

CP Woburn (Operating Company) Limited

Financial statements

52 weeks ended 25 April 2019

CP Woburn (Operating Company) Limited

Annual report and financial statements

For the 52 weeks ended 25 April 2019

Company registration number: 07656412

Financial statements

52 weeks ended 25 April 2019

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Financial statements

52 weeks ended 25 April 2019

Directors and auditor

Directors

M P Dalby
C G McKinlay
Z B Vaughan
K O McCrain
N J Adomait

Company Secretary

R Singh-Dehal

Independent auditor

Deloitte LLP
Statutory Auditor
1 Woodborough Road
Nottingham
NG1 3FG

Registered office

One Edison Rise
New Ollerton
Newark
Nottinghamshire
NG22 9DP

Strategic report

For the 52 weeks ended 25 April 2019

The Directors present their Strategic report on the Company for the 52 weeks ended 25 April 2019 (2018: 53 weeks ended 26 April 2018).

Review of the Business

The principal activity of the Company is the operation of Center Parcs Woburn Forest, a short break holiday village in Bedfordshire.

Center Parcs targets the premium sector of the UK family short break market, offering an escape from the stresses and strains of modern life and helping families come together.

Woburn Village is set in a forest environment and is open 365 days a year. Woodland, water and a natural environment are the essential elements of a Center Parcs break. Within the comfortable, quiet and family-friendly setting, the Village provides guests with high-quality accommodation and more than 150 leisure and spa activities. The focal point and key attraction of the Village is an all-weather indoor sub-tropical swimming paradise, featuring a selection of water activities including a wave pool, river slides and rides, children's pools and jacuzzis. Other on-site experiences include outdoor activities such as cycling and boating; indoor activities such as ten-pin bowling, badminton and pottery; and leisure amenities such as spas, dining and retail.

Financial performance

The results of the Company for the period show a profit after taxation of £4.9 million (2018: profit of £4.6 million). Adjusted EBITDA, being earnings before interest, taxation, depreciation, amortisation and exceptional/non-underlying items was £50.1 million (2018: £49.4 million).

During the period ended 25 April 2019, the Company incurred an exceptional/non-underlying finance cost of £2.2 million in respect of a refinancing of the Company's debt. Taxation on this expense was also treated as an exceptional/non-underlying item.

On 20 November 2018 the Group issued £100.0 million of additional A4 secured notes, together with £379.5 million of New Class A5 notes due to expire in August 2028. Part of the proceeds of these new notes were used to settle the Group's Class A3 notes, which were due to mature in February 2020.

During the prior period ended 26 April 2018, the Company incurred an exceptional/non-underlying finance cost of £2.3 million in respect of a refinancing of the Company's debt. The Company also incurred exceptional/non-underlying administrative expenses of £1.5 million, principally in respect of legal claims and associated settlements.

On 15 June 2017 the Group issued £100.0 million of additional A4 secured notes, together with £730.0 million of New Class B notes, divided into £480.0 million 4.250% notes due to expire in August 2022 and £250.0 million 4.875% notes due to mature in August 2025. Part of the proceeds of these new notes were used to settle the Group's Class B2 notes, which were due to mature in August 2020.

Key performance indicators

The Directors use the following key performance indicators to set targets and measure performance:

- **Occupancy:** the average number of units of accommodation occupied as a percentage of the total number available. Occupancy for the period was 97.1% (2018: 97.3%).
- **ADR (Average Daily Rate):** the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total number of lodge nights sold. ADR for the period was £202.49 (2018: £197.85).
- **RevPAL (Rent per available lodge night):** the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total available number of lodge nights. RevPAL for the period was £196.57 (2018: £192.49).

Going concern

The Directors have assessed the financial positions of the Company at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a going concern basis, as they consider that the Company will continue as a going concern for a period of at least 12 months from the date of signing the financial statements.

Strategic report

For the 52 weeks ended 25 April 2019 (continued)

Financing risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Center Parcs (Holdings 1) Limited Group.

The Group finances its operations through a mixture of retained earnings and borrowings as required. Historically, the Group has sought to reduce its cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

All tranches of the Group's secured debt are subject to financial covenants. The Directors have assessed future compliance and at this time do not foresee any breach of the financial covenants.

Interest rate risk

Principal sources of borrowings are fixed interest rate loan notes.

Liquidity risk

The Group maintains sufficient levels of cash to enable it to meet its medium-term working capital and debt service obligations. Rolling forecasts of liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

Whilst no borrowings are denominated in foreign currencies, a number of suppliers are exposed to the Euro and US Dollar. Accordingly, wherever possible the Group enters into supply contracts denominated in Sterling. The Group does not operate a hedging facility to manage currency risk as it is not considered to be material.

Credit risk

The Group's cash balances are held on deposit with a number of UK banking institutions. Credit risk in respect of the Group's revenue streams is limited as the vast majority of customers pay in advance.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Center Parcs (Holdings 1) Limited Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the strategic report of the Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report.

On behalf of the board



C G McKinlay
Director
21 June 2019

Directors' report

For the 52 weeks ended 25 April 2019

The Directors present their report and the audited financial statements for the 52 weeks ended 25 April 2019 (2018: 53 weeks ended 26 April 2018).

The registration number of the Company is 07656412.

Future developments

No changes to the nature of the business are anticipated.

Financial risk management objectives

Details of financial risk management objectives can be found under the heading 'Key performance Indicators', found in the Strategic report, and form part of this report by cross-reference.

Dividends

During the period the Company paid dividends totalling £10.0 million (2018: £nil). The Directors have not proposed the payment of a final dividend (2018: £10.0 million).

