CP Woburn (Operating Company) Limited

Annual report and financial statements

For the 52 weeks ended 23 April 2020

Company registration number: 07656412

Financial statements
52 weeks ended 23 April 2020

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Directors and auditor

Directors
M P Dalby
C G McKinlay
Z B Vaughan
N J Adomait
B T Annable

Company Secretary
R Singh-Dehal

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Strategic report
For the 52 weeks ended 23 April 2020

The Directors present their Strategic report on the Company for the 52 weeks ended 23 April 2020 (2019: 52 weeks ended 25 April 2019).

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.

Center Parcs invests heavily to ensure that we deliver high quality service, accommodation and facilities, combined with an unrivalled array of activities that cater for the most discerning of families, as well as the most changeable of British weather. There is nothing prescriptive about a short break at Center Parcs, with each family free to choose to do as little or as much as they wish. Center Parcs remains a unique proposition for families in the UK market with a history of consistently high occupancy and continued revenue and EBITDA growth, prior to the impact of the Covid-19 pandemic (see below). This is combined with enviable guest feedback scores and consistently high levels of returning guests.

Woburn Village is set in a forest environment and is normally 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.

Change in accounting policy
The Company adopted a revaluation model for its class of land and buildings during the period to more appropriately reflect the value of the assets held by the Company. The change in accounting policy resulted in a revaluation gain on recognition of £108.2 million and a corresponding deferred tax liability of £18.4 million.

Impact of the Covid -19 pandemic
Following UK Government advice in the light of the Covid-19 pandemic, the Company's village was closed to guests on 20 March 2020 and remained closed as at 23 April 2020. All guests who had their short breaks cancelled due to the village closure were contacted and offered either a replacement holiday at a later date (with a financial incentive) or a full refund of amounts paid. It was originally announced that the village would remain closed until 14 May 2020. However, in line with government guidance, as the pandemic worsened this was revised a number of times until the village was able to re-open on 13 July 2020, albeit with reduced accommodation capacity and guest activities.

At the financial period-end approximately 85% of the Company's employees were furloughed under the UK Government's Job Retention Scheme. The Company also benefited from the 12-month business rates holiday announced for the leisure industry and agreed with HMRC that certain tax liabilities can be deferred.

In addition to Government support measures the Business took decisive action to reduce remaining operating costs during the periods of closure. Residual operating costs of £2.0m were incurred in the period from closure on 20 March 2020 to the financial year-end on 23 April 2020. In the subsequent period to 13 July 2020 when the village remained closed, costs averaged £1m every 4 weeks.

The Company continues to actively monitor developments and government advice and will increase available accommodation capacity and guest activities as soon as it is safe and practicable to do so. Activities to ensure adherence with this advice include hand sanitisation stations, deep cleaning of accommodation between departing and arriving guests, increased cleaning and disinfection of public areas and social distancing measures throughout the villages. This will enable guests to enjoy their breaks in the knowledge that the highest standards in relation to Covid-19 have been put in place.

The Company also took swift action to ensure a strong liquidity position was maintained and promptly secured additional funding from the Company's owner, Brookfield. As at 5 August, £139m of funds were provided to the Center Parcs (Holdings 1) Limited Group of companies with a further £21m approved for use if required. In addition to this Brookfield have also indicated that additional funding could be made available should the need arise.

Strategic report
For the 52 weeks ended 23 April 2020 (continued)

Impact of the Covid -19 pandemic (continued)
Current trading patterns indicate there remains strong demand for the Company's breaks through the third and fourth quarters of our financial year ending 22 April 2021, with bookings for quarter four significantly ahead of the same time last year as at 5 August. Therefore, the fundamentals of the Company's model remain sound and give comfort that demand is there as operations resume.

Whilst at this stage it is too early to know the full impact of the pandemic on the financial year ending 22 April 2021, the result and financial position of the Company is likely to be significantly impacted by the temporary suspension of operations and the consequent refund of customer deposits.

Financial performance
The results of the Company for the period show a loss after taxation of £50.5 million (2019: profit of £4.9 million). Adjusted EBITDA, being earnings before interest, taxation, depreciation, amortisation and exceptional/non-underlying items was £42.2 million (2019: £50.1 million).

An impairment of £51.3 million (2019: £nil) in respect of the revaluation of the Company's land and buildings was incurred in the period and treated as an exceptional expense. Taxation on this expenses has also been treated as an exceptional/non-underlying item, as has the impact of the change in applicable deferred tax rate from 17% to 19%. Details are set out in note 4 to the financial statements.

During the prior 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.

Going concern
As described in note 1, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date, together with the Company's current liquidity position and contingency plans to secure additional funding, will allow the Company to continue its activities. However, although the Directors are confident in the Group's current position given the village closure until 13 July 2020 and an uncertain pace of recovery, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

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 87.3% (2019: 97.1%).
- 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 £204.02 (2019: £202.49).
- 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 £178.14 (2019: £196.57).

The key performance indicators above were negatively impacted by the closure of the UK holiday village on 20 March 2020 in light of the Covid-19 pandemic.

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.

Strategic report
For the 52 weeks ended 23 April 2020 (continued)

Financing risk management (continued)
Liquidity risk
At 23 April 2020, the Group of companies headed by Center Parcs (Holdings 1) Limited had sufficient levels of cash and funds available to them to meet the Company's medium term working capital, lease liability and funding 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.

Section 172 Statement and our stakeholders
We report here on how our Directors have discharged their duties under Section 172 of the Companies Act 2006 and this statement reflects the contribution by the Company to the performance of the Center Parcs business.

Section 172 sets out the matters to which the Directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders and the likely consequences of any decision in the longer term. The Board considers it crucial that the Company maintains a reputation for high standards of business conduct.

