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REGISTERED NUMBER: 01704156 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2018

for

Glendale Grounds Management Limited

Glendale Grounds Management Limited

Contents of the Financial Statements
for the Year Ended 31 December 2018

Company Information
for the Year Ended 31 December 2018

DIRECTORS:	E Oates M Brunskill M J Quayle A J Paterson A Wickham
REGISTERED OFFICE:	Parkwood House Cuerden Park Berkeley Drive Bamber Bridge, Preston Lancashire PR5 6BY
REGISTERED NUMBER:	01704156 (England and Wales)
INDEPENDENT AUDITORS:	RSM UK Audit LLP Chartered Accountants and Statutory Auditors Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

Glendale Grounds Management Limited

Strategic Report
for the Year Ended 31 December 2018

Glendale Grounds Management Limited is one of the largest specialist green service providers in the UK. It comprises the core grounds management activities of the Glendale division within the Alston Investments Limited group.

In 2018 the Company generated revenues of £31.6 million (2017: £32.6 million) and profit before tax for the year of £4.21 million (2017: £3.45 million) helped by additional works granted at contracts such as Liverpool, Waverley and Edinburgh Housing. Whilst revenue fell in the year, operating profit increased, mainly due to cost efficiencies.

During the year the Company secured renewed terms with a number of existing clients; Edinburgh Housing, Progress Housing and Shoreline Housing. New contracts were secured for works with Orbit Housing, Orbis and London City Airport with the Company's order book standing at £24.5 million at the end of 2018.

As at the 31 December 2018 the Company's net assets were £5.6million (2017: £5.5 million) and cash and cash equivalents were £2.6 million (2017: £2.7 million).

Glendale continues to invest in its bespoke software application 'Glendale Live' which has been rolled out to over 25% of customers delivering real time benefit to the end user, operatives and management. Similar process and systems efficiencies have been achieved in back office functions such as recruitment and asset management, improving accuracy and pace.

Glendale delivers its services nationally through more than 30 contracts that give the Company a geographic coverage stretching from Inverness to Cornwall and includes the major cities of Edinburgh, Liverpool, London, Birmingham and Nottingham. Glendale will continue to bid for work in the local authority and public sector market but is seeking to increase its private client revenues and diversify the portfolio of services it offers via its newly appointed sales force and company sales culture. The local authority market is competitive and the Company will continue to bid competitively and will maintain a pricing policy that ensures stability and sustainability for the business.

Glendale had 509 staff in post at the end of 2018 (2017: 505) and maintains its strategy of being a direct employer of staff investing in training to provide entry level roles and career opportunities. In 2018 the Company attained close to 100 apprentice positions within its overall activities and continues to invest significantly in health and safety with the introduction of 'GlenSafe', employee recognition and skills development as part of its strategic plan.

Glendale continues to place a high priority on managing the health and safety of its employees, clients and the public wherever it operates. Glendale's activities use hazardous equipment and materials, often in challenging environments and difficult conditions. The organisation has a comprehensive health and safety system that is continuously reviewed and developed, attaining the national ISO 18001 accreditation. The Managing Director, Senior Directors and senior management team are required to become NEBOSH (the National Examining Board of Occupational Health and Safety) qualified.

ON BEHALF OF THE BOARD:

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M J Quayle - Director

Date: 26 APRIL 2019

The directors present their report with the financial statements of the Company for the year ended 31 December 2018.

DIVIDENDS
During the year ended 31 December 2018, dividends of £60.00 per ordinary share were declared and paid (2017: £50.00 per ordinary share).

DIRECTORS
M Brunskill has held office during the whole of the period from 1 January 2018 to the date of this report.

The directors shown below have held office since the date the last financial statements were signed:

E Oates - appointed 6 March 2018
M J Quayle - appointed 2 January 2018
A J Paterson - appointed 6 March 2018
A Wickham - appointed 6 March 2018

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Company uses financial instruments comprising cash, trade receivables and trade payables that arise directly from its operations. The main purpose of the financial instruments is to fund ongoing operations.

