



Financial Statements

Places for People Leisure Limited

For the year ended 31 March 2020

Company number: 08363432

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Places for People Leisure Limited
Company Information
For the year ended 31 March 2020



Registered number	08363432
Company secretary	C Martin
Directors	D Cowans C Martin C Phillips
Registered office	80 Cheapside London EC2V 6EE
Independent auditor	KPMG LLP Gateway House Tollgate Chandlers Ford SO53 3TG
Banker	Barclays Bank Plc Leicester Leicestershire United Kingdom LE87 2BB

The Directors have pleasure in submitting their Strategic Report and audited financial statements for the year ended 31 March 2020.

Principal activities

Places for People Leisure Limited (the 'Company') manages Local Authority owned leisure facilities on behalf of its parent company, Places for People Leisure Management Ltd (PfPLM). PfPLM subcontracts the management of its contracts gained through both negotiation and competitive tendering to the Company.

2019/20 was one of the most challenging periods we have faced in recent years. The year began with considerable political and economic uncertainty over Brexit, and ended with the nation in lockdown due to the coronavirus crisis. The Company has navigated these challenges with a focus on keeping our colleagues and customers safe, safeguarding jobs, and securing the best possible terms with Local Authority clients.

The Company has maintained a focus on enhancing its service provision and programmes through its commitment to driving new innovations, investing in technology, standards of operations, increasing colleague engagement and upskilling its teams to ensure a fit for purpose workforce. Customer survey results and feedback evidence these improvements. The Company also continues to achieve high scores with Quest, the leisure industry's independent continuous improvement tool, that aims to define industry standards and best practice.

In recognition of the Company having over 50 Quest registered facilities as of the 31 March 2020 it has been awarded 'Top Performing Organisation with 31+ Quest Registered Facilities' by Quest for the fifth consecutive year. The Company has continued to make significant strides in its social mission of 'creating active places and healthy people'. We generated £190.9m in social value in the last year, through improvements in health, wellbeing, educational attainment and reductions in crime.

Results and dividends

The results show a profit before tax of £683,000 (2019 of £817,000) for the year. No dividend was declared by the Directors during the year. (2019: Nil)

Principal risks and uncertainties facing the company

The coronavirus (Covid-19) outbreak — officially declared a global pandemic by the World Health Organisation on 11 March 2020 — has prompted much of the world to impose lockdown restrictions, which have severely restricted economic activity. There is an unprecedented level of uncertainty in world markets and a lack of a consensus view of the path of Covid-19. The Company has identified three key risks areas.

Liquidity: A reduction in revenues could put pressure on the Company's ability to meet its obligations.

Health and Safety: Protecting our workforce and customers, in particular our most vulnerable customers, during the outbreak is a key focus. If this is not achieved, there could be considerable social and economic costs resulting from staff becoming ill with Covid-19 or self-isolating, risking staff shortages and the inability of the Company to deliver services as required.

Business continuity: A lack of an available and a suitably protected workforce, contractors, or essential components could lead to an inability to deliver key services across the Company.

Mitigation

The board meets at least 3 times a week to review the ongoing situation and its impacts on the business, our customers and our colleagues. This committee ensures we are reacting quickly to changes as they arise and provides regular clear communications to our customers and colleagues.

A procurement review has been undertaken to allow us to access alternative suppliers and contractors to ensure continuity in our service provision, including the procurement of Personal Protective Equipment (PPE) for our colleagues and customers.

Colleagues have access to information and support using our employee assistance programme, covering not just Covid-19 concerns but also providing mental health and wellbeing support throughout this period of uncertainty.

The risks identified and mitigating actions in place in respect of the current Covid-19 outbreak are considered to apply in the event of subsequent waves of Covid-19 or to any similar pandemics threatening health and economic activity in the future.

As part of our liquidity risk mitigation, the Company has undertaken challenging stress testing to provide confidence in our ability to withstand significant reductions in income. This testing has shown that we are able to meet all obligations as they fall due even in severe scenarios.

Other Health and safety risks

The Company could suffer an incident impacting upon the health, safety and wellbeing of its customers, colleagues or contractors where harm is suffered by stakeholders and sanctions faced are severe.

Mitigation

Health and safety disciplines are embedded within the Company and issues reported to management on a regular basis. The Company maintains and regularly reviews clear health and safety frameworks, policies and response plans. Health and safety monitoring incorporates a wide range of activities alongside staff training and regular independent business assurance reviews.

