

CPUK Finance Limited

Financial statements

52 weeks ended 25 April 2019

CPUK Finance Limited

Annual report and financial statements

For the 52 weeks ended 25 April 2019

Company registration number: 108635 (Jersey)

Financial statements

52 weeks ended 25 April 2019

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Directors' report

For the 52 weeks ended 25 April 2019

The Directors present their report and audited financial statements of CPUK Finance Limited (the "Company") for the 52 weeks ended 25 April 2019 (2018: 53 weeks ended 26 April 2018), which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Company was incorporated under the Companies (Jersey) Law 1991 as a public limited liability company on 20 July 2011. The registration number of the Company is 108635.

Principal activities

The Company was established as a structured entity to issue fixed rate secured notes (the "Notes") and to apply the proceeds to make advances to the borrower companies within the group headed by Center Parcs (Holdings 1) Limited (the "Group") in accordance with the loan agreements governing the transaction. The Notes are secured by first ranking security over the assets of the Group. All of the classes of Notes are listed on the Irish Stock Exchange.

In February 2012 the Company issued

- £300,000,000 4.811% Class A1 Fixed Rate Secured Notes,
- £440,000,000 7.239% Class A2 Fixed Rate Secured Notes and
- £280,000,000 11.625% Class B Fixed Rate Secured Notes.

The final maturity date on all of these Notes was 28 February 2042. Expected maturity dates were 28 February 2017, 28 February 2024 and 28 February 2018 for the A1, A2 and B Notes respectively.

In June 2015 the Company issued

- £350,000,000 2.666% Class A3 Fixed Rate Secured Notes and
- £140,000,000 3.588% Class A4 Fixed Rate Secured Notes.

The final maturity date on both of these Notes is 28 February 2042. Expected maturity dates are 28 February 2020 and 28 August 2025 for the A3 and A4 Notes respectively. Part of the proceeds of this issuance was used to repay the £300.0 million of A1 Notes in full.

In August 2015 the Company issued

- £560,000,000 7.000% Class B2 Fixed Rate Secured Notes.

The final maturity date on these notes was 28 February 2042; the expected maturity date was 28 August 2020. Part of the proceeds of this issuance was used to repay the £280.0 million of B Notes in full.

In June 2017 the Company issued

- £100,000,000 additional 3.588% Class A4 Fixed Rate Secured Notes,
- £480,000,000 4.250% Class B3 Fixed Rate Secured Notes and
- £250,000,000 4.875% Class B4 Fixed Rate Secured Notes.

The final maturity date on the additional A4 Notes is 28 February 2042 and the expected maturity date is 28 August 2025. The final maturity date on both the Class B3 and B4 Notes is 28 February 2047. Expected maturity dates are 28 August 2022 and 28 August 2025 for the B3 and B4 Notes respectively. Part of the proceeds of this issuance was used to repay the £560.0 million of B2 Notes in full.

Directors' report

For the 52 weeks ended 25 April 2019 (continued)

Principal activities (continued)

In November 2018 the Company issued

- £100,000,000 additional 3.588% Class A4 Fixed Rate Secured Notes and
- £379,500,000 3.690% Class A5 Fixed Rate Secured Notes.

The final maturity date on the additional A4 Notes is 28 February 2042 and the expected maturity date is 28 August 2025. The final maturity date on the Class A5 Notes is 28 February 2047 and the expected maturity date is 28 August 2028. Part of the proceeds of this issuance was used to repay the £350.0 million of A3 Notes in full.

Following the issuances and repayments outlined above, the Company's secured debt at 25 April 2019 totalled £1,889.5 million (26 April 2018: £1,760.0 million), being £440.0 million of A2 Notes, £340.0 million of A4 Notes, £379.5 million of A5 notes, £480.0 million of B3 Notes and £250.0 million of B4 Notes.

The proceeds of the issues were used to finance certain Group companies on identical terms to those outlined above. All costs incurred by the Company during the current and prior period were recovered, by way of the facility fee arrangement, from the Group under the Class A Issuer/Borrower Loan Agreement.