Directors

The Directors who served during the period and up to the date of this report were as follows:

M P Dalby
C G McKinlay
Z B Vaughan
K O McCrain
N J Adomalt

During the period and at the date of approval of these financial statements, the Company had in place Directors' and officers' insurance.

Employees

The Company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age or religion. Center Parcs is an inclusive employer and values diversity among its employees. These commitments extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is principally achieved through formal and informal briefings, the quarterly internal Group magazine 'Center Forward' and annual presentations of the financial results by the CEO. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests, via village and head office council meetings which take place four times a year. In addition, all employees with more than six months' service receive an annual bonus related to the overall profitability of the Group.

Political donations

No political donations were made in the current or prior period.

Directors' report

For the 52 weeks ended 25 April 2019 (continued)

Directors' Responsibilities Statement

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 period. Under that law the Directors have prepared the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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; and
- state whether applicable IFRS as adopted by the European Union have been followed; 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved, the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Deloitte LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

By order of the board



C G McKinlay
Director
21 June 2019

Independent auditor's report to the members of CP Woburn (Operating Company) Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 25 April 2019 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CP Woburn (Operating Company) Limited for the 52 weeks ended 25 April 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of CP Woburn (Operating Company) Limited (continued)

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 period 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.

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Nottingham, UK
21 June 2019

Income Statement

For the 52 weeks ended 25 April 2019

	Note	2019			2018		
		Before exceptional and non- underlying Items £m	Exceptional and non- underlying Items £m	Total £m	Before exceptional and non- underlying Items £m	Exceptional and non- underlying items £m	Total £m
Revenue		95.2	-	95.2	93.4	-	93.4
Cost of sales		(25.9)	-	(25.9)	(24.9)	-	(24.9)
Gross profit		69.3	-	69.3	68.5	-	68.5
Administrative expenses		(19.2)	-	(19.2)	(19.1)	(1.5)	(20.6)
Adjusted EBITDA		50.1	-	50.1	49.4	(1.5)	47.9
Depreciation and amortisation		(9.6)	-	(9.6)	(9.9)	-	(9.9)
Total operating expenses		(28.8)	-	(28.8)	(29.0)	(1.5)	(30.5)
Operating profit	4	40.5	-	40.5	39.5	(1.5)	38.0
Finance income	6	4.1	-	4.1	4.1	-	4.1
Finance expense	6	(34.1)	(2.2)	(36.3)	(30.4)	(2.3)	(32.7)
Profit before taxation		10.5	(2.2)	8.3	13.2	(3.8)	9.4
Taxation	7	(3.8)	0.4	(3.4)	(5.2)	0.4	(4.8)
Profit for the period attributable to equity shareholders	18	6.7	(1.8)	4.9	8.0	(3.4)	4.6

All amounts relate to continuing activities.

The notes on pages 12 to 31 form part of these financial statements

Statements of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 26 April 2018	-	1.2	21.1	22.3
Impact of change in accounting policy – IFRS 16	-	-	(1.1)	(1.1)
Adjusted balances at 26 April 2018	-	1.2	20.0	21.2
Comprehensive Income				
Profit for the period	-	-	4.9	4.9
Transactions with owners				
Dividends	-	-	(10.0)	(10.0)
At 25 April 2019	-	1.2	14.9	16.1

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 20 April 2017, as previously reported	-	1.2	16.6	17.8
Impact of change in accounting policy – IFRS 15	-	-	(0.1)	(0.1)
Adjusted balances at 20 April 2017	-	1.2	16.5	17.7
Comprehensive Income				
Profit for the period	-	-	4.6	4.6
At 26 April 2018	-	1.2	21.1	22.3

The notes on pages 12 to 31 form part of these financial statements

Balance Sheet

	Note	25 April 2019 £m	(restated) 26 April 2018 £m
Assets			
Non-current assets			
Intangible assets	8	-	-
Property, plant and equipment	9	297.3	302.0
Right-of-use asset	10	18.4	-
Deferred tax asset	16	0.2	-
		315.9	302.0
Current assets			
Inventories		0.8	0.8
Trade and other receivables	11	182.0	155.0
Cash and cash equivalents		13.5	2.7
		196.3	158.5
Liabilities			
Current liabilities			
Trade and other payables	12	(29.4)	(26.9)
Current tax liability		(1.8)	-
		(31.2)	(26.9)
Net current assets		165.1	131.6
Non-current liabilities			
Borrowings	13	(437.8)	(405.8)
Lease liabilities	14	(20.0)	-
Deferred tax liability	16	(7.1)	(5.5)
		(464.9)	(411.3)
Net assets		16.1	22.3
Equity			
Share capital	17	-	-
Share premium	18	1.2	1.2
Retained earnings	18	14.9	21.1
Total equity		16.1	22.3

The financial statements on pages 8 to 31 were approved by the Board of Directors on 21 June 2019 and were signed on its behalf by:



C G McKinlay
Director

CP Woburn (Operating Company) Limited
Registered no. 07656412

The notes on pages 12 to 31 form part of these financial statements

Cash Flow Statement

	Note	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Cash flows from operating activities			
Operating profit		40.5	38.0
Depreciation and amortisation	4	9.6	9.9
Working capital and non-cash movements	19	(26.2)	(32.1)
Net cash from operating activities		23.9	15.8
Cash flows used in investing activities			
Purchase of property, plant and equipment		(5.7)	(12.1)
Net cash used in investing activities		(5.7)	(12.1)
Cash flows used in financing activities			
Repayment of external borrowings		(101.6)	(48.4)
Proceeds from external borrowings		108.5	51.3
Issue costs on secured debt		(1.2)	(0.6)
Break costs on secured debt		(1.7)	(2.3)
Interest paid		(1.4)	(6.8)
Dividends paid	18	(10.0)	-
Net cash used in financing activities		(7.4)	(6.8)
Net increase/(decrease) in cash and cash equivalents		10.8	(3.1)
Cash and cash equivalents at beginning of the period		2.7	5.8
Cash and cash equivalents at end of the period		13.5	2.7

The notes on pages 12 to 31 form part of these financial statements.