The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics, brand and reputation of the Company, to ensure that our obligations to our guests, employees, shareholder and others are met. Management drives the embedding of the culture and values throughout the business. The Board monitors adherence to the Center Parcs policies and compliance with corporate governance requirements. The Board also considers the wider social issues within which our businesses operate, including the environment and the local communities in which our villages are situated. We look to build relationships with all our stakeholders based on openness and continuing dialogue. We value diversity and inclusivity in our workforce and beyond and the employee section of this report provides further details.

The Board considers the likely consequences of any decision in the long term and identifies stakeholders who may be affected and carefully considers their interests and any potential impact as part of the Board's decision-making process.

In March 2020, following legislation passed by the UK Government in response to the Covid-19 pandemic, the Company's holiday village was closed to guests and remained closed as at 23 April 2020. Given the risk posed by the Covid-19 pandemic, the health, safety and well-being of our employees and guests was our highest priority throughout the Covid-19 pandemic. We also considered the interests of our shareholders, suppliers and other stakeholders during this period. Guests who had their short breaks cancelled due to the village closures were contacted and offered either a replacement holiday at a later date or a full refund of amounts paid. Employees who were furloughed under the UK Government's Job Retention Scheme received top up payments. Communications with our employees, guests and other stakeholders were open, transparent and timely throughout this rapidly evolving period.

Strategic report
For the 52 weeks ended 23 April 2020 (continued)

Stakeholder engagement

The table below sets out the approach to stakeholder engagement during the year.

Stakeholder group	How the Board engages	Why we engage	Issues relevant to this company
Guests	The Board receives guest satisfaction reports, known as Delivering Excellent Service (DES) reports, for each village and monitors the guest satisfaction levels and particular issues at each village. Management and the Directors undertake regular village inspections and report their findings to the Board. Management deal with escalated guest complaints and report to the Board, where necessary.	We recognise that understanding what is important to our guests is key to our long-term success. We welcome all guests and want to provide them with a range of accommodation, facilities and activities and provide an excellent short break for our guests. We want our guests to become advocates of our business.	Accommodation range, price and quality. Convenience and accessibility. Customer service. Fair marketing. Health and safety. Personal data responsibility. Environment and sustainability
Suppliers	Management and Directors meet regularly with key suppliers and the Board receives reports on their performance.	All suppliers are managed in line with our Procurement Policy and must comply with our Ethical Trading Policy. This ensures supply risk is managed appropriately and provides oversight of risks such as data security, corporate responsibility, modern slavery and sustainable sourcing. Any critical issues are reported to the Board. We believe we can only provide goods and service of a high standard if we maintain relationships with suppliers who meet our high standards.	Fair trading terms including prompt payment. Anti-bribery. Ethics and slavery. Operational improvement.

Strategic report
For the 52 weeks ended 23 April 2020 (continued)

Section 172 Statement and our stakeholders (continued)

Stakeholder group	How the Board engages	Why we engage	Issues relevant to this company
Employees	We have employee councils for each Village and our Head Office. These are fully elected employee forums which meet four times a year. Management attend Councils and feedback to the Board. Village management hold open forums with employees on a quarterly basis and report to the Board. Employee engagement surveys are undertaken every two years to inform the key employee initiatives and the KPIs for the coming years. Employee KPIs are approved by the Board. An independent whistleblowing helpline is available to all employees 24/7 and escalated complaints are reported to the Board.	We believe our colleague engagement methods are effective in building and maintaining trust and communication. They encourage open and honest discussions and allow our employees to influence real change within our business. We recognise that Center Parcs can only be a great place to visit if it is a great place to work and we can only deliver great customer service through the hard work and commitment of our employees. We want Center Parcs to be an employer of choice and value diversity and inclusion.	Diversity and inclusion. Fair employment. Fair pay and benefits. Training and career opportunities. Health and safety. Personal data responsibility. Environment and community.
Community	The Board receives regular updates on our community activities including our corporate charity partnership with Together for Short Lives. Our employees are actively encouraged to volunteer and fundraise for our corporate charities. Guests are also encouraged during the booking journey to make donations. The Board approves matched donations on an annual basis. The Board also receives reports on the various other charities which receive donated breaks throughout the year. The Center Parcs Community Fund allows each of our villages and Head Office to sponsor local projects. The Board receives regular updates on the Fund.	We have an extremely close relationship with the communities surrounding our villages, with the majority of our employees living locally and our commitment to using local suppliers wherever possible. We believe that being a responsible member of the community plays a vital part in our long-term success.	Charitable donations. Volunteering. Use of local suppliers.

Strategic report
For the 52 weeks ended 23 April 2020 (continued)

Section 172 Statement and our stakeholders (continued)

Stakeholder group	How the Board engages	Why we engage	Issues relevant to this company
Environment	The Board receives regular reports on environmental and sustainability matters and approves annual KPIs and continually challenges the business to do more.	We are committed to minimising the impact of our business operations on the environment. We recognise our responsibility to carefully manage the natural resources required to care and provide for our guests and the wellbeing of the plant.	Energy usage (including renewable energy usage). Recycling and waste management. Packaging material minimisation. Emissions from Company vehicles. Tree planting.
Shareholder, investors in the funds held by the ultimate parent and debt holders	The Board has quarterly meetings with the shareholder. The Center Parcs business's quarterly results are presented to debt holders and they are given the opportunity to question members of the Board. Corporate reports and the Annual Review are published on the website.	We work to ensure that our shareholder and their representatives have a good understanding of our strategy, business model and culture. It is important to our shareholder than we provide complete transparent information so their fund investors can drill down into the underlying investments. We believe our engagement methods are effective in building and maintaining trust with our shareholder.	Long-term value creation. Growth and funding opportunities. Financial stability. Transparency. Ethics and corporate responsibility. Risk management.

Approved by the board

C G McKinlay
Director
5 August 2020

Directors' report
For the 52 weeks ended 23 April 2020

The Directors present their report and the audited financial statements for the 52 weeks ended 23 April 2020 (2019: 52 weeks ended 25 April 2019).

The registration number of the Company is 07656412.

Future developments

No changes to the nature of the business are anticipated in the longer term, but trading practices are expected to be different in the short-term in light of the Covid-19 pandemic.