Other Risks

The general performance of the economy and its impact on consumer spending poses risk to revenue generation.

Revenue received from users of the facilities we operate can also be put at risk from local competition from private sector health clubs and particularly the risk presented by the continued launch of significant numbers of new low-cost/budget gyms and the emergence of 'boutique fitness' clubs.

Utility costs remain a potential future risk for this business as wholesale costs, fixed charges and carbon tax all increase adding to the fully delivered unit price.

Mitigation

The Company's business plan continues to assume tight cost control to protect against any unexpected future downturn.

Revenue risk is managed by applying specific and competitive budget pricing strategies where the competition is particularly intense. We have around 40% of our gyms operating to a budget formula.

We continue to seek ways to reduce utility consumption and have targeted further reductions this year working with our Local Authority partners to install energy and water saving initiatives. Around 50% of our contracts are now structured so that we do not carry the risk on energy price increases.

Carbon Emission Policy

The Company is always looking to find ways to reduce our energy consumption, such as promoting energy

- Develop and establish the Company as a market leader in sustainable leisure management.
- Deliver and implement a positive carbon reduction programme.
- Develop and promote sustainable packages to our client base.
- Deliver sustainable facilities through refurbishment/replacement of building services and building fabric.

Key Performance Indicators

Key Performance Indicator	2020	2019
Annualised Like for Like Sales Growth (1)	-2.1%	3.1%
Annualised Sales Growth/ (Decrease) (2)	-2.5%	9.3%
Operating Margin (3)	0.5%	0.6%

1) Annualised Like for Like Sales Growth – the annual increase in revenue as a percentage of revenue from the prior year for sites which have traded for a complete financial year prior to 31 March 2020.

Sales decrease of 2.1% in the year was driven by a decrease in Health and Fitness Income and a significant impact across all income in March due to the Covid-19 pandemic. Like for like sales growth is a valuable measure of how existing contracts are contributing to the overall profitability of the Company.

2) Annualised Sales Growth – the annual increase in revenue as a percentage compared with the prior year for all sites.

Turnover decreased by 2.5% in the year as result of , the closure of a facility within our Wiltshire contract, the temporary closure of a facility within our Kingston contract, the temporary closure of The Arena Leisure centre in Camberley whilst the new facility is built and the loss of two contracts which had reached the end of their term. In addition, our March results were adversely affected by the Covid-19 pandemic and the closure of all facilities. For the 11 months to February 2020, annualised sales growth was 0.2% down compared to the prior year. The Company aims to increase the Places for People Group value through growth in revenue by the acquisition of new profitable contracts and revenue generated from users of our existing facilities.

3) Operating Margin – the operating profit expressed as a percentage of turnover for the Company.

Operating Margin decreased in 2019/2020 by 0.5%, despite tight cost control due to the closure of leisure centres in March 2020. As at February 2020 operating margin was in line with the prior year. We will continue to focus on income generation in the coming and future years to improve margin further. The Company aims to maximise profit available for reinvestment in the business as measured by Operating Margin

This report was approved by the board on 5 August 2020 and signed on its behalf by:



C Martin
Secretary

80 Cheapside, London, EC2V 6EE

The Directors have pleasure in submitting their Directors' Report and audited financial statements for the period ended 31 March 2020.

Credit risk

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

Liquidity risk

Liquidity risk, including the impact of Covid-19 referred to in the Principal risks above, is managed closely by the Directors through a regular Covid-19 committee and a quarterly review process. Capital investment projects are funded through cash and lease finance.

Other financial risks

Price risk and foreign exchange risk is minimal to the company. The company does not have an overdraft so is not exposed to interest rates. The parent company does not charge interest on the loan.

Directors

The Directors who served the Company during the year are set out on page 2.

Modern Slavery Act

The Company is required to publish an annual statement for the purposes of the Modern Slavery Act 2015. The Company is completely opposed to modern slavery practices and it is committed to ensuring that those practices are not taking place in any part of its own business nor, as far as the Company can control the position, in its supply chain.

The Company has adopted the Places for People Group statement which is published on our website www.placesleisure.org.

Employees

We care passionately about making a difference to our communities and everyone at the Company plays an essential role in contributing to our mission of “creating active places and healthy people.” We achieve this by aligning their personal work objectives to our mission, living our SPIRIT values and by providing learning and development opportunities that allow our people to flourish. We believe that if our People flourish, then so will our places.