Notes to the financial statements

for the 52 weeks ended 25 April 2019

1. Accounting policies

General Information

The Company is a private company limited by shares, which is incorporated and domiciled in the UK, and is registered in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Basis of preparation

These financial statements for the 52 weeks ended 25 April 2019 (2018: 53 weeks ended 26 April 2018) have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and retirement benefit obligations. All accounting policies disclosed have been applied consistently to both periods presented, with the exception of those relating to financial instruments, revenue and lease accounting following the adoption of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' in the period ended 25 April 2019.

The accounting reference date of CP Woburn (Operating Company) Limited is 22 April.

General impact of the application of IFRS 9 'Financial Instruments'

The adoption of IFRS 9 'Financial Instruments', replacing IAS 39 'Financial Instruments: Recognition and Measurement', has not had a material impact on the Company's financial statements. There have been no changes to the assets and liabilities considered to be financial instruments, although IFRS 9 'Financial Instruments' does amend the categorisation of financial assets and liabilities. This change has been reflected in both the financial instruments accounting policy and the disclosures in note 15.

IFRS 9 'Financial Instruments' introduces an expected credit loss model which requires the Company to consider the recoverability of its financial assets and to recognise any anticipated losses as an impairment. In respect of trade receivables, credit risk is limited as the vast majority of customers pay in advance. Credit risk is also considered to be low in respect of the Company's cash and cash equivalents, given the credit ratings of the counterparties. As such, no expected credit losses have been recognised following the adoption of IFRS 9 'Financial Instruments'.

IFRS 9 'Financial Instruments' also introduces new requirements for hedge accounting but these are not currently relevant to the Company.

Additionally, the Company has adopted consequential amendments to IAS 7 'Statement of Cash Flows' that have been applied to the current and prior period.

General impact of the application of IFRS 15 'Revenue from Contracts with Customers'

The adoption of IFRS 15 'Revenue from Contracts with Customers', replacing IAS 18 'Revenue', has not had a material impact on the Company's financial statements. The Company has adopted IFRS 15 'Revenue from Contracts with Customers' using the retrospective method (without practical expedients) and as such has recognised the cumulative effect of applying the new standard at the start of the earliest period presented. The effect of the adoption of IFRS 15 'Revenue from Contracts with Customers' as at 20 April 2017 was the deferral of £0.1m of revenue in respect of certain promotional activities. As such, £0.1m was recognised as a liability at the transition date with a corresponding reduction to retained earnings. The timing of the recognition of all other revenue is unchanged.

General impact of the application of IFRS 16 'Leases'

In the current period, the Company, for the first time, has applied IFRS 16 'Leases' (as issued by the IASB in January 2016) in advance of its effective date.

IFRS 16 'Leases' introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement date for all leases, except for short-term leases and leases of low value assets.

The Company has applied IFRS 16 'Leases' using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 'Leases'. The details of accounting under IAS 17 'Leases' are disclosed separately and the impact of changes is disclosed in note 3.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 'Leases' not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 'Leases' and IFRIC 4 'Determining Whether An Agreement Contains a Lease' will continue to be applied to leases entered into or modified before 27 April 2018.

The change in definition of a lease principally relates to the concept of control. IFRS 16 'Leases' determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in IFRS 16 'Leases' to all lease contracts entered into or modified on or after 27 April 2018. In preparation for the first-time adoption of IFRS 16 'Leases' the Company carried out an implementation project which showed that the new definition in IFRS 16 'Leases' will not significantly change the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

IFRS 16 'Leases' changes how the Company accounts for leases previously classified as operating leases under IAS 17 'Leases', which were off-balance sheet. Applying IFRS 16 'Leases' the Company:

- Recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments;
- Recognises depreciation of right-to-use assets and interest on lease liabilities in the consolidated income statement; and
- Separates the total amount of cash paid into a principal portion and interest in the consolidated cash flow statement (both presented within financing activities).

Under IFRS 16 'Leases', right-of-use assets are tested for impairment in accordance with IAS36 'Impairment of Assets'. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease terms of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 'Leases'.

Going concern

The Directors have assessed the financial position of the Company at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a going concern basis, as they consider that the Company will continue as a going concern for a period of at least 12 months from the date of signing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts. 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 circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty

Useful economic lives and residual values of property, plant and equipment and other intangible assets:

The Company reviews the estimated useful lives of property, plant and equipment and other intangible assets at the end of each reporting period. During the current period, the Directors have concluded that no revision is required to either useful economic lives or residual values of these assets.

Determination of the appropriate rate to discount lease payments:

Where discount rates implicit in leases cannot be readily determined, the Company is required to calculate appropriate incremental borrowing rates in order to establish the values of lease liabilities and associated right-of-use assets. This process incorporates a number of estimates and assumptions, including property yields and borrowing rates.

No significant judgements have been applied in the preparation of the financial statements.

Notes to the financial statements for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Revenue

Revenue relates to accommodation rental income on holidays commenced during the period, together with other related income that primarily arises from on-village leisure, retail and food and beverage spend. Revenue relating to accommodation is recognised on a straight-line basis over the period of the holiday. Non-rental income is recognised when the related product or service is provided to the guest. All revenue is recorded net of VAT.