The consolidated financial statements of Center Parcs (Holdings 1) Limited incorporate the results of the Company. The Directors of both CPUK Finance Limited and Center Parcs (Holdings 1) Limited consider that the Company is a structured entity as defined by IFRS 10 and in accordance with the requirements of that standard is consolidated as part of the Center Parcs (Holdings 1) Limited Group.

Business review

The principal risks and uncertainties of the Company are integrated with the principal risks of the 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. No changes to the nature of the business are anticipated.

Key performance indicators and financial risk management

The key performance indicators (KPIs) and financial risk management of the Company are integrated with those of the Group and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Strategic report of the Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report. A copy of the Center Parcs (Holdings 1) Limited Annual Report can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Results and dividends

The results of the Company for the period show a profit of £nil (2018: loss of £0.1 million). The Directors have not proposed the payment of a dividend (2018: no dividends proposed or paid).

Going concern

All costs incurred by the Company are recharged to members of the Center Parcs (Holdings 1) Limited group of companies. As such, the financial statements have been prepared on the going concern basis.

Directors' report

For the 52 weeks ended 25 April 2019 (continued)

Directors

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

C Pearce (appointed 20 July 2018)
C A Wallace (resigned 20 July 2018)
P H Whitaker
S I Abrahams

The registered office of the Company is 44 Esplanade, St Helier, Jersey, JE4 9WG. The Company Secretary is Intertrust Offshore Limited.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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.

However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that 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 (Jersey) Law 1991. 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.

Independent auditor

Pursuant to Article 87(4) of the Companies (Jersey) Law 1991 the Sole Shareholder of the Company has dispensed with the requirement for the holding of the Annual General Meeting.

Deloitte LLP have indicated their willingness to continue in office.

On behalf of the board



P H Whitaker
Director
21 June 2019

Opinion

In our opinion the financial statements of CPUK Finance Limited (the 'company'):

- **give a true and fair view of the state of the Company's affairs as at 25 April 2019 and of the Company's result for the 52 week period then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been properly prepared in accordance with Companies (Jersey) Law, 1991.**

We have audited the financial statements which comprise:

- the Income Statement,
- the Statement of Changes in Equity
- the Balance Sheet,
- the Cash Flow Statement; and
- the related notes 1 to 14

The financial reporting framework that has been applied in their preparation is applicable law and 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 (the 'FRC's') Ethical Standard as applied to listed entities, 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.

Summary of our audit approach

Key audit matters	<p>The key audit matter that we have identified in the current period is:</p> <ul style="list-style-type: none"> • Going concern <p>This is the same key audit matter disclosed in the prior period.</p>
Materiality	The materiality that we used in the current year was £3.5m which was determined on the basis of total assets.
Scoping	Audit work to respond to the risks of material misstatement have been performed directly by the audit engagement team.
Significant changes in our approach	There have been no changes in our audit approach.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPUK FINANCE LIMITED
(continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

Key audit matter description



The company has listed debt of £1,900m as at 25 April 2019 (prior period: £1,786.6m). The company also has corresponding receivables owed from related parties totaling £1,900m (prior period: £1,786.6m).

The ability of the company to repay the debt and pay the associated interest charges is dependent on the trading performance and future prospects of the related party, and whether the related party will have the ability to repay their loans to the company. Any deterioration in performance of the related party would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

The directors have prepared cash flow projections for the related party, which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates.

The listed debt is also subject to a number of financial covenants. The Center Parcs group continues to comply with covenants and trade profitably

Further details are included within the directors' report on page 2

How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of the key controls related to the valuation and recoverability of receivables owed from related parties, which focused on budgeting, and monitoring of compliance with covenants.

We also challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining and evaluating the latest impairment review of the Center Parcs (Holdings 1) Limited group. We challenging the key assumptions based on our knowledge of the business and general market conditions affecting the related party, our understanding of the future performance of the business, and assessed the key assumptions for indicators of management bias.

Key observations



Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company's ability to continue as a going concern are appropriate.