SPIRIT stands for Support (always there to help customers and colleagues), Positive (a can do attitude; encouraging others to achieve), Integrity (always delivering on promises; being open and honest), Respect (treating people fairly and with understanding), Innovative (open to new ideas and not afraid of the future) and Together (achieving more can be achieved by working well with others).

2019/20 continued to be a challenging year for attracting talent for all businesses, with historic low unemployment continuing throughout the financial year and political uncertainty causing further stagnation. The Company's ultimate group parent company, Places for People Group Limited (the “Group”) reacted proactively to these challenges and introduced for itself and all of its subsidiaries (together the “Group”) a number of measures to mitigate its effects, including changes to its recruitment advertising strategy, to greater utilisation of targeted adverts and social media to reach a broader audience. During the year, the Company was brought on to the Group's internal recruitment platform. Opening up vacancies across the entire gGroup has increased the visibility of opportunities and seen an increase in internal hiring.

During the year, the Group published its Gender Pay Gap report as at April 2019. The Group took the decision to publish the report despite the late removal of the requirement to do so because it felt it was important for both its colleagues and public disclosures to maintain transparency in this area. Led by its culture and values, Group went above and beyond the legislation and reported on gender pay across the whole group, as well as fulfilling its statutory requirements to report on its subsidiary companies having over 250 employees. A copy of the Gender Pay Gap report which includes the Company's statutory disclosures can be found at <https://www.placesleisure.org/careers/gender-pay-gap-report/>

Engaging our employees is essential to our continued success. We inform, consult and involve our employees in a variety of ways. We value the views and opinions of our colleagues; what we are doing well and what we could be doing better. The Company took part in the Great Place to Work programme for the first time in 2019, which involved a Group-wide colleague engagement survey. Actions have been developed to make the Company an even better place to work. The directors consider that existing mechanisms for workforce engagement are effective and remain fit for purpose including digital news bulletins, focus groups, an online Q&A forum with the Group Chief Executive, site 'employee of the month' schemes, annual STAR awards, annual leadership conference and the Group Management Team blog. Throughout the Spring and early Summer in 2019 Group continued the first wave of its "Take the Lead" events where senior directors shared their leadership experience with over 500 front line managers across the Group. The events provided an opportunity to listen to ideas and suggestions for improvements and these were incorporated into the People First strategy. In early 2020 Group started to roll out the second year of "Take the Lead" events, but these were interrupted by the emerging Coronavirus pandemic.

The Company has a Whistleblowing Policy which is drawn to the attention of colleagues via an employee briefing poster which is displayed at each site and a communications document is signed by each General Manager when they have updated staff on the policy. The policy is also available on HR QMS which is accessible on the Company's intranet. Management considers these arrangements to be a suitable way of drawing the policy to the attention of colleagues, having regard to the needs of the business. The policy wording was last reviewed in December 2019. The Group's Whistleblowing Policy is reviewed annually by its Audit & Risk Committee on behalf of the Group Board. Any changes proposed following this review are fed back to the Company's management so that, wherever possible, the Company's policy can be aligned with that of the Group.

Wellbeing

We provide access to a suite of services and facilities which are designed to support our employees' wellbeing, whether physical, mental or financial, including an employee assistance programme, which includes a confidential support helpline and access to medical advice or services. We have introduced a Mental Health e-learning module, a programme to roll out sustainable Mental Health First Aid Training and established a Trauma Support Group.

We encourage our colleagues and their families to use the facilities that are managed by the Company and encourage colleagues to enter into competitions with our customers to develop the community within our centres.

Leaders and managers are encouraged to lead by example and take lunch breaks and colleagues are prompted to ensure they take all their annual leave. The Company has clear guidance on length of working days, travel time and overnight stays. The Company can offer flexible working due to our seven days a week opening hours and multiple shift patterns and offers flexible working at our support office.

Learning and Development

We continue to develop learning solutions for our employees and have significantly enhanced our My Learning Place learning management system, which now offers over 35 e-learning courses and resources. Our approach to people leadership is underpinned by the Quest industry accreditation to ensure continuous improvement.

The Company works in partnership with a national training provider, Lifetime Training, to deliver our apprenticeship scheme. Together we aim to up-skill young people and help them to start their career in leisure. We offer one of the largest apprenticeship schemes amongst leisure operators with over 301 employees undertaking an apprenticeship at any one time and pride ourselves on our commitment to offering career and skills development opportunities for our people. All this training is work based and covers operations, sales, fitness and customer service.