Liquidity risk
The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk
The Company finances its operations through a mixture of retained profits and loans from its parent company. The loans from its parent company are not subject to interest and therefore the risk of material fluctuations in interest rates is considered minimal.

Credit risk
The Company has no significant concentrations of credit risk. The Company has implemented policies that require appropriate credit checks on potential customers before sales commence. Surplus funds held in the Company are invested, in line with Board-approved policy, in high quality, short-term liquid instruments, usually money market funds or bank deposits. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

POLITICAL DONATIONS AND EXPENDITURE
Total political donations and expenditure in the year amounted to £nil (2017: £nil).

EMPLOYEES
The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Company.

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

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

EMPLOYEE INVOLVEMENT
Members of the management team regularly visit trading sites within the Company and discuss with members of staff matters of current interest and concern to the stakeholders.

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

FUTURE DEVELOPMENTS
Glendale Grounds Management Limited will continue to bid competitively for new work at a profitable rate, helping to extend and maintain our nationwide grounds management service.

Glendale Grounds Management Limited

Report of the Directors
for the Year Ended 31 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 accounting estimates that are reasonable and prudent;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
Each of the directors at the date of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

AUDITORS
A resolution to re-appoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the next general meeting of the Company.

ON BEHALF OF THE BOARD:

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M J Quayle - Director

Date: 26 APRIL 2019

Opinion
We have audited the financial statements of Glendale Grounds Management Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

RSM UK AUDIT LLP

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

Date 29 April 2019

Glendale Grounds Management Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
REVENUE		31,594	32,597
Cost of sales		23,632	25,076
GROSS PROFIT		7,962	7,521
Administrative expenses		3,738	4,052
OPERATING PROFIT		4,224	3,469
Interest payable and similar expenses	4	13	15
PROFIT BEFORE TAXATION	5	4,211	3,454
Tax on profit	6	805	609
PROFIT FOR THE FINANCIAL YEAR		3,406	2,845
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit scheme		(250)	172
Income tax relating to item of other comprehensive income		42	(29)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(208)	143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,198	2,988

The notes on pages 10 to 21 form part of these financial statements

Glendale Grounds Management Limited (Registered number: 01704156)

Statement of Financial Position
31 December 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
FIXED ASSETS					
Property, plant and equipment	8		808		890
CURRENT ASSETS					
Inventories	9	25		30	
Debtors	10	6,349		5,793	
Cash at bank		2,635		2,738	
		9,009		8,561	
CREDITORS					
Amounts falling due within one year	11	3,229		3,488	
NET CURRENT ASSETS			5,780		5,073
TOTAL ASSETS LESS CURRENT LIABILITIES			6,588		5,963
CREDITORS					
Amounts falling due after more than one year	12		(147)		(42)
PENSION LIABILITY	18		(794)		(472)
NET ASSETS			5,647		5,449
CAPITAL AND RESERVES					
Called up share capital	16		50		50
Retained earnings	17		5,597		5,399
SHAREHOLDERS' FUNDS			5,647		5,449

The financial statements were approved by the Board of Directors on 26 APRIL 2019 and were signed on its behalf by:

E Oates

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E Oates - Director

Glendale Grounds Management Limited

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Notes	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		50	4,911	4,961
Changes in equity				
Dividends	7	-	(2,500)	(2,500)
Total comprehensive income		-	2,988	2,988
Balance at 31 December 2017		50	5,399	5,449
Changes in equity				
Dividends	7	-	(3,000)	(3,000)
Total comprehensive income		-	3,198	3,198
Balance at 31 December 2018		50	5,597	5,647

The notes on pages 10 to 21 form part of these financial statements

1. **STATUTORY INFORMATION**

Glendale Grounds Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared on the going concern basis, in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Changes in accounting policies
There have been no changes in accounting policies during the year and accounting policies have been consistently applied with the prior year.