Payment for accommodation rental income is received in advance of holidays commencing, and is recorded as 'deferred income' within Trade and other payables until the holiday commences. A number of trading units on each holiday village are operated by concession partners. Revenue due in respect of such units is recognised on an accruals basis. All revenue arises in the United Kingdom.

Cost of sales

Cost of sales comprise the cost of goods and services provided to guests. All costs to the point of sale, including direct employee costs, are included within cost of sales.

Operating segments

The Company has a single operating segment, being the Woburn Center Parcs holiday village.

Exceptional/non-underlying items

Exceptional/non-underlying items are defined as those that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Group. Non-underlying items are those that are not directly related to the ongoing trade of the business or that are unrepresentative of ongoing performance. Examples of exceptional/non-underlying items are the costs of Group restructures, expenses incurred when refinancing the Group's debt and movements in the fair value of embedded derivatives.

Intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives, which are generally considered to be either four or seven years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Property, plant and equipment

Management chose the cost basis under IAS 16 'Property, plant and equipment', rather than to apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs. The Company elected to apply the optional exemption of IFRS 1 'First-time adoption of International Financial Reporting Standards' and, as such, the carrying value of properties that were previously held at fair value was treated as deemed cost at the date of adoption of IFRS.

Depreciation is provided on the cost of all property, plant and equipment (except assets in the course of construction) so as to write off the cost, less residual value, on a straight-line basis over the expected useful economic life of the assets concerned, which are typically as follows:

Installations	10 to 20 years
Fixtures and fittings	5 to 10 years
Motor vehicles	4 years
Computer hardware	4 years

Buildings are depreciated to residual value over 50 years. Land is not depreciated. Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

Notes to the financial statements for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Maintenance expenditure

It is the policy of the Company to maintain its land and buildings to a high standard. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement as incurred.

Leases

Policy applicable from 27 April 2018

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company calculates an appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The costs are included in the related right-of-use asset.

Notes to the financial statements for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-to-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an administrative expense in the consolidated income statement in the period in which the event or condition that triggers those payments occurs.

Policy applicable prior to 27 April 2018

Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at cost and depreciated over their useful lives. The capital element of future rentals is treated as a liability and the interest element is charged to the income statement over the period of the lease in proportion to the capital outstanding.

Rental payments on operating leases (net of any incentives received from the lessor and including minimum contractual rental increases) are charged to the income statement on a straight-line basis.

Inventories

The basis of valuation of inventories is the lower of cost on a first in first out basis and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory provisions are created where necessary to ensure that inventory is valued at the lower of cost and estimated net realisable value.

Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax on properties assumes recovery through sale.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority and there is an intention to settle on a net basis.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement and the balance sheet, cash and cash equivalents comprise cash at bank and cash in hand.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest on borrowings is treated as an expense in the Income statement, with the exception of interest costs incurred on the financing of major projects, which are capitalised within property, plant and equipment.

Early termination costs

Costs associated with the early repayment of borrowings are written off to the income statement as incurred.

Financial instruments

The Company classifies its financial assets into two categories, being those measured at amortised cost and those measured at fair value. Where assets are measured at fair value gains and losses are recognised either in the income statement or in other comprehensive income, depending on the nature of the asset. Financial assets are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are classified as either fair value through profit and loss or other financial liabilities. The classification depends on the nature of the financial instrument acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date. Other financial liabilities are carried at amortised cost using the effective interest rate method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profit or loss, together with realised profits and losses arising during the period on the settlement of overseas assets and liabilities, are included in the trading results. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

New standards and interpretations

A number of new or revised accounting standards were effective for the first time in the current period. Other than the adoption of IFRS 16 'Leases', none of these have significantly impacted the financial statements of the Company and are unlikely to have a material impact in the future.

The International Accounting Standards Board (IASB) has issued the following new or revised standards and interpretations with an effective date for financial periods beginning on or after the dates disclosed below and therefore after the date of these financial statements. The IASB has also issued a number of minor amendments to standards as part of their annual improvement process.

IFRS 3	Business Combinations	
	Definition of a Business	1 January 2020
IFRS 9	Financial instruments	
	Prepayment Features with Negative Compensation	1 January 2019
IFRS 17	Insurance Contracts	
	New accounting standard	1 January 2021
IAS 28	Investments in Associates and Joint Ventures	
	Long-term Interests in Associates and Joint Ventures	1 January 2019
IAS 1	Presentation of Financial Statements	
	Definition of Material	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	
	Definition of Material	1 January 2020
IAS 19	Employee Benefits	
	Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	
	Long-term Interests in Associates and Joint Ventures	1 January 2019
IAS 40	Investment Property	
	Transfers of Investment Property	1 July 2018
IFRIC 23	Uncertainty over Income Tax Treatments	
	New interpretation	1 January 2019

The Directors do not anticipate that the adoption of any standards and interpretations listed above will have a material impact on the Company's financial statements in the period of initial application, although the assessment is ongoing.

2. Financial risk management

The Company finances its operations through a mixture of equity and borrowings as required. The Company has sought to reduce its cost of capital by refinancing and restructuring the Company's funding using the underlying asset value. All tranches of the Company's secured debt are subject to financial covenants. The Director have assessed future compliance and at this time do not foresee any breach of the financial covenants.

The overall policy in respect of Interest rates is to reduce the exposure to Interest rate fluctuations, and the Company's primary source of borrowings is fixed interest rate loan notes. The Company does not actively trade in derivative financial instruments.

Interest rate risk

The Company has fixed rate loan notes as its only external funding sources.