We run two in-house talent development programmes; these are called 'Rising Stars' and 'Aspiring Internal Managers' (AIMs). These elite programmes develop our future leaders of the business. They are for exceptional people who are looking to progress their careers with the Company.

The six-month Rising Stars programme concludes with a 'Dragons Den' where the Rising Stars present to members of the Company board. To date, 62% of all Rising Star graduates have been promoted within the Company and 75% of all Rising Stars graduates since 2013 remain employed at Places Leisure.

Our Chartered Institute, CIMSPA, (Chartered Institute of Sport and Physical Activity) has recognised the achievements of our Rising Stars by awarding free CIMSPA membership for a year to all Rising Stars graduates.

The Aspiring Internal Manager's programme is run in partnership with Lifetime Training. This is a completely bespoke programme which is accredited, and individuals who complete it are awarded a Level 2 Certificate in Access to Leadership.

Our focus continues to be on upskilling our workforce and professionalising our suite of internal training programmes through our partnership with CIMSPA.

Corporate Governance

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

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

- (a) Matters reserved to the Group Board.
- (b) General authority delegated to the Group Executive.
- (c) Matters affecting the Company, PfPL (Holdings) Limited, Places for People Leisure Limited Places for People Leisure Management Ltd and other entities within the business specifically reserved to the Group Executive, and
- (d) Authority delegated to operating management.

The framework of delegated authority operates as follows:

- (a) Matters that are reserved to the Group Board may only be authorised by the Group Board. Authorisation by the Group Board can be obtained at a scheduled meeting of the Group Board or, in urgent circumstances, between such meetings. In order to draw a need for authorisation to the attention of the Group Board, it should be referred to the Group Company Secretary.
- (b) The Group Board has authorised the Group Executive to take action in connection with any matter that is not expressly reserved to the Group Board up to certain specified limits. The Group Executive may sub-delegate that authority, within agreed parameters, to management of any operating entity within the Company.

(c) The senior management of the Company 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 Group's operating companies/divisions.

The Group has an Audit & Risk Committee, a Remuneration Committee, a Nominations & Governance Committee, a Development, Investment & Regeneration Committee and a Treasury Committee. The remit of those committees extends to the Company business. The committees draw members from and report to the Group Board and there are directors (non-executive and executive) of the Group Board who are also directors of PfPL (Holdings) Ltd, ensuring that information from the committees reaches the Company business.

For the year ended 31 March 2020, the Group adopted the UK Corporate Governance Code (version 2018) and details of how the principles of the UK Corporate Governance Code have been applied throughout the overall 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 Company has not applied its own corporate governance code for the year ended 31 March 2020 as the directors consider the governance arrangements described above demonstrate that a robust governance framework already exists.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Company is a leading provider of fitness and wellbeing. Understanding the specific needs of the communities within which we work allows us to truly make a difference and help people reach their potential.

This is a long term business with immediate service delivery requirements. The board approves and refreshes annually a three-year business plan reflecting its strategic ambitions.

There are no external shareholders – the parent company is limited by guarantee – and so the board considers a range of other stakeholders when assessing what direction to take in the immediate term and for the long term.

The key stakeholders are individual customers, the communities in which we operate, our colleagues, corporate clients, our suppliers, regulators and local government including our local authority partners. We seek to maintain strong relationships with these stakeholders and to understand what matters to each of them. The board sets the direction of the Company with the benefit of insight gained through those relationships.

Reference to stakeholder engagement can be found in the following sections of the Strategic and Director Reports: Business review and Principal activities, Principal Risks and Uncertainties facing the Company, Employees, Corporate Governance.

The board promotes the Group's SPIRIT values which sets the tone for the culture of the Group. This informs us how we do what we do. More information on our SPIRIT values can be found on page 6.

The board supports the emphasis given by the Company to social impact through the places we serve this is captured in work of individuals, contributions to communities and decisions taken for the longer term benefit of the environment.

The board identifies and stress tests strategic risks. More details on strategic risks can be found in the Strategic Report section Principal Risks and Uncertainties facing the Company.

Streamlined Energy and Carbon Report

The Company's Streamlined Energy and Carbon Report has been included within the parent company consolidated SECR Return and can be found within the Places for People Group Annual Report.