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 £70.3 million (2019: £10.0 million). The Directors have not proposed the payment of a final dividend (2019: £nil). Of this total, the Company distributed £70.3 million of receivables (2019: £10.0 million of cash and £nil of receivables).

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

M P Dalby	
C G McKinlay	
Z B Vaughan	
K O McCrain	(resigned 11 May 2020)
N J Adomait	
B T Annable	(appointed 11 May 2020)

The Group headed by Center Parcs (Holdings 1) Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors' and Officers' that may be incurred as a result of their position within the Company and the companies within the Group. The Directors' and Officers' have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the period ended 23 April 2020 and as at the date of the report.

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 23 April 2020 (continued)

Energy and Carbon Regulations

The UK energy use of the Company and the associated GHG emissions are disclosed within the Directors report of the Center Parcs (Holdings 1) Limited Group and are not managed separately.

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.

Approved by the board

C G McKinlay
Director
5 August 2020

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 the financial statements of CP Woburn (Operating Company) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 23 April 2020 and of its loss 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 which comprise the Income Statement, the Statement of Comprehensive Income, 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 Financial Reporting Council's (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.

Emphasis of matter – material uncertainty related to land and building valuation

We draw attention to note 9, which describes the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the company's land and buildings, which is held under the revaluation model. As noted by the company's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the value of the land and buildings at the balance sheet date.

Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that as a result of the adverse impacts of Covid-19 on CP Woburn (Operating Company) Limited, directly and the wider travel hospitality and leisure industry, there is uncertainty in relation to forecasting the nature and extent of government and social distancing restrictions that would impact the villages, the impact of consumer sentiment and hence the length of time it will take to achieve a full recovery, uncertainty in relation to the ability of the Group to secure additional funding which may be required in certain scenarios and uncertainty over the ability of the Group to obtain waivers for any forecast potential breach of financial covenants. As stated in Note 1, these events or conditions, along with the other matters as set forth in Note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 FRC'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
5 August 2020

Income Statement

For the 52 weeks ended 23 April 2020

		2020			2019		
	Note	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		86.6	-	86.6	95.2	-	95.2
Cost of sales		(25.2)	-	(25.2)	(25.9)	-	(25.9)
Gross profit		61.4	-	61.4	69.3	-	69.3
Administrative expenses		(19.2)	-	(19.2)	(19.2)	-	(19.2)
EBITDA		*42.2*	-	*42.2*	*50.1*	-	*50.1*
Depreciation and amortisation	3,9	(11.0)	1.2	(9.8)	(9.6)	-	(9.6)
Total operating expenses		(30.2)	1.2	(29.0)	(28.8)	-	(28.8)
Operating profit	3	31.2	1.2	32.4	40.5	-	40.5
Finance income	6	1.9	-	1.9	4.1	-	4.1
Finance expense	6	(37.2)	-	(37.2)	(34.1)	(2.2)	(36.3)
Impairment	9	-	(51.3)	(51.3)	-	-	-
(Loss)/profit before taxation		(4.1)	(50.1)	(54.2)	10.5	(2.2)	8.3
Taxation	7	(2.7)	6.4	3.7	(3.8)	0.4	(3.4)
(Loss)/profit for the period attributable to equity shareholders	17	(6.8)	(43.7)	(50.5)	6.7	(1.8)	4.9

All amounts relate to continuing activities.

Impact of the Covid-19 pandemic

The CP Woburn (Operating Company) Limited village closed to the public on 20 March 2020 and remained closed at 23 April 2020, in line with Government guidance in light of the Covid-19 pandemic. Analysis of the financial results during the closure period is provided in note 5 to the financial statements.

Statement of Comprehensive Income

For the 52 weeks ended 23 April 2020

	Note	2020 £m	2019 £m
(Loss)/profit for the period		(50.5)	4.9
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation gain	9	108.2	-
Tax relating to components of other comprehensive income	16	(18.4)	-
Other comprehensive income for the period		89.8	-
Total comprehensive income for the period		39.3	4.9

The notes on pages 16 to 38 form part of these financial statements

Statements of Changes in Equity

	Share capital £m	Share premium £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 25 April 2019	-	1.2	-	14.9	16.1
Comprehensive income					
Loss for the period	-	-	-	(50.5)	(50.5)
Transactions with owners					
Adoption of revaluation policy	-	-	89.8	-	89.8
Issue of shares	89.8	-	(89.8)	-	-
Capital reduction	(89.8)	(1.2)	-	91.0	-
Dividends	-	-	-	(70.3)	(70.3)
At 23 April 2020	**-**	**-**	**-**	**(14.9)**	**(14.9)**

	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**

The notes on pages 16 to 38 form part of these financial statements

Balance Sheet

	Note	23 April 2020 £m	25 April 2019 £m
Assets			
Non-current assets			
Intangible assets	8	-	-
Property, plant and equipment	9	**349.6**	297.3
Right-of-use asset	10	**18.3**	18.4
Deferred tax asset	16	**0.3**	0.2
		368.2	315.9
Current assets			
Inventories		**0.3**	0.8
Trade and other receivables	11	**146.8**	182.0
Cash and cash equivalents		**2.3**	13.5
		149.4	196.3
Liabilities			
Current liabilities			
Trade and other payables	12	**(21.7)**	(29.4)
Current tax liability		**(3.4)**	(1.8)
		(25.1)	(31.2)
Net current assets		**124.3**	165.1
Non-current liabilities			
Borrowings	13	**(466.5)**	(437.8)
Lease liabilities	14	**(20.6)**	(20.0)
Deferred tax liability	16	**(20.3)**	(7.1)
		(507.4)	(464.9)
Net (liabilities)/assets		**(14.9)**	16.1
Equity			
Share capital	17	-	-
Share premium	17	-	1.2
Retained earnings	17	**(14.9)**	14.9
Total equity		**(14.9)**	16.1