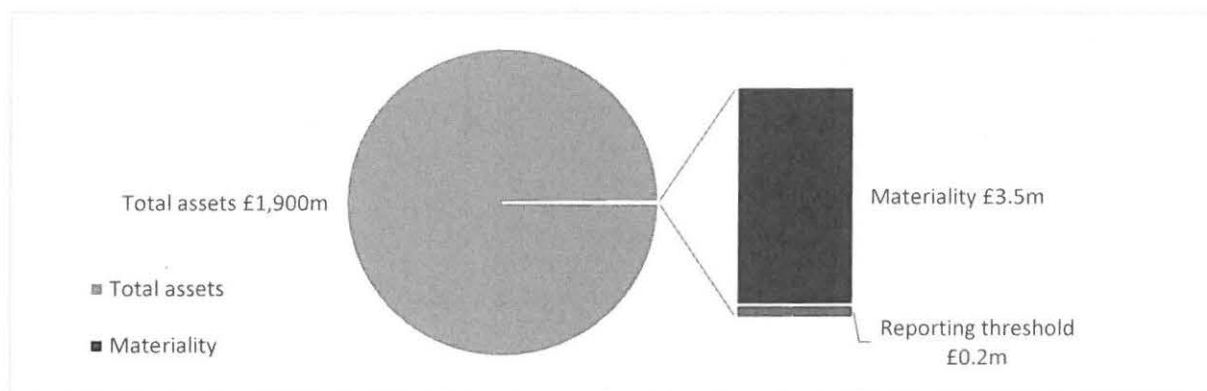
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPUK FINANCE LIMITED (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.5m (prior period: £3.5m)
Basis for determining materiality	The basis of materiality is total assets. The materiality is approximately 0.2% of total assets (prior period 0.2% of total assets)
Rationale for the benchmark applied	For an entity of this nature, materiality would ordinarily be based on total assets as this is the key metric used by management, investors, analysts and lenders. As all interest is recharged to the Center Parcs group, there is no material profit or loss result or equity balance. We have restricted the materiality used on the basis that the entity is consolidated into the Center Parcs Holdings 1 Group, the materiality for the Center Parcs Holdings 1 Group is determined based on a combination of benchmarks.



We agreed with management of the Center Parcs Group that we would report to them all audit differences in excess of £0.2m (prior period £0.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to management on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPUK FINANCE LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, including the Directors' report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPUK FINANCE LIMITED
(continued)**

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper 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.

***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 Article 113A of the Companies (Jersey) Law, 1991. 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
for and on behalf of Deloitte LLP
Nottingham, United Kingdom

21 June 2019

Income Statement

for the 52 weeks ended 25 April 2019

	Note	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Operating profit		-	-
Finance expense			
Before exceptional/non-underlying finance expense	4	(85.2)	(83.7)
Exceptional/non-underlying finance expense	4	(6.1)	(26.9)
Total finance expense		(91.3)	(110.6)
Finance income			
Before exceptional/non-underlying finance income	5	85.2	83.6
Exceptional/non-underlying finance income	5	6.1	26.9
Total finance income		91.3	110.5
Profit/(loss) before taxation		-	(0.1)
Taxation	6	-	-
Profit/(loss) for the period attributable to equity shareholders	12	-	(0.1)

All amounts relate to continuing activities.

The Company has no recognised income or expenses other than the result for the period above and so no Statement of Comprehensive Income is presented.

The notes on pages 13 to 23 form part of these financial statements.

Statement of Changes in Equity

for the 52 weeks ended 25 April 2019

	Attributable to owners of the parent		
	Share capital £m	Retained earnings £m	Total £m
At 26 April 2018	-	-	-
Comprehensive income			
Profit for the period	-	-	-
At 25 April 2019	-	-	-

	Attributable to owners of the parent		
	Share capital £m	Retained earnings £m	Total £m
At 20 April 2017	-	0.1	0.1
Comprehensive income			
Loss for the period	-	(0.1)	(0.1)
At 26 April 2018	-	-	-

The notes on pages 13 to 23 form part of these financial statements.