Liquidity risk

At 25 April 2019, the Company held sufficient levels of cash to enable it to meet its medium-term working capital and funding obligations. Rolling forecasts of the Company's liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

The Company is exposed to limited currency risk through foreign currency transactions. The Company does not operate a hedging facility to manage currency risk as it is considered to be insignificant.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

2. Financial risk management (continued)**Credit risk**

The Company borrows from well-established institutions with high credit ratings. The Company's cash balances are held on deposit with a number of UK banking institutions.

3. Financial impact of initial application of IFRS 16 'Leases'

The impact on retained earnings of the adoption of IFRS 16 'Leases' was as follows:

	£m
Recognition of right-of-use assets (note 10)	18.6
Recognition of lease liabilities	(19.6)
Elimination of rent prepayments	(0.3)
Recognition of associated deferred tax asset (note 16)	0.2
Reduction in retained earnings as at 26 April 2018	(1.1)

When measuring lease liabilities, the Company discounted lease payments using appropriate incremental borrowing rates. The weighted average rate applied to undiscounted cashflows is 5.8%.

	27 April 2018 £m
Operating lease commitment at 26 April 2018 as previously disclosed	51.3
Recognition of minimum rental increases not accounted for under IAS17	205.5
Adjusted operating lease commitment at 26 April 2018	256.8
Discounted using the incremental borrowing rates at 27 April 2018	19.6
Other immaterial lease commitments	-
Lease liabilities recognised at 27 April 2018	19.6

4. Operating profit

The following items have been included in arriving at the Company's operating profit:

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Staff costs (note 21)	21.0	20.0
Cost of inventories	7.6	7.4
Depreciation of property, plant and equipment – owned assets (note 9)	9.4	9.5
Depreciation of right-of-use assets (note 10)	0.2	-
Amortisation of intangible assets (note 8)	-	0.4
Operating lease rentals – land and buildings	-	0.6
Repairs and maintenance expenditure on property, plant and equipment	2.5	2.5

Auditor's remuneration in respect of the audit of the Company's financial statements of £21,000 (2018: £21,000) was incurred during the period.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

5. Exceptional/non-underlying items

The following exceptional/non-underlying items are reflected in the financial statements:

	2019 £m	2018 £m
Operating items		
Administrative expenses	-	(1.5)
	-	(1.5)
Non-operating items		
Finance expense	(2.2)	(2.3)
Taxation	0.4	0.4
	(1.8)	(1.9)
	(1.8)	(3.4)

The £2.2 million exceptional/non-underlying finance expense in the current period represents the premium paid on the settlement of the A3 tranche of the Company's secured debt of £1.7 million and accelerated amortisation of deferred issue costs in respect of the A3 tranche of £0.5 million. Taxation on this expense has also been treated as an exceptional/non-underlying item.

Exceptional/non-underlying administrative expenses in the prior period of £1.5m principally related to legal claims and associated settlements. Taxation on this expense was also treated as an exceptional/non-underlying item.

The £2.3 million exceptional/non-underlying finance expense in the prior period represented the premium paid on the settlement of the B2 tranche of the Group's secured debt. Taxation on this expense was also treated as an exceptional/non-underlying item.

6. Net finance costs

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Finance expense		
Interest payable on borrowings	(7.5)	(7.2)
Interest payable to Group undertakings	(25.5)	(23.2)
Interest expense on lease liabilities	(1.1)	-
Total finance expense before exceptional/non-underlying items	(34.1)	(30.4)
Exceptional/non-underlying finance expense		
- Accelerated amortisation of deferred issue costs	(0.5)	-
- Premium on settlement of the A3 notes	(1.7)	-
- Premium on settlement of the B2 notes	-	(2.3)
	(2.2)	(2.3)
Total finance expense	(36.3)	(32.7)
Finance income		
Interest receivable from Group undertakings	4.1	4.1
Total finance income	4.1	4.1
Net finance costs	(32.2)	(28.6)

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

7. Taxation

(a) Taxation

The tax charge is made up as follows:

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Current tax:		
- Current period	-	-
- Adjustments in respect of prior periods	(1.8)	-
	(1.8)	-
Deferred tax:		
- Origination and reversal of temporary differences	(1.6)	(1.4)
- Adjustments in respect of prior periods	-	(3.4)
Taxation (note 7(b))	(3.4)	(4.8)

(b) Factors affecting the tax charge

The tax assessed for the period is higher (2018: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The difference is reconciled below:

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Profit before taxation	8.3	9.4
Profit before taxation multiplied by the standard rate of corporation tax in the UK	1.6	1.8
Adjustments in respect of prior periods	1.8	3.4
Expenses not deductible for tax purposes	-	0.3
Impact of change in corporation tax rate	(0.2)	(0.1)
Group relief not paid for	0.2	(0.6)
Tax charge for the period (note 7(a))	3.4	4.8

Change of corporation tax rate and factors that may affect future tax charges

Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the standard rate of corporation tax in the UK to 17% with effect from 1 April 2020.

Deferred tax is calculated at a rate of 17% (2018: 17%).