The financial statements on pages 12 to 38 were approved by the Board of Directors on 5 August 2020 and were signed on its behalf by:

C G McKinlay
Director

CP Woburn (Operating Company) Limited
Registered no. 07656412

The notes on pages 16 to 38 form part of these financial statements

Cash Flow Statement

	Note	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Cash flows (used in)/from operating activities			
Operating profit		**32.4**	40.5
Depreciation and amortisation	3	**9.8**	9.6
Working capital and non-cash movements	18	**(47.6)**	(26.2)
Net cash (used in)/from operating activities		**(5.4)**	23.9
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(5.3)**	(5.7)
Interest received		**0.1**	-
Net cash used in investing activities		**(5.2)**	(5.7)
Cash flows used in financing activities			
Repayment of external borrowings		**-**	(101.6)
Proceeds from external borrowings		**-**	108.5
Issue costs on secured debt		**-**	(1.2)
Break costs on secured debt		**-**	(1.7)
Interest paid		**(0.6)**	(1.4)
Dividends paid	17	**-**	(10.0)
Net cash used in financing activities		**(0.6)**	(7.4)
Net (decrease)/increase in cash and cash equivalents		**(11.2)**	10.8
Cash and cash equivalents at beginning of the period		**13.5**	2.7
Cash and cash equivalents at end of the period		**2.3**	13.5

The notes on pages 16 to 38 form part of these financial statements.

Notes to the financial statements

for the 52 weeks ended 23 April 2020

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 23 April 2020 (2019: 52 weeks ended 25 April 2019) 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 certain items, principally land and buildings and derivative financial instruments.

All accounting policies disclosed have been applied consistently to both periods presented, other than the adoption of the revaluation model for land and buildings in the 52 week period to 23 April 2020.

Going concern
The Company reported a loss for the year of £50.5m (2019: profit of £4.9m). The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below.

Coronavirus (Covid-19) pandemic
As at the date of approving these financial statements the impacts of Covid-19 on the Company's trading continue to be assessed. Government response to the pandemic continues to evolve and customer sentiment to short break holidays remains uncertain although there are indications of strong demand for Center Parcs breaks.

Due to measures taken by the UK Government the village was closed to guests on 20 March 2020 and remained closed until 13 July 2020. This resulted in all affected guests in that period being offered either a full refund or the option to move their break to a later date. During the closure period, the Company reported no revenue and whilst there has been a corresponding reduction in variable costs, the Company had to fund its fixed costs and refund guests for breaks that were cancelled. Where possible mitigating actions have been taken by management to minimise such costs. Refunds of £12 million have been given to affected guests as at the date of these financial statements.

On 13 July 2020 the village re-opened to guests albeit with social distancing restrictions in place. These restrictions result in reduced available accommodation capacity and on-site activities which are likely to remain impacted until such restrictions are lifted. Whilst it is difficult to predict the future with any certainty, we currently do not anticipate a return to pre-Covid trading levels until early in calendar year 2021. However, demand for the Company's breaks do remain strong and current forward bookings for the final quarter of the financial year ending 22 April 2021 are ahead of the same time last year.

In order to preserve liquidity during the closure period, the Company took the following measures:

- Secured additional funding from the Company's ultimate owner, Brookfield. As at 5 August 2020 they had provided funding of £139 million of funds to the Center Parcs (Holdings 1) Limited group of companies to ensure the liquidity of the Group. Further committed funds of £21 million are approved for use if required and Brookfield have indicated that additional funding could be made available should the need arise.
- A significant element of the Company's cost base relates to wages and salaries. The majority of the Company's staff were furloughed during the period of closure with the Company benefitting from the Government's job retention scheme. The hours of remaining staff undertaking essential activities were reviewed to further reduce costs where possible.
- Reviewed all remaining areas of operating cost to eliminate all non-essential expenditure.
- Agreed deferrals of certain tax payments and benefitted from Business rates relief.
- Reviewed capital expenditure and delayed certain non-essential projects.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, under the re-opening scenario noted above, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Under this scenario there would be no breach of lending facilities. There are no capital repayments of debt falling due within the forecast period.

Notes to the financial statements
for the 52 weeks ended 23 April 2020

1. Accounting policies (continued)

Going concern (continued)

With regard to this forecast and other factors which may impact the Company's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, given that the Covid-19 situation continues to evolve, there exists a material uncertainty related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

The events or conditions are as follows:

- As at the date of approval of these financial statements the Company has cash balances of £9 million. The Company's ultimate owner, Brookfield, has already provided £139m of funds to the Center Parcs (Holdings 1) Limited group of companies to ensure the liquidity of the Group. Further committed funds of £21m are approved for use if required and Brookfield have indicated that additional funding could be made available should the need arise. However, as noted elsewhere, there remains some uncertainty with regards forecasting both the pace of recovery and the eventual levels to which trading will return and accordingly it is possible that further funding will be required that as at the date of approval of these financial statements has not yet been secured.
- Depending on how quickly the Company's trading recovers or if there are further Government imposed restrictions that result in the closure of one or more villages for a period of time, there is a risk that existing financial covenants will be breached although the Directors have taken a number of actions to mitigate the risk and as at the date of approval of these financial statements do not anticipate any breaches.
- The Company has only recently recommenced operations, in line with UK Government advice. As at the current date there remains a requirement to ensure certain social distancing measures are in place and certain activities are not as yet able to operate. As a result, these measures may have a significant impact on the format of the breaks in the near term. While there are indications of strong demand for the Company's breaks with bookings for the fourth quarter significantly ahead of the prior year, the ability to initially operate at the previous high levels of occupancy will be restricted. While the fundamentals of the Company's model remain sound, the above factors naturally create challenges in the ability to accurately forecast the cash flows of the Company.

