920
Creditors: amounts falling due after more than one year	17	(663)	(58)
Provisions	18	(1,245)	(676)
Accruals and deferred income	19	(24,633)	(17,532)
NET ASSETS		20,291	16,654
CAPITAL AND RESERVES			
Called up share capital	20	250	250
Share premium account		247	247
Profit and loss account		19,794	16,157
Shareholder’s funds		20,291	16,654

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 25 September 2023 and were signed on its behalf by:

D.Walker
D.Walker (Sep 26, 2023 13:14 GMT+1)

D Walker
Director

PfPL (Holdings) Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total £000
Balance at 1 April 2021	250	247	14,428	**14,925**
Profit for the year	-	-	1,037	**1,037**
Other comprehensive income				
- Actuarial gain on pension scheme	-	-	978	**978**
- Deferred tax attributable to actuarial gain	-	-	(286)	**(286)**
Balance at 31 March 2022	250	247	16,157	**16,654**
Profit for the year	-	-	2,916	**2,916**
Other comprehensive income				
- Actuarial gain on pension scheme	-	-	962	**962**
- Deferred tax attributable to actuarial gain	-	-	(241)	**(241)**
Balance at 31 March 2023	**250**	**247**	**19,794**	**20,291**

PfPL (Holdings) Limited (registration number: 04832063)
Company Statement of Financial Position
For the year ended 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	**13**	**14,216**	14,216
Current assets			
Debtors: falling due after more than one year	**15**	**2,344**	1,215
Debtors: falling due within one year	**15**	**119**	417
Cash at bank and in hand		**3**	3
		2,466	1,635
Creditors: amounts falling due within one year	**16**	**(624)**	(302)
Net current assets		**1,842**	1,333
Total assets less current liabilities		**16,058**	15,549
Creditors: amounts falling due after more than one year	**17**	**(18,043)**	(17,876)
Accruals and deferred income	**19**	**(158)**	(44)
NET LIABILITIES		**(2,143)**	(2,371)
CAPITAL AND RESERVES			
Called up share capital	**20**	**250**	250
Share premium account		**247**	247
Profit and loss account		**(2,640)**	(2,869)
Shareholder’s funds		**(2,143)**	(2,372)

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 25 September 2023 and were signed on its behalf by:

D.Walker
D.Walker (Sep 26, 2023 13:14 GMT+1)

D Walker
Director

PfPL (Holdings) Limited
Company Statement of Changes in Equity
For the year ended 31 March 2023

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total £000
Balance at 1 April 2021	250	247	(3,197)	**(2,700)**
Loss for the year	-	-	(364)	**(364)**
Other comprehensive income				
- Actuarial gain on pension scheme	-	-	978	**978**
- Deferred tax attributable to actuarial gain	-	-	(286)	**(286)**
Balance at 31 March 2022	250	247	(2,869)	**(2,372)**
Loss for the year	-	-	(492)	**(492)**
Other comprehensive income				
- Actuarial gain on pension scheme	-	-	962	**962**
- Deferred tax attributable to actuarial gain	-	-	(241)	**(241)**
Balance at 31 March 2023	**250**	**247**	**(2,640)**	**(2,143)**

PfPL (Holdings) Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	2023	2022
	£000	£000
Cash flow from operating activities		
Profit for the year	**2,916**	1,037
Taxation on loss	**565**	68
Net interest expense	**(476)**	49
Operating profit/(loss)	**3,005**	1,154
Adjustments for:		
Depreciation of tangible fixed assets	**5,002**	5,468
Loss on disposal of tangible fixed assets	**600**	45
Amortisation of intangible fixed assets	**171**	171
(Increase)/decrease in stock	**(170)**	77
(Increase)/decrease in debtors	**(8,090)**	(3,382)
Increase/(decrease) in creditors	**(3,098)**	(667)
Increase/(decrease) in accruals and deferred income	**7,101**	4,285
Increase/(decrease) in provision	**569**	(449)
Increase/(decrease) in net pension liabilities	**(167)**	(141)
Net cash flow from/(used in) operating activities	**4,923**	6,561
Cash flow from investing activities		
Purchase of tangible fixed assets	**(5,167)**	(1,547)
Proceeds from disposals of tangible fixed assets	**4**	423
Net cash flow from/(used in) investing activities	**(5,163)**	(1,124)
Cash flow from financing activities		
Interest received	**518**	12
Interest paid	**-**	(15)
Interest element of obligations under finance leases	**(42)**	(46)
Capital element of obligations under finance leases	**163**	(532)
Repayment of loan from parent undertakings	**-**	(5,165)
Net cash flow (used in)/from financing activities	**639**	(5,746)
Net increase/(decrease) in cash	**399**	(309)

The accompanying notes form part of these financial statements.