Balance Sheet

At 25 April 2019

	Note	25 April 2019 £m	26 April 2018 £m
Assets			
Non-current assets			
Trade and other receivables	7	1,900.0	1,768.6
		1,900.0	1,768.6
Current assets			
Trade and other receivables	7	18.0	13.0
Cash and cash equivalents		0.1	-
		18.1	13.0
Liabilities			
Current liabilities			
Trade and other payables	8	(18.1)	(13.0)
		(18.1)	(13.0)
Net current assets			
		-	-
Non-current liabilities			
Borrowings	10	(1,900.0)	(1,768.6)
Net assets			
		-	-
Equity			
Ordinary shares	11	-	-
Retained earnings	12	-	-
Total equity			
		-	-

The financial statements on pages 9 to 23 were approved by the Board of Directors on 21 June 2019 and were signed on its behalf by:



P H Whitaker
Director

CPUK Finance Limited
Registered no. 108635

The notes on pages 13 to 23 form part of these financial statements.

Cash Flow Statement

for the 52 weeks ended 25 April 2019

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Operating activities		
Operating profit	-	-
Net cash flow from operating activities	-	-
Investing activities		
Interest received	81.6	83.6
Reimbursement of break costs	6.1	26.9
Reimbursement of issue costs	4.8	9.3
Loans repaid by related parties	350.0	560.0
Loans advanced to related parties	(482.7)	(839.5)
Net cash outflow from investing activities	(40.2)	(159.7)
Financing activities		
Interest paid	(81.5)	(83.7)
Break costs on secured debt	(6.1)	(26.9)
Issue costs on secured debt	(4.8)	(9.3)
Repayment of external borrowings	(350.0)	(560.0)
Proceeds from external borrowings	482.7	839.5
Net cash inflow from financing activities	40.3	159.6
Net movement in cash and cash equivalents	0.1	(0.1)
Reconciliation of net cash flow to movement in net debt		
Movement in cash and cash equivalents	0.1	(0.1)
Cash inflow from movement in debt	(132.7)	(279.5)
Change in net debt resulting from cash flows	(132.6)	(279.6)
Non-cash movements and deferred issue costs	1.3	0.9
Movement in net debt in the period	(131.3)	(278.7)
Net debt at the beginning of the period	(1,768.6)	(1,489.9)
Net debt at the end of the period	(1,899.9)	(1,768.6)

The notes on pages 13 to 23 form part of these financial statements.

Notes to the financial statements

for the 52 weeks ended 25 April 2019

1. Accounting policies

General information

The Company was incorporated under the Companies (Jersey) Law 1991, as a public limited liability company. The address of its registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG. The Company is resident in the UK for tax purposes.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union (EU).

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies are consistent with the prior period, with the exception of those relating to financial instruments following the adoption of IFRS 9 'Financial Instruments'.

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

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

IFRS 9 'Financial Instruments' introduces an expected credit loss model which requires the Company to consider the recoverability of its financial assets and to recognise any anticipated losses as an impairment. A review has been undertaken of the Company's receivables and no expected credit losses have been recognised following the adoption of IFRS 9 'Financial Instruments'.

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

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, fair value requirements and on a going concern basis. The Company's accounting reference date is 22 April.

Going concern

All costs incurred by the Company are recharged to members of the Center Parcs (Holdings 1) Limited group of companies. As such, the financial statements have been prepared on the going concern basis.

Key assumptions and significant judgements

The preparation of financial statements requires management 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. The directors do not consider that there are any critical account judgments or key sources of estimation uncertainty.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

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 instruments acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date. Other financial liabilities are carried at amortised cost using the effective interest rate method.

Exceptional/non-underlying items

Exceptional items are defined as those items 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.

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.

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 the proceeds.

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.

Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities. The Company is resident in the UK for tax purposes and is subject to The Taxation of Securitisation Companies Regulations.

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.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit 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.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

1. Accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

The Company does not trade in derivative financial instruments. All derivative financial instruments are measured at the balance sheet date at their fair value. Any asset or liability in respect of derivative financial instruments is ultimately recognised by the Group and hence any gain or loss on remeasurement is recorded in the income statement of the relevant entity.

New standards and interpretations

A number of new standards, amendments and interpretations have been issued by the International Accounting Standards Board with effective dates both prior to and post 25 April 2019. None of these have had, or are expected to have, a significant impact on the financial statements of the Company.