Going concern

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic has introduced significant levels of uncertainty into most businesses. The Directors have reviewed the projected cash flows for the business based on anticipated re-opening dates of leisure centres and financial support from Local Authority partners. A gradual uptake by customers has been applied along with increased costs for enhanced cleaning regimes and Personal Protective Equipment (PPE). The Company has received confirmation of continued support from its intermediate parent company to ensure that it can operate with adequate liquidity.

In addition the Directors have also undertaken stress testing on the severity of the impact that Covid-19 could have on the cash flows of the Company, which included early exit from a number of contracts and no financial support from any Local Authority partners for either the closure period or during the resumption period when the facilities reopen. The results of this testing showed that even in the most extreme of circumstances the Company continued to have sufficient liquidity, through its intermediate parent company, to meet its liabilities as they fall due for a minimum of 12 months future cash flows.

These forecasts are dependent on PfPL (Holdings) Limited providing additional financial support during that period. PfPL (Holdings) Limited has confirmed its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Company continues to monitor the supply chains for the products it requires to provide its services. The most significant area of the Company's supply chain to be impacted is in relation to the procurement of PPE. The Company has been successful in utilising its diverse supply chain to ensure that it has been able to maintain a stock of its essential PPE of at least 3 months.

On the basis described above, the Directors consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Political contributions

The company made no political donations or incurred any political expenditure during the period (2019 - £nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

At the time of 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 the steps that ought to have been taken as Directors in order to make themselves aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 Reduced Disclosure Framework and 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 company and of the profit or loss of the company 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 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company 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.

This report was approved by the board on 5 August 2020 and signed on its behalf by:



C Martin
Secretary

80 Cheapside, London, EC2V 6EE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLACES FOR PEOPLE LEISURE LIMITED

Opinion

We have audited the financial statements of Places for People Leisure Limited (“the company”) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information which comprises of the strategic report and the directors’ report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and directors’ report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLACES FOR PEOPLE LEISURE LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

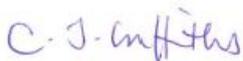
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Caroline Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Gateway House
Tollgate
Chandlers Ford
SO53 3TG
14 August 2020

Places for People Leisure Limited
Statement of Comprehensive Income
For the year ended 31 March 2020



	Note	2020 £000	2019 £000
Turnover	3	146,874	150,592
Cost of sales		(105,393)	(108,082)
Gross profit		<u>41,481</u>	<u>42,510</u>
Other operating charges		(40,736)	(41,631)
Operating Profit	5	<u>745</u>	<u>879</u>
Interest payable and similar charges	4	(62)	(62)
Profit on ordinary activities before taxation		<u>683</u>	<u>817</u>
Tax on profit on ordinary activities	7	(683)	(814)
Profit for the financial year		<u><u>-</u></u>	<u><u>3</u></u>

All amounts relate to continuing operations. The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 17 to 27 form part of these financial statements.

Places for People Leisure Limited
Statement of Financial Position
As at 31 March 2020



	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	8	801	1,184
Tangible assets	9	27,275	26,389
Current assets			
Stock	10	913	987
Debtors	11	19,639	8,469
Cash at bank		1,138	1,679
		<u>21,690</u>	<u>11,135</u>
Creditors: amounts falling due within one year	12	<u>(30,035)</u>	<u>(17,600)</u>
Net current liabilities		<u>(8,345)</u>	<u>(6,465)</u>
Total assets less current liabilities		<u>19,731</u>	<u>21,108</u>
Creditors: amounts falling due after more than one year	13	(11,624)	(11,650)
Accruals and deferred income	14	(8,059)	(9,410)
Net assets		<u><u>48</u></u>	<u><u>48</u></u>
Reserves			
Profit and loss account		<u><u>48</u></u>	<u><u>48</u></u>

The financial statements on pages 14 to 27 were approved and authorised for issue on 5 August 2020 by the board and were signed on its behalf by:

C Martin
Director

Places for People Leisure Limited
Statement of Changes in Equity
For the year ended 31 March 2020



	Profit and Loss Account
	<u>£000</u>
Balance at 31 March 2019	48
Profit for the financial year	<u>-</u>
Balance at 31 March 2020	<u><u>48</u></u>

The notes on pages 17 to 27 form part of these financial statements.