PfPL (Holdings) Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

Analysis of changes in net debt

	Obligations under finance leases	Cash	Net debt
	£000	£000	£000
At 1 April 2022	(196)	732	**536**
Cash flows	(167)	399	**232**
New finance leases	(665)	-	**(665)**
At 31 March 2023	**(1,028)**	**1,131**	**103**

The accompanying notes form part of these financial statements.

1. General information

PfPL (Holdings) Limited (the "Company") is a private company limited by shares, registered in England and Wales. The registered number is 04832063 and the registered address is 305 Gray's Inn Road, London, England, WC1X 8QR.

2. Accounting policies

Basis of preparation and consolidation

These financial statements consolidate the financial statements of PfPL (Holdings) Limited and all of its subsidiary undertakings for the year ended 31 March 2023 ("together, the Group").

The consolidated and individual company financial statements were prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Places for People Group Limited, includes the Company in its consolidated financial statements, which are available to the public and may be obtained from 305 Gray's Inn Road, London, England, WC1X 8QR.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates significant to the financial statements, are disclosed in note 3.

Exemptions for qualifying entities under FRS 102

The Company is considered to be a qualifying entity [1.8] and has applied the exemptions available under FRS 102 [1.12] in respect of the following disclosures:

- Requirement to prepare a Statement of Cash Flows [section 7, 3.17(d)];
- Certain disclosure requirements in section 11 Basic Financial Instruments and section 12 Other Financial Instruments Issues in respect of financial instruments;
- Certain disclosure requirements in respect of share-based payments [section 36];
- Key management personnel compensation [33.7]; and
- Related party transactions [33.1A].

The Company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent undertaking, Places for People Group Limited, includes these disclosures in its consolidated financial statements.

2. Accounting policies (continued)

Going concern

The Group produce a consolidated strategic business plan each year for the next three-year cycle. This process includes review and challenge by the Directors, alongside consideration of principal risks and uncertainties. When the business plan is approved it is then used as the basis for monitoring business performance. The risks and mitigating actions are robustly assessed through the use of a comprehensive risk mapping process. Principal risks and uncertainties are set out in the Strategic Report.

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis.

The Directors have reviewed the projected cash flows arising from the strategic business plan for the period up to 31 March 2025 (“the going concern period”) and have undertaken stress testing on two scenarios. The first scenario is based on the strategic business plan, updated with current performance and emerging trends. The severe but plausible scenario (“the second scenario”) contains assumptions including an increase in energy prices, a downturn in income due to the cost-of-living crisis and the failure to secure new contracts or extensions to existing contract terms which have been captured in the first scenario.

The results of the stress testing showed that even in the second scenario the Group continued to have sufficient liquidity for the going concern period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold and services provided to customers in the period.

Turnover is mainly comprised of activities income, shop, bar and catering income and management fee income received from Local Authorities.

Activities income incorporates courses and membership subscriptions. Activities income is recognised in the month to which it relates. Where income for membership subscriptions and courses are received in advance, income is deferred over the period of service provided, with the exception of *income* from dry courses which is recognised on receipt.

Shop, bar and catering income is recognised on the sale of goods.

Management fee income from Local Authorities is recognised over the period to which the service relates, in line with the requirements of each Local Authority contract.

The Company recognises revenue associated with certain transactions by reference to the stage of completion of the transaction at the end of the reporting period. Income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2. Accounting policies (continued)

Finance and operating leases

i. Finance leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. Finance leases are capitalised as tangible fixed assets and depreciated over the estimated useful life. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective rate method, to produce a constant charge on the balance of the capital repayments outstanding. The finance lease liability is secured against the assets to which it relates.

ii. Operating leases

Where the Company enters into a lease which does not entail transferring substantially all the risks and rewards of ownership of an asset, the lease is treated as an operating lease. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Interest receivable and similar income

Interest receivable is recognised as interest accrues using the effective interest rate.