The Directors have already taken a number of measures as described above to manage the Company's liquidity position. In the light of these material uncertainties and in the case where further funding was not forthcoming, the Directors have a range of further measures which are within their control, to protect the Company's liquidity position even further, including:

- Further encouragement for customers to change their break to a future date in the event of a cancellation of their break rather than receiving a full refund.
- Additional changes to working arrangements to reduce staff costs further.
- Negotiations with HMRC for further delay of payroll and indirect tax payments.
- A £90 million committed liquidity facility that remains undrawn. This is available to pay certain senior expenses and Class A note interest.

The Directors believe the cash flow forecast outlined above is reasonable in light of the re-opening of the village and the current Government risk levels. However, Covid-19's continued presence may see a change in Government advice and/or a further periods of lock down in the future. Such lock downs could result in further village closures on a national or regional level or affect the ability of guests and employees to travel to site. These uncertainties clearly introduce a level of subjectivity in assessing assumptions to be used in a downside case. However, the Directors have prepared downside forecasts which assume the closure of one village for a period of 8 weeks or two villages for a period of 4 weeks.

Notes to the financial statements

for the 52 weeks ended 23 April 2020

1. Accounting policies (continued)

Going concern (continued)

As with the base case scenario this downside case would not see the Company breach lending covenants or suffer a liquidity shortage. However, were the Company to require access to further liquidity this could be sought from the Company's ultimate owner. The Directors believe that this support would be available and forthcoming for a number of reasons including:

- Previous actions and commitments in supporting the Company with £139 million already provided to the Group and a further £21 million approved for use if required.
- Center Parcs is the largest investment in the BSREP II fund and the most profitable. Its potential value to Brookfield is very significant and hence injection of further cash to protect this value could reasonably be expected.
- BSREP II is one of Brookfield Assert Management's flagship funds which closed with total equity commitments of $9 billion. BSREP II still has equity commitments available to satisfy any needed follow on capital calls from existing investments and expenses or other liabilities
- Brookfield have provided a letter of support to the Directors of the Company indicating their intention to provide such funding in the event that it is required.
- Three of the Company's Directors are "Investor Directors" appointed by the Company's owners. They are uniquely placed to understand both the Company's business and potential actions by the owners. They have indicated that they believe it reasonable to believe support would be made available.

However, ultimately there is no guarantee that this support would be provided and as a consequence there exists a material uncertainty that additional funding may not be available.

As a result of the options available to them the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the circumstances described above represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

<u>Key sources of estimation uncertainty</u>

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, and that residual values exceed carrying values.

Valuation of property held at fair value:
The valuation of the property assets held at fair value is performed by an appropriate third party expert on a sufficiently regular basis so that the carrying value of an asset does not differ significantly from its fair value at the balance sheet date. The valuation requires the third party to estimate future cash flows expected to arise from the investment and using comparable market transactions on arm's length terms, see note 9.

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

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

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (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.

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 Company. 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 Company restructures, expenses incurred when refinancing the Company'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 Company, 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

Policy applicable from 30 September 2019

Land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external qualified valuers on a sufficiently regular basis such that the carrying value does not differ materially from that which would be determined using fair values at the balance sheet date.

Impairment losses are charged to the revaluation reserve to the extent that a previous gain has been recorded, and thereafter to the income statement. Surpluses on revaluation are recognised in the revaluation reserve, except to the extent that they reverse previously charged impairment losses, in which case the reversal is recorded in the income statement.

Installations, fixtures and fittings, motor vehicles and computer hardware are stated at cost.

Policy prior to 30 September 2019

The cost basis for all classes of assets was applied under IAS 16 'Property, plant and equipment'.

Policy applicable both pre and post 30 September 2019.

The cost of property, plant and equipment includes directly attributable costs.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)

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

Land and buildings are depreciated to residual value over 50 years. 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.

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

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).

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Leases (continued)

- 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.

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 deprecation 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.

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 tax currently payable is based on the taxable profit for the year. 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, less any expected credit losses.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

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.

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.

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.

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. Other financial liabilities are carried at amortised cost using the effective interest rate 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. 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.

New standards and interpretations
A number of new or revised accounting standards were effective for the first time in the current period. None of these have significantly impacted the financial statements of the Company and are unlikely to have a material impact in the future.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

New standards and interpretations (continued)

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 7	Financial Instruments: Disclosures	
	Interest Rate Benchmark Reform	1 January 2020
IFRS 17	Insurance Contracts	
	New accounting standard	1 January 2021
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

The Directors do not anticipate that the adoption of any standards 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 23 April 2020, the Group of companies headed by Center Parcs (Holdings 1) Limited had sufficient levels of cash and funds available to them to meet the Company's medium term working capital, lease liability 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.

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.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

3. Operating profit

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

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Staff costs (note 20)	**20.2**	21.0
Cost of inventories	**6.8**	7.6
Depreciation of property, plant and equipment – owned assets (note 9)	**10.8**	9.4
Depreciation eliminated on impairment	**(1.2)**	-
Depreciation of right-of-use assets (note 10)	**0.2**	0.2
Repairs and maintenance expenditure on property, plant and equipment	**2.3**	2.5

Auditor's remuneration in respect of the audit of the Company's financial statements of £22,000 (2019: £21,000) was Incurred during the period. Non audit services of £2,500 were also charged in the period.

4. Exceptional/non-underlying items

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

	2020 £m	2019 £m
Operating items		
Depreciation	**1.2**	-
	1.2	-
Non-operating items		
Finance expense	**-**	(2.2)
Impairment of leasehold land and buildings	**(51.3)**	-
Taxation	**6.4**	0.4
	(44.9)	(1.8)
	(43.7)	(1.8)

The £51.3 million exceptional/non-underlying finance expense in the current period represents the impairment loss recognised on the land and buildings held at fair value and the associated eliminated depreciation of £1.2 million on the class of assets in light of the Covid -19 pandemic. Taxation on these expenses has also been treated as an exceptional/non-underlying item, as has the impact of the change in applicable deferred tax rate from 17% to 19%.