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

8. Intangible assets

	Software £m
Cost	
At 26 April 2018	1.3
Disposals	(0.5)
At 25 April 2019	0.8
Amortisation	
At 26 April 2018	1.3
Charge for the period	-
On disposals	(0.5)
At 25 April 2019	0.8
Net book amount at 26 April 2018	-
Net book amount at 25 April 2019	-

	Software £m
Cost	
At 20 April 2017 and 26 April 2018	1.3
Amortisation	
At 20 April 2017	0.9
Charge for the period	0.4
At 26 April 2018	1.3
Net book amount at 20 April 2017	0.4
Net book amount at 26 April 2018	-

9. Property, plant and equipment

	Land and buildings £m	Installations £m	Fixtures and fittings £m	Motor vehicles and hardware £m	Assets in the course of construction £m	Total £m
Cost						
At 27 April 2018	220.0	91.1	18.2	3.9	3.2	336.4
Additions	0.7	1.1	1.9	0.1	0.9	4.7
Disposals	-	-	(1.3)	-	-	(1.3)
Transfers	1.4	1.3	0.3	-	(3.0)	-
At 25 April 2019	222.1	93.5	19.1	4.0	1.1	339.8
Depreciation						
At 27 April 2018	-	22.1	8.5	3.8	-	34.4
Charge for the period	-	6.1	3.1	0.2	-	9.4
On disposals	-	-	(1.3)	-	-	(1.3)
At 25 April 2019	-	28.2	10.3	4.0	-	42.5
Net book amount at 26 April 2018	220.0	69.0	9.7	0.1	3.2	302.0
Net book amount at 25 April 2019	222.1	65.3	8.8	-	1.1	297.3

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

9. Property, plant and equipment (continued)

	Land and buildings £m	Installations £m	Fixtures and fittings £m	Motor vehicles and hardware £m	Assets in the course of construction £m	Total £m
Cost						
At 21 April 2017	212.0	86.5	15.4	3.9	6.7	324.5
Additions	1.8	4.4	3.2	-	3.0	12.4
Disposals	-	-	(0.5)	-	-	(0.5)
Transfers	6.2	0.2	0.1	-	(6.5)	-
At 26 April 2018	220.0	91.1	18.2	3.9	3.2	336.4
Depreciation						
At 21 April 2017	-	16.1	6.4	2.9	-	25.4
Charge for the period	-	6.0	2.6	0.9	-	9.5
On disposals	-	-	(0.5)	-	-	(0.5)
At 26 April 2018	-	22.1	8.5	3.8	-	34.4
Net book amount at 20 April 2017	212.0	70.4	9.0	1.0	6.7	299.1
Net book amount at 26 April 2018	220.0	69.0	9.7	0.1	3.2	302.0

10. Right-of-use assets

	£m
Cost	
Recognised on adoption of IFRS 16 'Leases'	18.6
Depreciation	
Charge for the period ended 25 April 2019	(0.2)
Net book amount at 25 April 2019	18.4

11. Trade and other receivables

	2019 £m	2018 £m
Amounts falling due within one year:		
Trade receivables	2.3	1.3
Amounts owed by Group undertakings	179.4	153.2
Prepayments and accrued income	0.3	0.5
	182.0	155.0

The fair value of trade and other receivables are equal to their book value and no impairment provisions have been made (2018: £nil). All of the amounts above are denominated in £ sterling.

Amounts owed by Group undertakings at 25 April 2019 are due from Center Parcs (Operating Company) Limited and Center Parcs (Holdings 3) Limited as set out in note 22.

The balance due from Center Parcs (Operating Company) Limited is interest-free.

The balance due from Center Parcs (Holdings 3) Limited represents a loan of £51.5 million (2018: £51.5 million) and the associated unpaid interest. Interest is payable on the loan at a rate of 8% per annum and is not compounded. All amounts owed by Group undertakings are unsecured and repayable on demand.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

12. Trade and other payables

	2019	(restated) 2018
	£m	£m
Trade payables	0.9	0.8
Other tax and social security	0.2	0.2
Other payables	1.7	0.8
Accruals	9.0	8.7
Deferred income	17.6	16.4
	29.4	26.9

Deferred income represents revenues received at the period end date that relate to future periods; the principal component is accommodation income. Deferred income principally relates to bookings for holidays in the 12 months immediately following the balance sheet date; approximately 1% of bookings relate to the subsequent year.

13. Borrowings

	2019	2018
	£m	£m
Non-current		
Loans from Group Undertakings	239.4	213.9
Secured debt	198.4	191.9
	437.8	405.8

The loans from Group undertakings are unsecured and repayable on 28 February 2022. As at 25 April 2019, interest is payable at a fixed rate of 8% per annum on loans of £2.7 million (2018: £2.6 million) and at 12% per annum on the remainder. Interest on all loans from Group undertakings are rolled up into the outstanding balance.

The secured debt is part of an overall £1,899.5 million (2018: £1,760.0 million) facility made available to the Group. The loans detailed below represent the issue proceeds recharged to the Company from CPUK Finance Limited, a related party which issued bonds on the external markets. The terms of the loans from CPUK Finance Limited are identical to the terms of the external borrowings.

Secured debt

The secured debt consists of the following:

	2019	2018
	£m	£m
Tranche A3	-	101.6
Tranche A4	70.4	47.3
Tranche A5	85.3	-
Tranche B3	29.3	29.3
Tranche B4	15.3	15.3
Unamortised deferred issue costs	(1.9)	(1.6)
	198.4	191.9

On 15 June 2017 the Group issued an additional £100.0 million of Tranche A4 secured notes via a tap issue, at a premium of £9.5 million; this premium is being amortised over the period to expected maturity and amortisation of £0.2 million (2018: £0.1 million) was credited to the income statement of the Company during the period. On the same date the Group issued £730.0 million of New Class B secured notes, divided into £480.0 million B3 notes and £250.0 million B4 notes. Part of the proceeds of these new notes was used to settle the Group's Class B2 secured notes.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

13. Borrowings (continued)

On 20 November 2018 the Group issued a further £100.0 million of Tranche A4 secured notes via a tap issue, at a premium of £3.2 million; this premium is being amortised over the period to expected maturity and amortisation of £nil was credited to the income statement of the Company during the period. On the same date the Group issued £379.5 million of New Class A5 notes. Part of the proceeds of these new notes was used to settle the Group's Class A3 secured notes.