Interest payable and similar charges

Interest payable is recognised as interest accrues using the effective interest rate.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date, except as otherwise required by FRS 102.

Intangible fixed assets

Goodwill represents the difference between the amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the share of the identifiable assets and liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life, which is deemed to be the life of duration of the management contract.

2. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Building developments - the remaining duration of the management contract or the lease of property
- Office and major equipment - 3-10 years or the remaining duration of the management contract

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Stocks

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Costs include all costs incurred in bringing each product to its present location and condition, and is measured using the weighted average cost method. At the end of each reporting period, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell, and an impairment charge is recognised in the Statement of Comprehensive Income. Where a reversal of the impairment is recognised, the impairment charged is reversed up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

Impairment

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. The Company defines cash generating units as leisure centres except where it is not sufficiently large enough in size and it is more appropriate to consider individual assets. This approach supports effective appraisal of contracts as it aligns with the management and operation of the business.

If there is an indication of impairment, the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount is the higher of the fair value less costs to sell and value in use. The value in use is normally assessed using discounted cash flow techniques for all future cash flows to generate the net present value.

If the recoverable amount is estimated to be lower than the carrying amount, the carrying is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

Financial instruments

The Company has elected to apply the provisions of sections 11 and 12 of FRS 102. Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

i. Debtors and creditors

Debtors and creditors with no stated rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

Financial instruments (continued)

ii. Cash at bank and in hand

Cash at bank and in hand includes all cash at bank and in hand balances, net of outstanding bank overdrafts.

iii. Long-term creditors

Any arrangements such as loans owed to group undertakings, which constitute a financing transaction, are initially recognised at transaction price, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such financial liabilities are subsequently carried at amortised cost using the effective interest method.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and that the economic benefit can be measured reliably.

Share premium

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

Pensions

i. Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further obligations. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

ii. Defined benefit pension plan

The Group operates a defined benefit pension scheme, called the Places for People Leisure Pension Scheme, for certain employees.

The pension costs in respect of the scheme that are charged to the Statement of Comprehensive Income are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Income if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

The Places For People Leisure Pension Scheme is funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date. The resulting defined benefit asset is presented within Debtors falling due after more than one year in the Statement of Financial Position.

Pensions (continued)

ii. Defined benefit pension plan (continued)

Where, at the reporting date, the present value of the defined benefit obligation is less than the fair value of the plan assets, the plan has a surplus. The Company recognises a surplus only to the extent that it is permitted under the Scheme Rules.

The Company also has admitted body status and contributes on behalf of its employees to local government pension schemes. The contributions are paid in accordance with the advice of the actuary, but the Group has no further liability to fund the scheme beyond its contributions paid in the year. Contributions are therefore charged to the Statement of Comprehensive Income in the year in which they are incurred.

3. Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in Note 2, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Management base these on historical experience and on various factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

i. Trade debtors

The Company regularly assesses the recoverability of its trade debtors. The Company monitors the collection of debtors and reviews the recoverability of debts taking into account factors such as breach of contract. Where collection is thought not to be realistic, the amount impaired is provided for in the Statement of Comprehensive Income.

ii. Defined benefit pension plan

The Company operates a defined benefit pension scheme. Note 25 sets out the details of the scheme and assumptions made to assess the net scheme benefit as at the reporting date. The Company engage qualified actuaries to advise on appropriate discount rates for the scheme.

iii. Onerous contract provision

The Company operates long term contracts with Local Authorities. The performance of the contracts is monitored to assess if unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it. Where this is the case, the timing of its cash flows and the discount rate used to establish the net present value of the obligations under the contract requires management’s judgement and is recognised as a provision.

iv. Dilapidations provision

Provisions for the possible future costs due for leased premises are made according to the current best estimates of costs that the Company is obligated to pay. The provision recognised for each premise is reviewed periodically and updated based on the facts and circumstances available at that time.