1 Accounting Policies

1.1 Basis of preparation of financial statements

Places for People Leisure Limited is a private company limited by guarantee incorporated, domiciled and registered in the UK. The registered number is 08363432 and the registered address is 80 Cheapside, London, EC2V 6EE.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in March 2018 have been applied. The 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. The consolidated financial statements of Places for People Group Limited are available to the public and may be obtained from 80 Cheapside, London, EC2V 6EE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Places for People Group Limited include the disclosures

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic has introduced significant levels of uncertainty into most businesses. The Government have now announced a date from which leisure centres can reopen and the Board are paying close attention to the evolving situation and to mitigating the risks for the Company. The going concern has been assessed in light of the risks raised by the pandemic.

The Directors have reviewed the projected cash flows for the business based on anticipated re-opening dates of leisure centres and financial support from Local Authority partners. A gradual uptake by customers has been applied along with increased costs for enhanced cleaning regimes and Personal Protective Equipment (PPE). The Company has received confirmation of continued support from its intermediate parent company to ensure that it can operate with adequate liquidity.

1 Accounting Policies

In addition the Directors have also undertaken stress testing on the severity of the impact that Covid-19 could have on the cash flows of the Company, which included early exit from a number of contracts and no financial support from any Local Authority partners for either the closure period or during the resumption period when the facilities reopen. The results of this testing showed that even in the most extreme of circumstances the Company continued to have sufficient liquidity, through its intermediate parent company, to meet its liabilities as they fall due for a minimum of 12 months future cash flows.

These forecasts are dependent on PfPL (Holdings) Limited providing additional financial support during that period. PfPL (Holdings) Limited has confirmed its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Company continues to monitor the supply chains for the products it requires to provide its services. The most significant area of the Company's supply chain to be impacted is in relation to the procurement of PPE. The Company has been successful in utilising its diverse supply chain to ensure that it has been able to maintain a stock of its essential PPE of at least 3 months.

Consequently, the Directors are confident that the company 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.

1.3 Cash flow

A statement of cashflows has not been prepared as the company is included within the consolidated financial statements of PfPL (Holdings) Limited which has prepared a consolidated statement of cash flow, complying with FRS 102 section 1.2.

1.4 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of Value Added Tax. The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity.

1.5 Cost of sales

Cost of sales represents the direct costs of servicing leisure centres including wages and salaries and energy costs after deduction of Value Added Tax.

1 Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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 development** - the remaining duration of the management contract or the lease of property
- Office and major equipment** - 2-10 years or the remaining duration of the management contract

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Stock is accounted for based on the weighted average cost method.

1.8 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

1.9 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.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.11 Deferred Income

Income received in advance for courses and memberships is deferred and recognised in the period to which it relates.

1 Accounting Policies (continued)

1.12 Pensions

On 1 May 2004 the Company's parent company established, as principal employer, the Places for People Leisure Pension Scheme. The pension costs in respect of the Places for People Leisure Pension Scheme are assessed in accordance with the advice of an independent, qualified actuary.

FRS 102 disclosures in respect of the Places for People Leisure Pension Scheme are disclosed in the intermediate parent company's financial statements. As the scheme is funded on a group basis, it is not possible for the Company to identify its share of the deficit. Therefore contributions to the pension scheme are charged to the statement of comprehensive income as incurred.

1.13 Grants

Capital grants from local authorities are included within creditors in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate. No grants were received during the year. Where part of the Grant relating to an asset is deferred it is recognised as deferred income. Lottery funding and grants from sporting bodies are included within deferred income in the statement of financial position and credited to the statement of comprehensive income periods in which the related costs are incurred.

1.14 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities of the acquired business or company at the date of acquisition. Goodwill has no residual value and the finite useful life of goodwill is assessed on an individual basis for each acquisition, with a maximum useful economic life of 10 years. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 (Impairment of assets) when there is an indication that goodwill may be impaired.

1.15 Impairment

An impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in Note 4. When undertaking impairment reviews to assess whether assets or cash generating units are held at the lower of cost or recoverable amount, recoverable amount is defined as its value in use. Recoverable amount is normally assessed using discounted cash flow techniques for all anticipated cash flows to generate a net present value. 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.

2 Directors' emoluments

None of the Directors received any direct remuneration from the Company for their services to the company during the current financial period (2019 - £nil).

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover arises in the United Kingdom.