Exceptional/non-underlying administrative expenses in the prior period represented 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 was also treated as an exceptional/non-underlying item.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

5. Results prior to and during the Covid-19 pandemic

The CP Woburn (Operating Company) Limited village closed to the public on 20 March 2020 and remained closed at 23 April 2020, in line with Government guidance in light of the Covid-19 pandemic. The Company earned no revenue during this period but incurred costs necessary to maintain the quality and structure of the sites. The Company's trading performance prior to and during this unusual event is set out below.

	Result prior to closure before exceptional and non-underlying items £m	Closure period before exceptional and non-underlying items £m	Total before exceptional and non-underlying items £m	Exceptional and non-underlying items £m	Total £m
Revenue	**86.6**	**-**	**86.6**	**-**	**86.6**
Cost of sales	(24.3)	(0.9)	(25.2)	-	(25.2)
Gross profit	**62.3**	**(0.9)**	**61.4**	**-**	**61.4**
Administrative expenses	(18.1)	(1.1)	(19.2)	-	(19.2)
EBITDA	**44.2**	**(2.0)**	**42.2**	**-**	**42.2**

Expenditure incurred during the closure period includes payroll, energy and maintenance costs. In addition, certain categories of inventory with limited useful lives were disposed of or donated to charities where appropriate. The expenses during the closure period presented above are net of the payroll costs reimbursable under the UK Government's Job Retention Scheme and benefit from the Business Rates holiday announced for the UK Leisure industry with effect from 1 April 2020.

6. Net finance costs

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Finance expense		
Interest payable on borrowings	**(7.5)**	(7.5)
Interest payable to Group undertakings	**(28.6)**	(25.5)
Interest expense on lease liabilities	**(1.1)**	(1.1)
Total finance expense before exceptional/non-underlying items	**(37.2)**	(34.1)
Exceptional/non-underlying finance expense		
- Accelerated amortisation of deferred issue costs	**-**	(0.5)
- Premium on settlement of the A3 notes	**-**	(1.7)
	-	(2.2)
Total finance expense	**(37.2)**	(36.3)
Finance income		
Interest receivable from Group undertakings	**1.8**	4.1
Other interest receivable	**0.1**	-
Total finance income	**1.9**	4.1
Net finance costs	**(35.3)**	(32.2)

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

7. Taxation

(a) Taxation

The tax credit/(charge) is made up as follows:

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Current tax:		
- Current period	-	-
- Adjustments in respect of prior periods	**(1.6)**	(1.8)
	(1.6)	(1.8)
Deferred tax:		
- Origination and reversal of temporary differences	**5.2**	(1.6)
- Adjustments in respect of prior periods	**0.1**	-
Taxation (note 7(b))	**3.7**	(3.4)

(b) Factors affecting the tax charge

The tax assessed for the period is higher (2019: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is reconciled below:

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
(Loss)/profit before taxation	**(54.2)**	8.3
Profit before taxation multiplied by the standard rate of corporation tax in the UK	**(10.3)**	1.6
Adjustments in respect of prior periods	**1.5**	1.8
Impact of change in corporation tax rate	**3.1**	(0.2)
Group relief not paid for	**2.0**	0.2
Tax (credit)/charge for the period (note 7(a))	**(3.7)**	3.4

<u>Change of corporation tax rate and factors that may affect future tax charges</u>

Finance Act 2016, which was substantively enacted on 6 September 2016, had included provisions to reduce the standard rate of corporation tax in the UK to 17% with effect from 1 April 2020. Finance Act 2020 included provisions to maintain the standard rate of corporation tax in the UK at 19%, and these were substantively enacted on 17 March 2020 through the Provisional Collection of Taxes Act.

Deferred tax is calculated at a rate of 19% (2019: 17%).

8. Intangible assets

	Software £m
Cost	
At 25 April 2019	0.8
At 23 April 2020	**0.8**
Amortisation	
At 25 April 2019	0.8
Charge for the period	-
At 23 April 2020	**0.8**
Net book amount at 25 April 2019	-
Net book amount at 23 April 2020	**-**

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

8. Intangible assets (continued)

	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	**-**

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 26 April 2019	222.1	93.5	19.1	4.0	1.1	339.8
Additions	1.8	0.7	2.5	-	0.1	5.1
Revaluation	108.2	-	-	-	-	108.2
Disposals	-	-	(0.2)	-	(0.1)	(0.3)
Transfers	0.8	0.2	0.1	-	(1.1)	-
At 23 April 2020	**332.9**	**94.4**	**21.5**	**4.0**	**-**	**452.8**
Depreciation and impairment						
At 26 April 2019	-	28.2	10.3	4.0	-	42.5
Charge for the period	1.2	6.3	3.3	-	-	10.8
On disposals	-	-	(0.2)	-	-	(0.2)
Impairment	51.3	-	-	-	-	51.3
Eliminated on impairment	(1.2)	-	-	-	-	(1.2)
At 23 April 2020	**51.3**	**34.5**	**13.4**	**4.0**	**-**	**103.2**
Net book amount at 25 April 2019	222.1	65.3	8.8	-	1.1	297.3
Net book amount at 23 April 2020	**281.6**	**59.9**	**8.1**	**-**	**-**	**349.6**

If the land and buildings had not been revalued, the historical cost net book amount would be £224.7 million.

At 30 September 2019 the Company adopted a revaluation policy for land and buildings, independent chartered surveyors valued the assets on an open market basis. The valuation resulted in the recognition of a gain of £108.2 million and the associated deferred tax liability of £18.4 million.