3. Critical accounting judgements and estimates (continued)

v. Going concern

In order to assess whether it is appropriate for the Company to be reported as a going concern, management apply judgement, having undertaken appropriate enquiries and having considered the business activities and the Company's principal risks and uncertainties as set out on pages 5 and 6. In arriving at this judgement there are assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of customer demand, Local Authority support and timing and quantum of future capital expenditure. Management have undertaken stress-testing on different scenarios as outlined in Note 2. As a result of these considerations the financial statements have been prepared on a going concern basis.

4. Turnover

All turnover arose within the United Kingdom.

Turnover can be broken down as follows:

	2023	Restated 2022
	£000	£000
Activities income	**129,103**	98,391
Shop, bar and catering income	**8,717**	5,369
Management fee income from Local Authorities	**9,099**	12,014
Other income	**2,980**	4,602
	149,899	120,376

The turnover categories for the prior year have been updated to better reflect the different elements of income generated.

5. Operating profit

Operating profit is stated after charging:

	2023	2022
	£000	£000
Depreciation of tangible fixed assets:		
- Owned by the Group	**4,475**	4,897
- Held under finance leases	**527**	571
Amortisation of intangible fixed assets	**171**	171
Loss on disposal of tangible fixed assets	**600**	45
Auditor’s remuneration		
- Audit of the financial statements	**22**	17
- Audit of the subsidiary undertakings	**95**	60
Operating lease rentals:		
- Land and buildings	**543**	596
- Other operating leases	**374**	435

6. Employees and directors

Employees

Staff costs were as follows:

	2023 £000	2022 £000
Wages and salaries	**61,914**	53,735
Social security costs	**3,564**	2,972
Other pension costs	**1,123**	1,175
	66,601	57.882

The average monthly number of employees, including the Directors, based on headcount, during the year was as follows:

	2023 No.	2022 No.
Management and administration	**2,365**	2,157
Supervisors, instructors and other staff	**4,041**	3,698
	6,406	5,855

The average monthly number of employees, including the Directors, based on FTE, during the year was as follows:

	2023 No.	2022 No.
Management and administration	**663**	746
Supervisors, instructors and other staff	**1,207**	1,212
	1,870	1,958

Directors

	2023 £000	2022 £000
Emoluments	**665**	509

Retirement benefits were accruing for 4 directors in respect of defined contribution pension schemes (2022 - 3).

The highest paid director received emoluments of £182,046 (2022: £228,462) and company pension contributions to a defined contribution scheme of £4,317 (2022: £11,871). There was no accrued pension provision for the highest paid director at 31 March 2023 (2022: £nil).

There was no amount payable for compensation for loss of office (2022: £nil).

7. Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable on loans owed by group undertakings	**482**	7
Unwinding of discount on defined benefit pension asset	**36**	5
	518	12

8. Interest payable and similar charges

	2023	2022
	£000	£000
Interest payable on finance leases	**42**	46
Interest payable on loans owed to group undertakings	**-**	15
	42	61

9. Taxation

a) Analysis of tax charge in the period

	2023	2022
	£000	£000
Current tax		
UK corporation tax charge on profit/(loss) for the year	**6**	228
Adjustments in respect of previous periods	**(40)**	(166)
Group relief (receivable)/payable	**709**	-
Total current tax charge/(credit)	**675**	62
Deferred tax		
Origination and reversal of timing differences	**(118)**	133
Adjustments in respect of prior periods	**8**	82
Effect of tax rate change on opening balance	**-**	(209)
Total deferred tax charge/(credit)	**(110)**	6
Tax charge on profit/(loss) on ordinary activities (note c)	**565**	68

b) Tax expense/(income) including in other comprehensive income

	2023	2022
	£000	£000
Deferred tax		
Origination and reversal of timing differences (note 10)	**241**	286

9. Taxation (contined)

c) Factors affecting tax charge/(credit) for the period

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023	2022
	£000	£000
Profit/(loss) on ordinary activities before tax	**3,481**	1,105
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	**661**	210
Effects of:		
Income not taxable	**-**	(27)
Expenses not deductible for tax purposes	**1**	2
Fixed asset differences	**(43)**	144
Remeasurement of deferred tax for changes in tax rates	**(28)**	(177)
Other tax adjustments, reliefs and transfers	**7**	-
Adjustments in respect of prior periods – current tax	**(40)**	(166)
Adjustments in respect of prior periods – deferred tax	**7**	82
Tax charge/(credit) on profit/(loss) on ordinary activities (note a)	**565**	68

d) Factors that may affect future charges

The main rate of corporation tax was increased from 19% to 25% with effect from 1 April 2023. This change will increase the Company's future current tax charge accordingly. As this change in corporation tax rate has been substantively enacted at the balance sheet date, deferred tax has been calculated using the increased rate of 25% due to the expected reversal of the deferred tax asset/liability.