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

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

Critical accounting estimates and judgements
The preparation of the Company's financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed below:

Impairment of property, plant and equipment
Determining whether property, plant or equipment is impaired requires an estimation of the value in use of the cash generating units. The value in use calculation involves an estimation of the future cash flows of cash generating units and also the selection of appropriate discount rates to calculate present values. In support of the assumptions, management uses experience of historic performance and expected contractual cash flows to arrive at future cash flows.

Defined benefit liability
Management have made judgements over certain assumptions in relation to the Company's IAS 19 pension liabilities. See note 18 for further details.

Revenue
Revenue is measured at the fair value of consideration receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, and other revenue-related taxes. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Service contract revenue is recognised in the periods for which a service is being provided to a customer by reference to the proportion of time for which the service has been provided.

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2. ACCOUNTING POLICIES - continued

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write-off the cost, less estimated residual values, of all property, plant and equipment, over their expected useful lives. The annual rates generally applicable are:

Motor vehicles	12.5% - 50% straight line
Plant and machinery	12.5% - 50% straight line
Fixtures and fittings	10% - 33.3% straight line
Long leasehold	Over the remaining life of the lease or their useful life if shorter

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the owned assets or, where shorter, over the term of the relevant lease.

Financial instruments
Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is recognised in profit or loss when there is reliable evidence that the Company will not be able to fully collect the balance of the amount due. The amount of the provision is the difference between the carrying amount and the recoverable amount being the present value of the expected future cash flows, discounted at the original effective interest rate.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

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2. **ACCOUNTING POLICIES - continued**

Employee benefit costs
The pension costs for the defined contribution scheme charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. *To the extent that benefits are already vested the Group recognises past service cost immediately.*

Actuarial gains and losses are recognised immediately through the statement of comprehensive income. The surplus or deficit is presented within net assets in the statement of financial position. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group. The current service cost, past service cost, interest cost and costs from settlements and curtailments are charged to the statement of profit or loss.

Admitted body status schemes
Certain employees who were previously members of a Local Government Pension Scheme prior to their employment by the Group continue to participate in these defined benefit schemes. The contributions are paid by the Group in accordance with the advice of the scheme actuary and the Group has no further liability to fund these schemes beyond its contributions in the year. Contributions are therefore charged to the statement of profit or loss in the year in which they are incurred.

Short term employment benefits
Short-term employee benefits, including holiday entitlement are included in current liabilities at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the period in which the dividends are approved.

3. **EMPLOYEES AND DIRECTORS**

	2018	2017
	£'000	£'000
Wages and salaries	12,522	13,322
Social security costs	926	977
Other pension costs	507	533
	13,955	14,832

The average monthly number of employees during the year was as follows:

	2018	2017
Operations	445	638
Administration and management	64	78
	509	716

As in the prior year, the directors were not remunerated by the Company. Remuneration for their work as directors of the Company was borne by the immediate parent company, Glendale Managed Services Limited, with the exception of M J Quayle, who received remuneration from Parkwood Holdings Limited, a related undertaking. The value of remuneration relating to Glendale Grounds Management Limited is not available therefore not disclosed within the financial statements.

4. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£'000	£'000
Hire purchase	13	15

continued...

5. **PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging/(crediting):

	2018	2017
	£'000	£'000
Cost of inventories recognised as expense	459	448
Depreciation - owned assets	170	321
Depreciation - assets on finance leases	365	391
Loss/(Profit) on sale of property, plant and equipment	116	(9)
Operating lease costs	2,321	2,381
Staff costs (note 3)	13,955	14,832

As in the prior year, the auditors' remuneration has been borne by the immediate parent company.