2. Operating costs

All operating costs incurred by the Company are recovered, by way of an ongoing facility fee arrangement, from the Group under the Issuer/Borrower Loan Agreement. Operating costs include audit fees for the audit of the Company's financial statements of £9,000 (2018: £8,000) which were recharged to the Group.

3. Directors' emoluments and Employees

The Company has no employees (2018: none). No salaries or wages have been paid to employees, including the Directors, during the period (2018: £nil).

4. Finance expense

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Interest payable on secured debt	85.2	83.6
Other interest and similar charges	-	0.1
Exceptional/non-underlying finance costs	6.1	26.9
	91.3	110.6

Exceptional/non-underlying finance costs for the 52 weeks ended 25 April 2019 represent the premium paid on the settlement of the A3 tranche of the Company's secured debt (2018: the premium paid on the settlement of the B2 tranche of the Company's secured debt).

Further details regarding the refinancing of the Company's secured debt are provided in note 10.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

5. Finance income

	52 weeks ended 25 April 2019 £m	53 weeks ended 26 April 2018 £m
Interest receivable from related parties	85.2	83.6
Exceptional/non-underlying finance income	6.1	26.9
	91.3	110.5

Exceptional/non-underlying finance income for the 52 weeks ended 25 April 2019 represent the reimbursement of the premium paid on the settlement of the A3 tranche of the Company's secured debt (2018: the reimbursement of the premium paid on the settlement of the B2 tranche of the Company's secured debt).

Further details regarding the refinancing of the Company's secured debt are provided in note 10.

6. Taxation

The Company is resident in the UK for tax purposes and is subject to The Taxation of Securitisation Companies Regulations.

(a) Taxation

The tax charge for the period is £nil (2018: £nil).

(b) Factors affecting the tax charge

The tax assessed for the current and prior period is the same as that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%).

Change of corporation tax rate

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

7. Trade and other receivables

	2019 £m	2018 £m
Non-current assets		
Amounts owed by related parties	1,900.0	1,768.6
Current assets		
Prepayments and accrued income	18.0	13.0

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

7. Trade and other receivables (continued)

Amounts owed by related parties represent the loans advanced to members of the Center Parcs (Holdings 1) Limited group of companies (the "Group"). The loans are secured against the assets of those companies and comprise the following tranches:

Secured debt	2019 £m	2018 £m
Class A2 loan	440.0	440.0
Class A3 loan	-	350.0
Class A4 loan	350.5	248.6
Class A5 loan	379.5	-
Class B3 loan	480.0	480.0
Class B4 loan	250.0	250.0
	1,900.0	1,768.6

The new loans advanced during the period included an additional £100.0 million of Tranche A4 secured notes issued at a premium of £3.2 million; this premium is being amortised over the period to expected maturity and amortisation of £0.2 million (2018: £nil) was charged to the income statement during the period.

The new loans advanced during the prior period included an additional £100.0 million of Tranche A4 secured notes issued at a premium of £9.5 million; this premium is being amortised over the period to expected maturity and amortisation of £1.1 million (2018: £0.9 million) was charged to the income statement during the period.

The tranche A2 notes have an expected maturity date of 28 February 2024 and a final maturity date of 28 February 2042. The interest rate to expected maturity is fixed at 7.239% and the interest rate from expected maturity to final maturity is fixed at 7.919%.

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

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

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

Prepayments and accrued income represents interest receivable on these loan notes from members of the Group.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

8. Trade and other payables

	2019 £m	2018 £m
Accruals	18.0	13.0
Amounts owed to Center Parcs (Operating Company) Limited	0.1	-
	18.1	13.0

Accruals relate to the interest payable on the Notes.

The fair value of accruals is equal to their book value.

9. Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below.