10. Deferred tax

	2023	2022
	£000	£000
At beginning of year	**430**	723
Charged/(credited) to profit and loss account	**110**	(7)
(Credited)/charged to other comprehensive income	**(241)**	(286)
At end of year	**299**	430

The deferred taxation asset balance is made up as follows:

	2023	2022
	£000	£000
Accelerated capital allowances	**-**	670
Fixed asset timing differences	**48**	-
Losses and other deductions	**708**	-
Pension scheme surplus	**(586)**	(304)
Other short term timing differences	**129**	64
	299	430

11. Intangible assets

	Goodwill £000
Cost	
At 1 April 2022 and at 31 March 2023	**1,825**
Amortisation	
At 1 April 2022	738
Amortisation charged in the year	171
At 31 March 2023	**909**
Net book value	
At 31 March 2023	**916**
At 31 March 2022	1,087

12. Tangible assets

	Building developments	Office and major equipment	Work in progress	Total
	£000	£000	£000	£000
Cost				
At 1 April 2022	28,269	40,319	183	68,771
Additions	1,908	3,259	-	5,167
Transfers	-	183	(183)	-
Disposals	(60)	(7,153)	-	(7,213)
At 31 March 2023	**30,117**	**36,608**	**-**	**66,725**
Depreciation				
At 1 April 2022	16,133	32,468	-	48,601
Charge for year	2,203	2,799	-	5,002
Eliminated on disposal	(27)	(6,576)	-	(6,603)
At 31 March 2023	**18,309**	**28,691**	**-**	**47,000**
Impairment				
At 1 April 2022	637	36	-	673
Eliminated on disposal	(1)	(5)	-	(6)
At 31 March 2023	**636**	**31**	**-**	**667**
Net book value at 31 March 2023	**11,172**	**7,886**	**-**	**19,058**
Net book value at 31 March 2022	11,499	7,815	183	19,497

All building developments are in respect of short leasehold properties.

Included within the net book value of £19,057,586 (2022: £19,496,624) is £2,117,627 (2022: £1,354,758) relating to assets held under finance leases. The depreciation charged in the year in respect of such assets amounted to £527,028 (2022: £571,216).

13. Fixed asset investments

	Shares in subsidiary undertakings £000
At 1 April 2022 and at 31 March 2023	**14,216**

The structure of the Group at 31 March 2023 is shown below. All companies listed are registered in England and Wales and the registered address of each is 305 Gray's Inn Road, London, England, WC1X 8QR.

Each parent holds 100% of the share capital of the following subsidiary undertakings.

Parent name	Subsidiary name	Registered number
PfPL (Holdings) Limited	Places for People Leisure Management Limited	2585598
Places for People Leisure Management Limited	PfPL Developments Limited	4330972
Places for People Leisure Management Limited	Sam Jones (Clubs) Limited*	3406979
PfPL Developments Limited	PfPL Projects (Surrey Heath) Limited	11898999
PfPL Developments Limited	PfPL Projects (Epping) Limited*	10599175
PfPL Developments Limited	PfPL Projects (Gosport) Limited*	7782225
PfPL Developments Limited	PfPL Projects (Hinckley) Limited*	9042076
PfPL Developments Limited	PfPL Projects (Sandwell) Limited*	8181534
PfPL Developments Limited	PfPL Projects (Sparkhill) Limited*	9042068
PfPL Developments Limited	PfPL Projects (Wyre Forest) Limited*	9301347

PfPL (Holdings) Limited is also the ultimate controlling party of the following companies which are limited by guarantee.