6. **TAXATION**

Analysis of tax expense

	2018	2017
	£'000	£'000
Current tax:		
Tax	730	622
Deferred tax	75	(13)
Total tax expense in statement of comprehensive income	805	609

Factors affecting the tax expense
The tax assessed for the year is higher (2017 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£'000	£'000
Profit before income tax	4,211	3,454
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.246%)	800	665
Effects of:		
taxable		
Adjustments in respect of prior periods for deferred tax	29	(6)
Adjustments in respect of prior periods for current tax	(19)	(51)
Adjustment for tax rate differences	(5)	1
Tax expense	805	609

Tax effects relating to effects of other comprehensive income

			2018
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial gains/(losses) on defined benefit scheme	(250)	42	(208)
	(250)	42	(208)

			2017
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial gains/(losses) on defined benefit scheme	172	(29)	143
	172	(29)	143

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7. DIVIDENDS

	2018 £'000	2017 £'000
Ordinary shares of £1 each		
Final: £60.00 per ordinary share (2017: £50.00 per ordinary share)	3,000	2,500

8. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1 January 2018	113	6,789	223	505	7,630
Additions	-	370	1	20	391
Disposals	-	(901)	(34)	(52)	(987)
Reclassification/transfer	-	9	(34)	68	43
At 31 December 2018	113	6,267	156	541	7,077
DEPRECIATION					
At 1 January 2018	97	6,120	190	333	6,740
Charge for year	9	438	13	75	535
Eliminated on disposal	-	(883)	(33)	(51)	(967)
Reclassification/transfer	-	(53)	(34)	48	(39)
At 31 December 2018	106	5,622	136	405	6,269
NET BOOK VALUE					
At 31 December 2018	7	645	20	136	808
At 31 December 2017	16	669	33	172	890

During the year £338,000 of new finance leases were capitalised. During 2016 it was discovered that assets used by Glendale Grounds Management Limited were capitalised in Glendale Countryside Limited, these were subsequently transferred between companies.

The net book value of property, plant and equipment includes £343,000 (2017 - £270,000) in respect of assets held under finance leases.

9. INVENTORIES

	2018 £'000	2017 £'000
Raw materials	25	30

No amounts were recognised in the year (2017: £nil) with respect to inventory write-downs. No provisions (2017: £nil) were held against inventories at the year end.

10. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	1,729	1,802
Amounts owed by group undertakings	3,236	2,926
Amounts owed by related undertakings	348	25
Other debtors	24	23
Prepayments and accrued income	642	615
	5,979	5,391
Amounts falling due after more than one year:		
Deferred tax asset	370	402
Aggregate amounts	6,349	5,793

continued...

10. DEBTORS - continued

All of the trade and other receivables above were receivable under normal commercial terms of 30 days. The directors consider that the carrying value of trade and other receivables approximates to their fair value. Company receivables days were 32 days (2017: 30 days). A provision of £5,000 (2017: £5,000) was held against receivables that are considered irrecoverable. No interest is charged on balances owed by group or related undertakings.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Finance leases (see note 13)	141	89
Trade creditors	1,447	1,305
Tax	749	673
Social security and other taxes	553	675
Other creditors	76	147
Amounts due to group undertakings	253	595
Accruals and deferred income	10	4
	3,229	3,488

Trade purchases are made under normal commercial terms. The directors consider that the carrying value of trade and other payables approximates to their fair value.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£'000	£'000
Finance leases (see note 13)	148	42

13. FINANCIAL LIABILITIES - BORROWINGS

	2018	2017
	£'000	£'000
Current:		
Finance leases (see note 14)	141	89
Non-current:		
Finance leases (see note 14)	148	42

Terms and debt repayment schedule

	1 year or less	1-2 years	Totals
	£'000	£'000	£'000
Finance leases	141	148	289

continued...

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases 2018 £'000	Finance leases 2017 £'000
Gross obligations repayable:		
Within one year	141	89
Between one and five years	168	53
	309	142
Finance charges repayable:		
Between one and five years	21	11
Net obligations repayable:		
Within one year	141	89
Between one and five years	148	42
	289	131

The present value of minimum lease payments is not materially different to the minimum lease payments shown in the table above.

It is the Company's policy to lease the majority of its operating equipment under finance leases. The average lease term is 3 years. For the year ended 31 December 2018, the average effective borrowing rate was 4.4 per cent (2017: 4.5 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the Company's lease obligations approximates to their carrying amount. Obligations under finance leases and hire purchase contracts are secured on the leased assets which are subject to those contracts.