At 23 April 2020 independent chartered surveyors revalued the Company's land and buildings on an open market basis. The valuation identified an impairment of £51.3 million recognised in the income statement as an exceptional item. The third party used adjusted forecasts for the impact of Covid-19 and current market data to attain an estimated current market value as at 23 April 2020. The valuation performed is subject to material valuation uncertainty due to the current extraordinary circumstances and the unknown future impact that Covid-19 might have on the real estate market and therefore less certainty can be attached the valuation than would otherwise be the case.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (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 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**

10. Right-of-use assets

	£m
Cost	
At 26 April 2019	18.6
Addition	0.1
	18.7
Depreciation	
At 26 April 2019	(0.2)
Charge for the period ended 23 April 2020	(0.2)
At 23 April 2020	**(0.4)**
Net book amount at 23 April 2020	**18.3**

	£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**

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

11. Trade and other receivables

Amounts falling due within one year:	2020 £m	2019 £m
Trade receivables	**0.7**	2.3
Amounts owed by Group undertakings	**146.0**	179.4
Prepayments and accrued income	**0.1**	0.3
	146.8	182.0

The fair value of trade and other receivables are equal to their book value and no impairment provisions have been made (2019: £nil). All of the amounts above are denominated in £ sterling.

Amounts owed by Group undertakings at 23 April 2020 are due from Center Parcs (Operating Company) Limited as set out in note 21.

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

12. Trade and other payables

	2020 £m	2019 £m
Trade payables	**0.3**	0.9
Other tax and social security	**-**	0.2
Other payables	**0.8**	1.7
Accruals	**5.6**	9.0
Deferred income	**10.5**	17.6
Other financial liabilities	**4.5**	-
	21.7	29.4

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.

As at 23 April 2020 all breaks with guest departure dates up to and including 13 May 2020 had been cancelled, as a result of the Covid-19 pandemic, and therefore amounts owed to guests in respect of those breaks has been presented as other financial liabilities. The re-opening date for the village was subsequently postponed until 13 July 2020 and hence a proportion of liabilities categorised as deferred income in the above table were ultimately reclassified to other financial liabilities and refunded to guests.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

13. Borrowings

The secured debt is part of an overall £1,889.5 million (2019: £1,889.5 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.

Non-current	2020 £m	2019 £m
Loans from Group Undertakings	**268.0**	239.4
Secured debt	**198.5**	198.4
	466.5	437.8

The loans from Group undertakings are unsecured and repayable on 28 February 2022. As at 23 April 2020, interest is payable at a fixed rate of 8% per annum on loans of £2.8 million (2019: £2.7 million) and at 12% per annum on the remainder. Interest on all loans from Group undertakings are rolled up into the outstanding balance.

Secured debt

The secured debt consists of the following:

	2020 £m	2019 £m
Tranche A4	**70.0**	70.4
Tranche A5	**85.3**	85.3
Tranche B3	**29.3**	29.3
Tranche B4	**15.3**	15.3
Unamortised deferred issue costs	**(1.4)**	(1.9)
	198.5	198.4

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 (2019: £0.2 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.

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 (2019: £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 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%

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

13. Borrowings (continued)

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	One to two years £m	Two to five years £m	Greater than five years £m	Premium and deferred issue costs £m	Total £m
At 23 April 2020						
Loans from Group undertakings	-	-	268.0	-	-	268.0
Secured debt	-	-	29.3	169.8	(0.6)	198.5
Total borrowings	**-**	**-**	**297.3**	**169.8**	**(0.6)**	**466.5**
At 25 April 2019						
Loans from Group undertakings	-	-	239.4	-	-	239.4
Secured debt	-	-	29.3	169.8	(0.7)	198.4
Total borrowings	-	-	268.7	169.8	(0.7)	437.8

All amounts are denominated in £ sterling.

Reconciliation of opening and closing secured debt

	2020 £m	2019 £m
Secured debt at the beginning of the period	**198.4**	191.9
Cash flows		
- Proceeds from external borrowings	**-**	108.5
- Repayment of external borrowings	**-**	(101.6)
- Issue costs on secured debt	**-**	(1.2)
Amortisation of deferred issue costs		
- Ordinary	**0.3**	0.5
- Exceptional/non-underlying	**-**	0.5
Amortisation of premium on issue of secured notes	**(0.2)**	(0.2)
Secured debt at the end of the period	**198.5**	198.4

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

14. Leases

Lease liabilities

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

	23 April 2020 £m	25 April 2019 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	0.7	0.6
One to five years	2.8	2.7
More than five years	252.1	252.8
Total undiscounted lease liabilities	255.6	256.1
Lease liabilities included in the balance sheet		
Current	-	-
Non-current	20.6	20.0
Total lease liabilities	20.6	20.0
Amounts recognised in the income statement		
Interest on lease liabilities	(1.1)	(1.1)
Total recognised in the income statement	(1.1)	(1.1)
Amounts recognised in the cash flow statement		
Repayment of lease liabilities	-	-
Interest on lease liabilities	(0.6)	(0.7)
Total recognised in the cash flow statement	(0.6)	(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.

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%.

15. Financial instruments

Financial instruments by category
The accounting policies for financial instruments have been applied to the items below. As at 23 April 2020 and 25 April 2019 all of the Company's financial assets were classified as those measured at amortised cost and all of the Company's financial liabilities were categorised as other financial liabilities.

Financial assets	2020 £m	2019 £m
Trade receivables	0.7	2.3
Cash and cash equivalents	2.3	13.5
	3.0	15.8

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

15. Financial instruments (continued)

Financial liabilities	2020 £m	2019 £m
Borrowings	**466.5**	437.8
Lease liabilities	**20.6**	20.0
Trade payables	**0.3**	0.9
Accruals	**5.6**	9.0
Other payables	**0.8**	1.7
Other financial liabilities	**4.5**	-
	498.3	469.4

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 (2019: Level 2) and fair values have been derived from unadjusted quoted market prices in active markets.