Braintree District Leisure Community Association Limited*
Places for People Leisure Community Association Limited*
Leisure & Community Partnership Limited*
Places for People Leisure Limited

Principal activities of subsidiaries

Subsidiary name	Principal activity
Places for People Leisure Management Limited	Management of Local Authority-owned leisure facilities
Places for People Leisure Limited	Manages Local Authority-owned leisure facilities on behalf of its parent, Places for People Leisure Management Limited
PfPL Developments Limited	Delivery of developments for Public Private Partnerships
PfPL Projects (Surrey Heath) Limited	Overseeing the construction of a leisure centre

* These companies are entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

14. Stock

	Group	
	2023	2022
	£000	£000
Goods for resale	**778**	608

There is no significant difference between the replacement cost of stock and the carrying amounts.

15. Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade debtors	**4,594**	3,837	**-**	-
Other debtors	**100**	100	**-**	-
Amounts due from parent undertakings	**13,720**	11,220	**-**	-
Amounts due from group undertakings	**-**	-	**119**	417
Defined benefit pension asset (note 25)	**2,344**	1,215	**2,344**	1,215
Prepayments and accrued income	**8,418**	3,591	**-**	-
Deferred tax asset (note 10)	**299**	430	**-**	-
	29,475	20,393	**2,463**	1,632

The defined benefit pension asset and deferred tax asset falls due after more than one year.

Other debtors for the group includes performance bonds and guarantees of £100,000 (2022: £100,000) in connection with work performed by the group with maturity date of June 2023 (2022: June 2023). Bonds with a maturity date greater than one year total £nil (2022: £100,000).

16. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Obligations under finance leases	**365**	168	**-**	-
Trade creditors	**3,067**	3,285	**-**	-
Amounts owed to group undertakings	**-**	-	**243**	-
Deferred tax liability	**-**	-	**381**	302
Social security and other taxes	**1,060**	3,899	**-**	-
Other creditors	**34**	45	**-**	-
	4,526	7,397	**624**	302

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Amounts owed to group undertakings	**-**	-	**18,043**	17,876
Other creditors	**-**	30	**-**	-
Obligations under finance leases	**663**	28	**-**	-
	663	58	**18,043**	17,876

There is no fixed date for the repayments of the amounts owed to group undertakings and they attract no interest. However, the group undertakings have confirmed that the amounts would not be repayable for at least one year from the Statement of Financial Position date.

18. Provisions for liabilities and charges

	Onerous contracts	Dilapidations provision	Group Total
	£000	**£000**	**£000**
At 1 April 2022	676	-	676
Incurred during the year	-	680	680
Utilised in the year	(112)	-	(112)
At 31 March 2023	**564**	**680**	**1,244**

19. Accruals and deferred income

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Accruals and deferred income	**24,633**	17,532	**158**	44
Amounts falling due within one year	**24,633**	17,256	**158**	44
Amounts falling due after one year	**-**	276	**-**	-
	24,633	17,532	**158**	44

20. Share capital

	Company	
	2023	2022
	£000	£000
Allotted, called up and fully paid		
999,999 ordinary shares of £0.25 each	**250**	250

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21. Operating lease commitments

At 31 March 2023 the Group had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Expiry date:				
Less than one year	**205**	499	**294**	227
Between one to five years	**700**	1,336	**106**	543
More than five years	**482**	1,395	**4**	-
	1,387	3,230	**404**	770

22. Finance lease commitments

Obligations under finance leases are payable as follows:

	Group	
	2023	2022
	£000	£000
In one year or less	**365**	168
Between one to two years	**663**	28
	1,028	196

23. Capital commitments

At 31 March 2022 the Group had capital commitments as follows:

	2023	2022
	£000	£000
Contracted for but not provided in these financial statements	**1,204**	1,719

24. Contingent liabilities

The Group has entered into performance bonds and guarantees in connection with work performed by its subsidiaries to the value of £875,000 (2022: £875,000). This represents the maximum exposure for the Group. The Directors consider it extremely unlikely that the Group would be required to make any payments in respect of this guarantee.