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

	Financial assets measured at amortised cost £m	Total £m
At 25 April 2019		
Assets as per the balance sheet		
Amounts owed by related parties	1,900.0	1,900.0

	Financial assets measured at amortised cost £m	Total £m
At 26 April 2018		
Assets as per the balance sheet		
Amounts owed by related parties	1,768.6	1,768.6

	Other financial liabilities £m	Total £m
At 25 April 2019		
Liabilities as per the balance sheet		
Borrowings	(1,900.0)	(1,900.0)
Accruals	(18.0)	(18.0)
Other liabilities	(0.1)	(0.1)
	(1,918.1)	(1,918.1)

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

9. Financial instruments (continued)

At 26 April 2018	Other financial liabilities £m	Total £m
Liabilities as per the balance sheet		
Borrowings	1,768.6	1,768.6
Accruals	13.0	13.0
	1,781.6	1,781.6

Fair value hierarchy

IFRS 13 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 1 (2018: Level 1) and fair values have been derived from unadjusted quoted market prices in active market.

Fair value of financial assets and financial liabilities

The fair values of the Company's financial assets and liabilities as at 25 April 2019 are:

	Book value £m	Fair value £m
Financial assets		
Amounts owed by related parties	1,900.0	2,040.3
Financial liabilities		
Borrowings	(1,900.0)	(2,040.3)

The fair values of the Company's financial assets and liabilities as at 26 April 2018 are:

	Book value £m	Fair value £m
Financial assets		
Amounts owed by related parties	1,768.6	1,889.0
Financial liabilities		
Borrowings	(1,768.6)	(1,889.0)

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

9. Financial instruments (continued)

Maturity of financial liabilities

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

	2019 £m	2018 £m
Secured debt		
Repayable:		
In less than one year	90.6	82.4
In two to five years	1,243.3	1,116.4
In more than five years	1,062.7	1,005.1
	2,396.6	2,203.9

10. Borrowings

	2019 £m	2018 £m
Secured debt		
Repayable within two to five years		
Tranche A2	440.0	-
Tranche A3	-	350.0
Tranche B3	480.0	480.0
	920.0	830.0
Repayable after more than five years:		
Tranche A2	-	440.0
Tranche A4	350.5	248.6
Tranche A5	379.5	-
Tranche B4	250.0	250.0
	980.0	938.6
	1,900.0	1,768.6

On 28 February 2012 the Company issued the A1, A2 and B tranches of fixed rate loan notes ("Notes"). The assets of the Group were provided as security for the debt, and the funds raised were advanced to the Group. Total fees of £34.6 million were incurred by the Group in respect of the issuance of Notes. These costs were borne by the Group and were not recharged to CPUK Finance Limited.

On 11 June 2015 the Company issued £490.0 million of New Class A senior notes, divided into £350.0 million A3 notes and £140.0 million of A4 notes; part of the proceeds was used to repay the £300.0 million of A1 notes. Total fees of £7.5 million were incurred by the Group in respect of the issuance of these Notes. These costs were borne by the Group and were not recharged to CPUK Finance Limited.

On 3 August 2015 the Group issued £560.0 million of New Class B2 notes; part of the proceeds was used to repay the £280.0 million of B notes. Total fees of £8.3 million were incurred by the Group in respect of the issuance of these Notes. These costs were borne by the Group and were not recharged to CPUK Finance Limited.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

10. Borrowings (continued)

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 £1.1 million (2018: £0.9 million) was credited to the income statement 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 repay the £560.0 million of B2 notes. Total fees of £9.3 million were incurred by the Group in respect of the issuance of these Notes. These costs were borne by the Group and were not recharged to CPUK Finance Limited.

On 20 November 2018 the Group issued an additional £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 £0.2 million was credited to the income statement during the period. On the same date the Group issued £379.5 million of new Class A5 secured notes. Part of the proceeds of these new notes was used to repay the £350.0 million of A3 notes. Total fees of £5.2 million were incurred by the Group in respect of the issuance of these Notes. These costs were borne by the Group and were not recharged to CPUK Finance Limited.

The tranche A2 notes have an expected maturity date of 28 February 2024 and a final maturity date of 28 February 2042. The interest rate to expected maturity is fixed at 7.239% and the interest rate from expected maturity to final maturity is fixed at 7.919%.