4 Interest payable and similar charges

	2020 £000	2019 £000
Interest payable	<u>62</u>	<u>62</u>

5 Operating profit

The profit on ordinary activities before taxation is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets:		
- owned by the company	5,909	5,291
- held under finance leases	538	1,029
Impairment of fixed assets	1,411	-
Amortisation of intangible fixed assets:	208	208
Impairment of intangible fixed assets	175	-
Auditor's remuneration	21	19
Profit on sale of fixed assets	127	85
Operating lease rentals - plant and machinery	455	459
Operating lease rentals - other including land and buildings	<u>728</u>	<u>680</u>

6 Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	66,929	68,918
Social security costs	3,229	3,530
Other pension costs	<u>1,476</u>	<u>1,507</u>
	<u>71,634</u>	<u>73,955</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2020 No.	2019 No.
Management and administration	1,241	1,232
Supervisors, instructors and other staff	<u>1,038</u>	<u>1,055</u>
	<u>2,279</u>	<u>2,287</u>

7 Taxation

	2020	2019
	£000	£000
a) Analysis of charge in period		
UK corporation tax on Operating profit/(loss) of the period	891	611
Adjustments in respect of prior periods	(68)	58
Total Current Tax	<u>823</u>	<u>669</u>
Deferred tax (note c)		
Origination and reversal of timing differences	(188)	(116)
Adjustments in respect of prior periods	85	261
Effect of tax rate change on opening balance	(37)	-
Tax on profit on ordinary activities	<u>683</u>	<u>814</u>
b) Factors affecting tax charge for period		
The tax assessed is higher (2019 higher) than the standard rate of corporation tax in the UK (19%). The differences are explained below:		
Operating profit on ordinary activities before tax	<u>683</u>	<u>817</u>
Operating profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	130	155
Effects of:		
Fixed asset differences	540	353
Expenses not deductible for tax purposes	33	-
Adjustments to brought forward values	-	(27)
Difference in Tax rate	(37)	14
Adjustments to tax charge in respect of prior periods	17	319
Current tax charge for period (note a)	<u>683</u>	<u>814</u>
c) Factors that may affect future tax charges		
Provision for deferred tax		
Accelerated capital allowances	(501)	(372)
Short term timing differences	(41)	(30)
	<u>(542)</u>	<u>(402)</u>
Provision at 1 April 2019	(402)	(547)
Origination and reversal of timing differences	(140)	175
Short term timing differences	-	(30)
Provision at 31 March 2020	<u>(542)</u>	<u>(402)</u>

7 Taxation (continued)

The main rate of corporation tax was to be reduced to 17% (effective 1 April 2020) as substantively enacted in Finance Act 2016 on 6 September 2016. However, on 19 March 2020 the Finance Bill 2020 amended the main rate of Corporation Tax from 1 April 2020 to 19%. This rate change was substantively enacted on 19 March 2020 as a resolution was passed under the Provisional Collection of Taxes Act 1968. This change will increase the company's future current tax charge accordingly. Deferred tax in the prior year was calculated using a corporation tax rate of 17% and in the current year is calculated using a corporation tax rate of 19%.

8 Intangible fixed assets

	Goodwill
	£000
Net book value	
At 1 April 2019	1,184
Amortisation charged in the year	(208)
Impairment charged in the year	(175)
At 31 March 2020	801

9 Tangible fixed assets

	Building developments	Office and major equipment	Fixed asset Work in Progress	Total
	£000	£000	£000	£000
Cost				
At 1 April 2019	18,556	21,864	1,493	41,913
Additions	4,436	4,436	-	8,872
Transfers	1,133	344	(1,477)	-
Disposals	(534)	(1,437)	-	(1,971)
At 31 March 2020	23,591	25,207	16	48,814
Depreciation				
At 1 April 2019	(4,099)	(10,838)	-	(14,937)
Charge for the period	(2,595)	(3,852)	-	(6,447)
Eliminated on disposal	524	1,319	-	1,843
At 31 March 2020	(6,170)	(13,371)	-	(19,541)
Impairment				
At 1 April 2019	(551)	(36)	-	(587)
Charge for the period	(1,118)	(293)	-	(1,411)
At 31 March 2020	(1,669)	(329)	-	(1,998)
Net book value at 31 March 2020	15,752	11,507	16	27,275
Net book value at 1 April 2019	13,906	10,990	1,493	26,389

All building developments are in respect of short leasehold properties.

Included within the net book value of £27,275,000 (2019: £26,289,000) is £2,092,000 (2019: £2,142,000) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £538,000 (2019: £1,029,000).