The tranche A3 notes had an expected maturity date of 28 February 2020 and a final maturity date of 28 February 2042. The interest rate to expected maturity was fixed at 2.666% and the interest rate from expected maturity to final maturity was 3.944%.

The tranche A4 notes have an expected maturity date of 28 August 2025 and a final maturity date of 28 February 2042. The interest rate to expected maturity is fixed at 3.588% and the interest rate from expected maturity to final maturity is 4.244%.

The tranche A5 notes have an expected maturity date of 28 August 2028 and a final maturity date of 28 February 2047. The interest rate to expected maturity is fixed at 3.690% and the interest rate from expected maturity to final maturity is fixed at 4.190%.

The tranche B3 notes have an expected maturity date of 28 August 2022 and a final maturity date of 28 February 2047. The interest rate to both expected maturity and final maturity is fixed at 4.250%.

The tranche B4 notes have an expected maturity date of 28 August 2025 and a final maturity date of 28 February 2047. The interest rate to both expected maturity and final maturity is fixed at 4.875%.

The tranche B3 and B4 debt is subordinated to the Class A debt. All tranches of secured debt include optional prepayment clauses permitting the Group to repay the debt in advance of the expected maturity date. All tranches of debt are subject to financial covenants. The Directors have assessed future compliance and at this time do not foresee any breach of the financial covenants.

The maturity of the Group's borrowings is as follows:

	Less than one year £m	Two to five years £m	Greater than five years £m	Premium and deferred issue costs £m	Total £m
At 25 April 2019					
Loans from Group undertakings	-	239.4	-	-	239.4
Secured debt	-	28.3	171.0	(1.9)	198.4
Total borrowings	-	268.7	171.0	(1.9)	437.8
At 26 April 2018					
Loans from Group undertakings	-	213.9	-	-	213.9
Secured debt	-	130.9	62.6	(1.6)	191.9
Total borrowings	-	344.8	62.6	(1.6)	405.8

All amounts are denominated in £ sterling.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

13. Borrowings (continued)

Reconciliation of opening and closing secured debt

	2019 £m	2018 £m
Secured debt at the beginning of the period	191.9	189.1
Cash flows		
- Proceeds from external borrowings	108.5	51.3
- Repayment of external borrowings	(101.6)	(48.4)
- Issue costs on secured debt	(1.2)	(0.6)
Amortisation of deferred issue costs		
- Ordinary	0.5	0.6
- Exceptional/non-underlying	0.5	-
Amortisation of premium on issue of secured notes	(0.2)	(0.1)
Secured debt at the end of the period	198.4	191.9

14. Leases

Lease liabilities

Current period disclosures for the Company, as required by IFRS 16 'Leases' are as follows:

	25 April 2019 £m
Maturity analysis – contractual undiscounted cash flows	
Less than one year	0.6
One to five years	2.7
More than five years	252.8
Total undiscounted lease liabilities at 25 April 2019	256.1
Lease liabilities included in the balance sheet at 25 April 2019	
Current	-
Non-current	20.0
Total lease liabilities	20.0
Amounts recognised in the income statement	
Interest on lease liabilities	(1.1)
Total recognised in the income statement	(1.1)
Amounts recognised in the cash flow statement	
Repayment of lease liabilities	-
Interest on lease liabilities	(0.7)
Total recognised in the cash flow statement	(0.7)

Lease liabilities are predominantly in respect of the land at the Woburn village. The lease agreement includes a five-yearly upwards only rent reviews calculated with reference to revenue increases.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

14. Leases (continued)

Operating lease commitments

Prior period disclosures for the Company, as required by IAS17 'Leases' are as follows:

	Land and buildings 2018 £m
Commitments under non-cancellable operating leases due:	
Within one year	0.6
In more than one year but less than five years	2.2
In more than five years	48.5
	51.3

The Company had no other operating lease commitments.

15. Financial Instruments

Financial Instruments by category

The accounting policies for financial instruments have been applied to the items below. As at 25 April 2019 and 26 April 2018 all of the Group's financial assets were classified as those measured at amortised cost and all of the Group's financial liabilities were categorised as other financial liabilities.

Under IAS 39 'Financial Instruments: Recognition and Measurement', all of the Group's financial assets were categorised as loans and receivables and all of the Group's financial liabilities were categorised as other financial liabilities.

	2019 £m	2018 £m
Financial assets		
Trade receivables	2.3	1.3
Cash and cash equivalents	13.5	2.7
	15.8	4.0
	2019 £m	2018 £m
Financial liabilities		
Borrowings	437.8	405.8
Trade payables	0.9	0.8
Accruals	9.0	8.7
Other payables	1.7	0.8
	449.4	416.1

Fair value hierarchy

IFRS 13 'Financial Instruments: Disclosures' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Company's fair value measurements have been categorised as Level 2 (2018: Level 2) and fair values have been derived from unadjusted quoted market prices in active markets.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

15. Financial Instruments (continued)

Fair value of financial assets and financial liabilities

The fair value of the Company's gross secured debt is (before unamortised debt costs) at 25 April 2019 was £207.1 million (2018: £197.3 million). The fair value of other financial assets and liabilities of the Company are approximately equal to their book value.