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

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

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

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

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

The tranche B3 and B4 notes are subordinated to all tranches of the A Senior Notes. All of the Notes include optional prepayment clauses permitting the Company to repay the debt in advance of the expected maturity date. All tranches of debt are subject to a financial covenant; there was significant headroom on the covenants as at 25 April 2019. The Directors have assessed future compliance and at this time do not foresee any breach of the financial covenant.

As all tranches have fixed interest rates, the Company is not exposed to interest rate fluctuations. All amounts are denominated in £ sterling.

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

10. Borrowings (continued)

Reconciliation of opening and closing secured debt

	2019 £m	2018 £m
Secured debt at the beginning of the period	1,768.6	1,490.0
Cash flows		
- Proceeds from external borrowings	482.7	839.5
- Repayment of external borrowings	(350.0)	(560.0)
Amortisation of premium on issue of secured notes	(1.3)	(0.9)
Secured debt at the end of the period	1,900.0	1,768.6

11. Share capital

	2019 £m	2018 £m
Issued and fully paid		
2 ordinary shares of £1 each	-	-

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, and sell assets to reduce debt or borrow additional debt.

12. Retained earnings

	£m
At 26 April 2018	-
Profit for the period	-
At 25 April 2019	-
	£m
At 20 April 2017	0.1
Loss for the period	(0.1)
At 26 April 2018	-

Notes to the financial statements

for the 52 weeks ended 25 April 2019 (continued)

13. Related party transactions

The following movements on accounts with related parties occurred in the periods reported in these financial statements. All of the companies below are members of the Group.

	Balance at 26 April 2018 £m	Loans settled £m	Loans advanced £m	Interest and fees received £m	Interest and fees receivable £m	Balance at 25 April 2019 £m
Center Parcs (Operating Company) Limited	822.0	(77.5)	121.0	(37.3)	37.8	866.0
CP Sherwood Village Limited	195.7	(41.3)	78.4	(9.9)	10.7	233.6
CP Elveden Village Limited	182.1	(38.4)	75.4	(9.3)	10.0	219.8
Longleat Property Limited	163.6	(34.5)	40.5	(8.2)	8.5	169.9
CP Whinell Village Limited	204.8	(43.2)	44.9	(10.2)	10.5	206.8
CP Woburn (Operating Company) Limited	194.5	(101.7)	108.6	(6.1)	7.1	202.4
Center Parcs (Holdings 3) Limited	18.9	(13.4)	13.9	(0.5)	0.6	19.5

	Balance at 20 April 2017 £m	Loans settled £m	Loans advanced £m	Interest and fees received £m	Interest and fees receivable £m	Balance at 26 April 2018 £m
Center Parcs (Operating Company) Limited	557.4	(299.0)	563.1	(37.1)	37.6	822.0
CP Sherwood Village Limited	192.5	(55.8)	59.1	(10.3)	10.2	195.7
CP Elveden Village Limited	179.2	(51.9)	54.9	(9.6)	9.5	182.1
Longleat Property Limited	160.9	(46.6)	49.3	(8.5)	8.5	163.6
CP Whinell Village Limited	201.5	(58.3)	61.8	(10.8)	10.6	204.8
CP Woburn (Operating Company) Limited	191.7	(48.4)	51.3	(6.7)	6.6	194.5
Center Parcs (Holdings 3) Limited	18.9	-	-	(0.6)	0.6	18.9

14. Controlling parties

The issued share capital of the Company is held by, or on behalf of, Intertrust Offshore Limited, acting in its capacity as Trustee of the CPUK Finance Charitable Trust, on a discretionary trust basis for the benefit of charitable purposes. Intertrust Offshore Limited is therefore the immediate parent company and Intertrust Holdings Limited is the ultimate parent company.

The consolidated financial statements of Center Parcs (Holdings 1) Limited incorporate the results of the Company. This is the smallest group that includes the results of CPUK Finance Limited in its group financial statements. The Directors of both CPUK Finance Limited and Center Parcs (Holdings 1) Limited consider that the Company meets the definition of a structured entity under IFRS 10 'Consolidated Financial Statements' and hence for the purpose of the consolidated financial statements it has been treated as a subsidiary undertaking. 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).

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).