10 Stock

	2020	2019
	£000	£000
Goods for resale	<u>913</u>	<u>987</u>

In the opinion of the Directors there is no material difference between the balance sheet value and the replacement cost of stocks.

11 Debtors

	2020	2019
	£000	£000
Trade debtors	1,555	2,777
Amounts due from group undertakings	12,674	1,879
Other debtors	786	732
Prepayments and accrued income	4,082	2,678
Deferred tax asset (note 7)	542	402
	<u>19,639</u>	<u>8,469</u>

12 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	918	5,328
Amounts owed to group undertakings	24,689	8,722
Corporation tax	2,801	1,978
Social security and other taxes	999	1,027
Obligations under finance leases	628	545
	<u>30,035</u>	<u>17,600</u>

13 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Amounts owed to related undertakings	11,087	11,088
Obligations under finance leases	537	562
	<u>11,624</u>	<u>11,650</u>

There is no fixed date for the repayment of the amounts owed to related undertakings. However the subsidiary undertakings have confirmed that the loan would not be repayable for at least one year from the statement of financial position date.

14 Accruals and deferred income

	2020 £000	2019 £000
Accruals and deferred income	<u>8,059</u>	<u>9,410</u>
Amounts falling due within one year:	<u>8,059</u>	<u>9,410</u>

15 Operating lease commitments

At 31 March 2020 the company had commitments under non-cancellable operating leases as follows:

	Land and buildings 2020 £000	Other 2020 £000	Land and buildings 2019 £000	Other 2019 £000
Expiry date:				
In one year or less	785	60	774	147
In one year or more but less than five years	3,143	362	3,096	88
In more than 5 years	3,307	-	3,896	-
	<u>7,235</u>	<u>422</u>	<u>7,766</u>	<u>235</u>

16 Finance lease commitments

Obligations under finance leases are payable as follows:

	2020 £000	2019 £000
In one year or less	627	545
In one year or more but less than two years	448	358
In two years or more but less than five years	86	204
	<u>1,161</u>	<u>1,107</u>

17 Contingent liabilities

The company has entered into performance bonds and guarantees in connection with work performed to the value of £130,000 (2019: £130,000).

18 Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	<u>200</u>	<u>1,255</u>

19 Accounting Estimates and Judgements

Key Sources of estimation uncertainty

The amount of material estimations to the company or financial information is limited. However key areas to consider are:

Onerous Contracts - the Company operate 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 present obligation under the contract is recognised and measures as a provision, goodwill write-down or fixed asset impairment.

Covid-19 - The Company has judged Covid-19 to be an adjusting event in the preparation of the financial statements. This judgement has been made as the World Health Organisation confirmed Covid-19 was a pandemic on 11 March 2020 and the impact on world markets was clear as at the balance sheet date, 31 March 2020. As such Covid-19 is considered a current event requiring ongoing review and adjustment. This has required additional judgement and estimation in considering the assessment of going concern, and the valuation of assets.

Going Concern - In order to assess whether it is appropriate for the Company to be reported as a going concern, the 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 page 3. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of both reopening dates of leisure centres, customer demand, Local Authority support and timing and quantum of future capital expenditure. Sensitivity testing, involving challenging scenarios including reasonable worst case scenarios in respect of Covid-19, has been undertaken in respect of the assumptions used within the going concern assessment. As a result of these considerations the financial statements have been prepared on a going concern basis.

20 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking at the year end was Places for People Leisure Management Limited, a company incorporated in England and Wales.

The company's intermediate parent undertaking at the year end was PfPL (Holdings) Limited, a company incorporated in England and Wales, which is where the financial statements of the company are consolidated and represents the smallest group of which the company is a member of.

The largest Group for which group financial statements are drawn up is headed by Places for People Group Limited, a company incorporated in England and Wales. This is considered by the Directors to be the ultimate parent undertaking and controlling party. Group accounts are available from the registered office.

The financial statements of PfPL (Holdings) Limited are available on request to the Company Secretary, 80 Cheapside, London, EC2V 6EE.

21 Related party transactions

Places for People Leisure Limited is a subsidiary of the Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. As the ultimate parent company publishes consolidated Group accounts Places for People Leisure Limited has accordingly taken advantage of the exemption not to report transactions with other group members as permitted by FRS102 section 33.1A.

22 Company limited by guarantee

The company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, the members of the company are liable to contribute up to £1 each in the event of the company being wound up.