Maturity of financial liabilities

The non-discounted minimum future cash flows in respect of financial liabilities are:

At 25 April 2019	Loans from Group undertakings £m	Secured debt £m	Total £m
In less than one year	-	7.6	7.6
In two to five years	330.9	57.7	388.6
In more than five years	-	187.6	187.6
	330.9	252.9	583.8

At 26 April 2018	Loans from Group undertakings £m	Secured debt £m	Total £m
In less than one year	-	6.4	6.4
In two to five years	330.9	147.1	478.0
In more than five years	-	67.6	67.6
	330.9	221.1	552.0

16. Deferred tax

	2019 £m	2018 £m
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	0.2	-
	0.2	-
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	(7.1)	(5.5)
	(6.9)	(5.5)

Forecasts agreed by the Directors indicate that the deferred tax assets will be utilised in the foreseeable future against taxable profits.

The movement on the deferred tax account is:

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
At the beginning of the period	(5.5)	(0.7)
Charged to the Income statement	(1.6)	(4.8)
Impact of change in accounting policy – IFRS 16	0.2	-
At the end of the period	(6.9)	(5.5)

The deferred tax liability is principally in respect of accelerated capital allowances.

Deferred tax is calculated at a rate of 17% (2018: 17%).

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

17. Share capital

	2019 £m	2018 £m
Allotted and fully paid		
15,024 ordinary shares of £1 per share	-	-

The Company was incorporated in 2011 and hence does not have an authorised share capital.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

18. Share premium and retained earnings

	Share premium £m	Retained earnings £m
At 27 April 2018	1.2	21.1
Impact of change in accounting policy – IFRS 16	-	(1.1)
Adjusted balances at 27 April 2018	1.2	20.0
Profit for the period	-	4.9
Dividends	-	(10.0)
At 25 April 2019	1.2	14.9

	Share premium £m	Retained earnings £m
At 21 April 2017	1.2	16.6
Impact of change in accounting policy – IFRS 15	-	(0.1)
Adjusted balances at 21 April 2018	1.2	16.5
Profit for the period	-	4.6
At 26 April 2018	1.2	21.1

19. Working capital and non-cash movements

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Increase in inventories	-	(0.1)
Increase in trade and other receivables	(26.7)	(34.1)
Increase in trade and other payables	2.5	2.1
	(26.2)	(32.1)

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

20. Capital commitments

At the balance sheet date, the Company had capital expenditure contracted for but not provided of £3.6 million (2018: £1.5 million).

21. Employees and Directors

	52 weeks ended 25 April 2018	53 weeks ended 26 April 2018
	£m	£m
Staff costs during the period:		
Wages and salaries	19.7	18.9
Social security costs	1.0	0.9
Pension costs	0.3	0.2
	21.0	20.0

The monthly average number of people (including executive Directors) employed by the Company during the period was:

	52 weeks ended 25 April 2019	53 weeks ended 26 April 2018
	Number	Number
By activity:		
Leisure, retail and food and beverage	888	841
Housekeeping, technical and estate services	742	703
Administration	118	113
	1,748	1,657

Employee numbers include only those on contracts of service and hence exclude temporary workers.

The Directors are remunerated for their services to the Group of companies headed by Center Parcs (Holdings 1) Limited rather than individual subsidiary companies. Directors' emoluments are therefore set out in the consolidated financial statements of Center Parcs (Holdings 1) Limited.

22. Related parties

During the current and prior period the Company entered into transactions, in the ordinary course of business, with related parties. All companies are members of the Group headed by Center Parcs (Holdings 1) Limited. Transactions entered into, and balances outstanding, are as follows:

	Balance at 20 April 2017 £m	Movement in 53 weeks £m	Balance at 26 April 2018 £m	Movement in 52 weeks £m	Balance at 25 April 2019 £m
Center Parcs (Operating Company) Limited					
- Loans	(190.7)	(23.2)	(213.9)	(25.5)	(239.4)
- Trading balances	59.5	34.3	93.8	17.1	110.9
CP Comet Holdings Limited	55.3	(55.3)	-	-	-
Center Parcs (Holdings 3) Limited	-	59.4	59.4	9.1	68.5

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

22. Related parties (continued)

The movements on the loans balance with Center Parcs (Operating Company) Limited represent interest payable.

The movement on the trading balances with Center Parcs (Operating Company) Limited in the 52 weeks ended 25 April 2019 represents cash advanced of £48.0 million, off-set by the settlement of interest and other liabilities on the Company's behalf of £30.9 million. The movement in the 53 weeks ended 26 April 2018 represented cash advanced of £52.6 million, off-set by the settlement of interest and other liabilities on the Company's behalf of £18.3 million.

The movement on the balance with CP Comet Holdings Limited during the 53 weeks ended 26 April 2018 represented interest receivable of £2.5 million and the transfer of a loan of £51.5 million and the associated unpaid interest of £6.3 million from CP Comet Holdings Limited to Center Parcs (Holdings 3) Limited.

The movement on the balance with Center Parcs (Holdings 3) Limited in the 52 weeks ended 25 April 2019 represents interest receivable of £4.1 million and a loan to that company of £5.0 million. The movement in the 53 weeks ended 26 April 2018 represented the transfer of the £57.8 million described above and interest receivable of £1.6 million.

23. Contingent liabilities

The company, along with other members of the Group headed by Center Parcs (Holdings 1) Limited, is an obligor in securing the Group's external borrowings of £1,889.5 million (2018: £1,760.0 million).

24. Ultimate parent company and controlling parties

The immediate parent company is Center Parcs (Holdings 3) Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3 (registered office).

The smallest group in which the results of the Company are consolidated is that headed by Center Parcs (Holdings 1) Limited. A copy of the Center Parcs (Holdings 1) Limited financial statements can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP (registered office).