	Non-cancellable operating leases 2018 £'000	Non-cancellable operating leases 2017 £'000
Within one year	1,538	1,713
Between one and five years	1,516	1,949
	3,054	3,662

The Company had minimum lease payments under operating leases recognised in the income statement during the year amounting to £2,321,000 (2017: £2,381,000).

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

15. DEFERRED TAX

	£'000
Balance at 1 January 2018	(402)
Charged to profit or loss	58
Movement to equity on pension	(55)
Prior year adjustments	29
Balance at 31 December 2018	(370)

continued...

15. **DEFERRED TAX - continued**

The deferred tax asset as at 31 December 2018 and 31 December 2017 is included under non-current assets.

The deferred tax asset consists of the following amounts:

	2018 £'000	2017 £'000
Depreciation exceeding capital allowances	(232)	(317)
Short term timing differences	(4)	(5)
Tax on provision for retirement benefit obligations	(134)	(80)
	(370)	(402)

The directors consider the recovery of the deferred tax asset to be probable due to forecast future profits.There is no unprovided deferred tax at 31 December 2018 or 31 December 2017.

The rate at which deferred tax is expected to unwind is 17% (2017: 17%) and this has been used to calculate the deferred tax assets and liabilities recognised in the statement of financial position.

During the year the main rate of UK corporation tax was 19%. Reductions in the corporation tax rate to 17% from 1 April 2020 have been substantially enacted at the statement of financial position date.

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
50,000	Ordinary	£1	50	50

17. **RESERVES**

	Retained earnings £'000
At 1 January 2018	5,399
Profit for the year	3,406
Dividends	(3,000)
Actuarial adjustment on defined benefit pension	(208)
At 31 December 2018	5,597

	Retained earnings £'000
At 1 January 2017	4,911
Profit for the year	2,845
Dividends	(2,500)
Actuarial adjustment on defined benefit pension	143
At 31 December 2017	5,399

continued...

18. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution scheme
The Company operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The total cost charged to income of £275,000 (2017: £271,000) represents contributions payable to the Company's scheme, the National Employment Savings Trust (NEST) and admitted body status schemes, at rates specified in the rules of the scheme. As at 31 December 2018, contributions of £48,000 (2017: £32,000) were due in respect of the current reporting year had not been paid over to the schemes.

Defined benefit scheme
The Company participates in a defined benefit scheme for the benefit of employees who were members of the Local Government Pension Scheme prior to their employment by the Company. Benefits under the scheme are provided in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on the members' length of service and their salary upon retirement. The assets of the scheme are administered by trustees in a fund independent from those of the Company and are governed by UK law, as is the nature of the relationship between the Company and the trustees of the scheme. Responsibility for the governance of the scheme lies jointly with the Company and the scheme's trustees. The scheme commenced on 1 May 1994.

The most recent actuarial valuation of plan assets and present value of the defined benefit obligation was carried out at 31 December 2018 by Hymans Robertson LLP. The present value of the defined benefit obligation, the related service cost and past service cost were measured using the projected unit credit method.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Present value of funded obligations	(10,506)	(10,920)
Fair value of plan assets	9,712	10,448
	(794)	(472)
Present value of unfunded obligations	-	-
Deficit	(794)	(472)
Net liability	(794)	(472)

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Current service cost	171	196
Interest cost	268	284
Past service cost	-	-
Administrative cost	51	50
Expected return on plan asset	(258)	(268)
	232	262
Actual return on plan assets	(481)	844

The amounts recognised in the statement of profit or loss for the current and prior year are included in administrative expenses. Actuarial gains and losses have been reported in other comprehensive income.

continued...