The Company, together with certain fellow subsidiaries of the Places for People Group, has guaranteed to holders of the Places for People Finance plc 4.25% 2023 bond, the principal amount and interest accrued in respect of this bond in the event of default by the issuer. The total capital outstanding at 31 March 2023 for this bond was £65,000,000 (2022: £65,000,000). The total interest accrued at 31 March 2023 for this bond was £813,413 (2022: £813,413).

The Group is working with its advisers to resolve issues raised by HMRC relating to the Group's use of the VAT sporting exemption in its business. This could potentially result in a material liability to the Group. At this stage the value of potential payments cannot be quantified.

25. Pension commitments

The Company is the sponsoring employer of a funded defined benefit pension scheme in the UK, which provides retirement benefits based on members' pensionable salary and service when leaving employment. The assets of the scheme are held in a separately administered fund and the plan is administered by an independent trustee body who are responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations.

The liabilities set out in this note have been calculated based on the results of the full Scheme Funding Assessment, as at 30 April 2022, updated to 31 March 2023, allowing for any additional benefit accrual and benefits paid. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The Company has agreed a funding plan with the trustee body, whereby contributions are agreed with the trustee to reduce the funding deficit where necessary.

The results of the Scheme Funding Assessment carried out on 30 April 2022 showed that the market value of the scheme’s assets was £7,176,000. As of 30 April 2022, there were 7 active members in the scheme.

25. Pension commitments (continued)

The disclosures set out below are based on calculations carried out as of 31 March 2023 by an independent qualified actuary. The results of the calculations and assumptions adopted are shown below.

Principal assumptions

	2023		2022
Discount rate	**4.82%**		2.80%
RPI inflation	**3.31%**		3.69%
CPI inflation	**2.78%**		3.18%
Future increases in deferred pensions	**2.78%/2.50%**		3.18%/2.50%
Rate of increase in salaries	**3.28%**		3.68%
Rate of increase to pensions in payment: CPI max 5%	**2.74%**		3.08%
Mortality	**95% of S3PxA tables with future improvements in line with the CMI_2021 projection model with w2020 and w2021 of 5%, IAMI of 0.50% pa and a long-term improvement rate of 1.20% pa.**		95% of S3PxA tables with future improvements in line with the CMI_2020 projection model with w2020 of 15%, IAMI of 0.50% pa and a long-term improvement rate of 1.20% pa.
Cash commutation (% of members taking maximum cash on current factors)	**Members are assumed to take 50% of the maximum tax-free cash available at retirement on current terms in excess of cash lump sum available from the Scheme**		Members are assumed to take 50% of the maximum tax-free cash available at retirement on current terms in excess of cash lump sum available from the Scheme
Life expectancy of a male aged 65 at balance sheet date	**22.6**		22.5
Life expectancy of a female aged 65 at balance sheet date	**25.0**		24.9
Life expectancy of a male aged 65 in 20 years from the balance sheet date	**23.8**		23.7
Life expectancy of a female aged 65 in 20 years from the balance sheet date	**26.3**		26.2

For the avoidance of doubt the above assumptions are in absolute terms.

For the assumptions which apply to pensions in payment, allowances for any minimum and maximum increases have been made using the Black Scholes option pricing model.

25. Pension commitments (continued)

Asset breakdown

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023	2022
	£000	£000
UK equities	**23.7%**	27.7%
Overseas equities	**32.5%**	33.2%
UK government	**10.3%**	5.4%
Corporate bonds	**5.9%**	6.2%
Structured and global bonds	**15.1%**	15.0%
Property	**2.4%**	2.5%
Hedge and structure funds	**1.9%**	7.1%
Commodities	**6.5%**	1.8%
Cash	**1.7%**	1.1%
Total	**100.0%**	100.0%

The pension scheme has not invested in any of the Company's own financial instruments, nor in properties or other assets used by the Company.

The assets are all quoted in an active market.

The asset recognised in the Statement of Financial Position is as follows:

	2023	2022
	£000	£000
Fair value of scheme assets	**7,176**	7,491
Present value of defined benefit obligation	**(4,831)**	(6,276)
Defined benefit asset	**2,345**	1,215

The expense recognised in the Statement of Comprehensive Income is as follows:

	2023	2022
	£000	£000
Current service cost	**42**	73
Interest on the defined benefit asset	**(36)**	(5)
Total expense	**6**	68