Fair value of financial assets and financial liabilities
The fair value of the Company's gross secured debt is (before unamortised debt costs) at 23 April 2020 was £196.2 million (2019: £207.1 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 23 April 2020	Loans from Group undertakings £m	Secured debt £m	Total £m
In less than one year	-	7.6	7.6
In one to two years	330.9	7.6	338.5
In two to five years	-	48.8	48.8
In more than five years	-	181.3	181.3
	330.9	**245.3**	**576.2**

At 25 April 2019	Loans from Group undertakings £m	Secured debt £m	Total £m
In less than one year	-	7.6	7.6
In one to two years	-	7.6	7.6
In two to five years	330.9	50.1	381.0
In more than five years	-	187.6	187.6
	330.9	252.9	583.8

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

16. Deferred tax

	2020 £m	2019 £m
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	**0.3**	0.2
	0.3	0.2
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	**(20.3)**	(7.1)
	(20.0)	(6.9)

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 23 April 2020 £m	52 weeks ended 25 April 2019 £m
At the beginning of the period	**(6.9)**	(5.5)
Charged/(charged) to the income statement	**5.3**	(1.6)
Charged to the statement of comprehensive income	**(18.4)**	-
Impact of change in accounting policy – IFRS 16	**-**	0.2
At the end of the period	**(20.0)**	(6.9)

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

Deferred tax is calculated at a rate of 19% (2019: 17%).

17. Share capital, revaluation reserve, share premium and retained earnings

Allotted and fully paid	2020 £m	2019 £m
89,861,024 ordinary shares of £1/100,000 (2019: 15,024 ordinary shares of £1 per share)	**-**	-

On the 30 September 2019, as part of a restructuring undertaken by the Center Parcs (Holdings 3) Limited group of companies the Company granted a bonus issue of 89,466,000 £1 ordinary shares from the revaluation reserve to it's immediate parent company Center Parcs (Holdings 3) Limited.

Subsequently a capital reduction was undertaken to reduce the £89.8 million of £1 ordinary shares to £898.61 of 89,861,024 £1/100,000 ordinary shares and the share premium account was cancelled in full.

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.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

17. Share capital, revaluation reserve, share premium and retained earnings (continued)

	Share capital £m	Share premium £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 25 April 2019	-	1.2	-	14.9	16.1
Comprehensive income					
Loss for the period	-	-	-	(50.5)	(50.5)
Transactions with owners					
Adoption of revaluation policy	-	-	89.8	-	89.8
Issue of shares	89.8	-	(89.8)	-	-
Capital reduction	(89.8)	(1.2)	-	91.0	-
Dividends	-	-	-	(70.3)	(70.3)
At 23 April 2020	**-**	**-**	**-**	**(14.9)**	**(14.9)**

On 30 September 2019, the Company distributed £70.3 million of receivables (2019: £10.0 million distributed in cash) as set out in note 21 and the Company undertook a capital reduction pursuant to which it's share premium account was cancelled in full.

The Company had sufficient reserves to distribute the dividends paid at the date they were declared. The full impact of the Covid-19 pandemic was unknown at the time the distributions were approved by the Board and there was no indication that the land and buildings held by the Company at fair value would be impaired resulting in the net liabilities position as at 23 April 2020.

The share premium account comprises amounts in excess of nominal value received for the issue of shares less any transaction costs.

When land and buildings are revalued any gains and losses are recognised in the revaluation reserve, except to the extent that a revaluation gain reverse a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in the revaluation reserve; such gains and losses are recognised in the profit or loss. The associated deferred tax on revaluations is also recognised in the revaluation reserve.

	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**

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

18. Working capital and non-cash movements

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Decrease in inventories	0.5	-
Increase in trade and other receivables	(41.5)	(28.7)
(Decrease)/increase in trade and other payables	(6.6)	2.5
	(47.6)	(26.2)

19. Capital commitments

At the balance sheet date, the Company had capital expenditure contracted for but not provided of £1.7 million (2019: £3.6 million).

20. Employees and Directors

Staff costs during the period:	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Wages and salaries	18.9	19.7
Social security costs	1.0	1.0
Pension costs	0.3	0.3
	20.2	21.0

As at 23 April 2020 approximately 85% of the Company's employees were furloughed under the UK Government's Job Retention Scheme. The table above is presented net of payroll costs reimbursable under those arrangements, which totalled £1.1 million.

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

By activity:	52 weeks ended 23 April 2020 Number	52 weeks ended 25 April 2019 Number
Leisure, retail and food and beverage	795	888
Housekeeping, technical and estate services	783	742
Administration	114	118
	1,692	1,748

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.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

21. 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 26 April 2018 £m	Movement in 52 weeks £m	Balance at 25 April 2019 £m	Movement in 52 weeks £m	Balance at 23 April 2020 £m
Center Parcs (Operating Company) Limited					
- Loans	**(213.9)**	(25.5)	**(239.4)**	(28.6)	**(268.0)**
- Trading balances	**93.8**	17.1	**110.9**	35.1	**146.0**
Center Parcs (Holdings 3) Limited	**59.4**	9.1	**68.5**	(68.5)	**-**

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 23 April 2020 represents cash advanced of £57.0 million, off-set by the settlement of interest and other liabilities on the Company's behalf of £21.9 million. 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 on the balance with Center Parcs (Holdings 3) Limited in the 52 weeks ended 23 April 2020 represents interest receivable of £1.8 million and the distribution of its net receivable of £70.3 million to the Company as part of the restructuring set out in note 17. The movement on the balance with Center Parcs (Holdings 3) Limited in the 52 weeks ended 25 April 2019 represented interest receivable of £4.1 million and a loan to that company of £5.0 million.

22. 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 (2019: £1,889.5 million).

23. 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).

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

24. Events after the reporting period

Refunds of approximately £10 million have been paid to guests, in respect of cancelled breaks, between the financial period-end and the date of signing these financial statements.

The Company's ultimate owner, Brookfield, has provided additional funding of £97.5 million to the group of companies headed by Center Parcs (Holdings 1) Limited in the period between the financial period-end and the date of signing these financial statements.

On 17 July Center Parcs launched a consent solicitation requesting bond holders to agree to certain amendments of the current terms and conditions on the loan notes. This included a request for a waiver of the FCF DSCR covenant calculation for the next three calculation dates (August 2020, February 2021 and August 2021). As at the date of signing of these financial statements sufficient support had been received from holders of B-notes to pass the waiver whilst the final results of the A-note holders vote is not expected until 10 August.