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening defined benefit obligation	10,920	10,513
Current service cost	171	196
Contributions by scheme participants	31	35
Interest cost	268	284
Administrative costs	51	50
Actuarial (gains)/losses	(489)	404
Benefits paid	(446)	(562)
	10,506	10,920

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening fair value of scheme assets	10,448	9,796
Contributions by employer	160	335
Contributions by scheme participants	31	35
Expected return	258	268
Actuarial (losses)/gains	(739)	576
Benefits paid	(446)	(562)
	9,712	10,448

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Actuarial (losses)/gains	(250)	172
	(250)	172

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Equities	6,701	7,209
Corporate bonds	2,040	2,194
Government bonds	971	1,045
	9,712	10,448

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate	2.80%	2.50%
Future salary increases	1.90%	1.90%
Inflation assumptions	3.15%	3.15%
Rate of increase in pensions in payment	2.15%	2.15%
Expected return on scheme assets	2.80%	2.50%

continued...

18. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

For 2018 the mortality tables used are bespoke to Hymans Robertson based on an analysis of scheme experience and account for variations in longevity due to factors including affluence, geo-demographics and reason for retirement. The assumed life expectancy for non-manual members currently aged 65 is 21 years for a male and 24.9 years for a female. For a non-manual member currently aged 45, the life expectancy once they reach age 65 is assumed to be 23.3 years for a male and 26.9 years for a female.

Risks

Through the defined benefit scheme the Company is exposed to the following principal risks:

Asset volatility

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

Sensitivities

Discount rate

The overall effect of a 0.1% decrease in the discount rate would be an increase to the retirement benefit obligation of £152,000. An equivalent increase in the discount rate would result in a similar reduction to the retirement benefit obligation.

Inflation

The overall effect of a 0.1% decrease in expected future inflation would be a decrease to the retirement benefit obligation of £137,000.

Life expectancy

The overall effect of changing the life expectancy assumptions such that members are assumed to live one year longer would be an increase to the retirement benefit obligation of £420,000.

Maturity profile

The weighted average maturity profile of the defined benefit obligation is 16.6 years.

The history of experience adjustments is as follows:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Present value of benefit obligations	(10,507)	(10,920)	(10,513)	(8,882)	(9,200)
Fair value of scheme assets	9,712	10,448	9,796	8,825	8,877
Deficit in the scheme	(794)	(471)	(717)	(57)	(323)
Experience adjustments on scheme liabilities	(489)	404	(1,547)	(449)	480
% of scheme liabilities	4.7%	3.7%	14.7%	5.1%	5.2%
Experience adjustments on scheme assets	(739)	576	749	(254)	252
% of scheme assets	7.6%	5.5%	7.6%	2.9%	2.8%

The estimated amount of contributions expected to be paid in the current financial year is £90,000 (2017: £342,000).

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19. ULTIMATE PARENT COMPANY

The ultimate parent company is Alston Investments Limited, a limited liability company which is registered and domiciled in the United Kingdom. The largest and smallest group in which the results of the Company are consolidated is that headed by Alston Investments Limited. The address of Alston Investments Limited's office and its principal place of business is Parkwood House, Cuerden Park, Berkeley Drive, Bamber Bridge, Preston, Lancashire, PR5 6BY. Copies of the parent company's financial statements are available from Companies House.

20. OTHER FINANCIAL COMMITMENTS

At 31 December 2018 Glendale Grounds Management Limited guaranteed the contractual obligations in relation to Glendale Golf Limited's land and premises leases. Glendale Golf Limited is a Company under common control of Alston Investments Limited.

21. RELATED PARTY DISCLOSURES

All companies referred to below are subsidiaries of Parkwood Leisure Holdings Limited, a company under the control of M P Hewitt.

During the year the Company charged £187,000 to Parkwood Leisure Limited (2017: £172,000) and £12,000 (2017: £59,000) to Parkwood Community Leisure Limited for grounds maintenance work. At 31 December 2018 £19,000 (2017: £27,000) was owed to the Company in respect of this. At 31 December 2018 an additional £331,000 was owed from Parkwood Leisure to the company in respect of grounds maintenance.

During the year the Company charged £nil (2017: £1,950) to Parkwood Holdings Limited for grounds maintenance work. There was no balance (2017: £nil) outstanding at 31 December 2018 in respect of this. At 31 December 2018 £2,000 (2017: £2,779) was owed to Parkwood Holdings.

22. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is M P Hewitt, who is the majority shareholder of the ultimate parent company.