

Park Holidays UK Limited

Annual report and financial statements

Registered number 02434151

31 December 2020

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STRATEGIC REPORT

About us

The Company currently runs 33 holiday parks that are located in coastal locations in the south of England with the majority of the parks being within a two-hour drive time of London.

Business model

The Company operates holiday parks that offer a wide range of accommodation ranging from static caravans and lodges, to touring, camping and glamping pitches. In addition, a variety of on-park facilities are available such as restaurants, bars, swimming pools, amusement arcades and other entertainment activities like Segways, mini-golf and pitch and putt.

At 31 December 2020, the Company had nearly 13,000 pitches, consisting of static caravan pitches for holiday home usage by private buyers and Group owned hire fleet as well as pitches specific to touring and glamping. The parks range in size from 50 to 850 pitches. The major revenue streams of the business can be broken down into four main categories which are defined below. The business strategy is to focus on improving revenue streams by expanding the range and improving the quality of the products offered to potential and existing customers. The future of the Company is driven via an expansion strategy of new park acquisitions, land acquisitions adjacent to current parks and, where possible, the development of current park facilities.

Holiday home sales

The sale of new and second-hand static caravans and lodges on a pitch for holiday home ownership by private buyers on our parks. The purchase of a holiday home represents a long-term commitment from our customers as they are sold with the benefit of pitch licence. The licence allows holiday home owners to occupy a pitch on-site until the legal expiry of their pitch licence (thirty years in the case of a lodge) in exchange for an annual pitch fee ('pitch fee'). The annual pitch fee covers the holiday season length which varies according to the permission/consent given by the relevant local authority. Growth in holiday home sales revenue is achieved by providing a wider variety of purchasing options to our pre-existing and new customers in addition to increasing the overall number of units sold on new and existing holiday parks.

Owner revenue

Recurring revenue from owners is predominantly pitch fees which are payable annually and the recharging of utility costs. Entertainment and facilities revenues are also included within this category. Growth in this area is driven by higher pitch occupancy through growing holiday home sales and annual increases in pitch fees, which are governed by the terms of the relevant clause in the pitch licence.

Holiday lettings sales

Sale of short breaks and holidays to customers from a selection of accommodation ranging from our standard caravans, touring and camping pitches or one of the higher specification lodge units. The holiday fleet has seen investment over the last year which has further improved the mix in terms of the quality of units available to our customers for holiday lettings. This has driven a strong increase in repeat bookings and an improvement in online review feedback and ratings. Further growth within this revenue stream will be achieved through a combination of factors such as increasing occupancy in the off-peak season, reviewing the mix of caravan and lodge fleet and investing in our people to ensure that customers are receiving the best service possible.

Other revenue

Revenue from on-site facilities such as restaurants, bars, convenience stores, amusement arcades and various entertainment activities. Primarily, growth is driven by increased footfall but there has also been a focus on enhancing existing facilities raise the standard of all parks. We also have a loyalty card scheme open to all owners to encourage spending at our facilities.

Current trading conditions

Holiday parks across the UK were closed from mid-March 2020 to early July and again through November by the Government in response to the coronavirus pandemic. This has caused, as is the case in many industries, a significant and unprecedented reduction in business activity during the period these restrictions were in place. Recovery was strong during the second half of 2020 but revenue overall has been significantly reduced during the lockdown period and therefore the results for the full year of 2020 are materially lower than those achieved in 2019. In the year, the Group took advantage of various government support schemes including the job retention scheme and eat-out-to-help-out. The group also offered owners a credit on pitch fees and an increase in license length to help owners who were unable to access the parks during lockdown. Holiday parks continue to be

closed in the first quarter of 2021 but are expected to see a phased reopening of services through the second quarter in line with the Government's easing of restrictions. Based on the second half performance in 2020 the Group expects a strong rebound in the holiday parks market and expects to outperform 2020 performance in 2021.

Strategy

With 'staycations' becoming increasingly popular, and with increased short-term demand driven by restrictions on international travel, potential customers have a variety of options as to where to take holidays in the UK. With customer demand for UK holiday options likely to heighten, it is the Group's strategy to meet these higher levels of demand both in terms of holiday sales and in caravan sales whilst maintaining its existing relationships with holiday homeowners and stakeholders.

Corporate governance

Although the Company does not meet the definition of a 'large company' for Corporate reporting purposes, and therefore are not required to report on compliance with the provisions of the Combined Code on Corporate Governance, the Company operates within a framework that adheres to good governance and aims to provide transparency to stakeholders.

Statement by the directors in performance of their statutory duties in accordance with s.172(1) Companies Act 2006

The board of directors of Park Holidays UK Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

a) When making decisions, we take the course of action that we consider best leads to the success of the Company over the long term, which includes considering the broad range of stakeholders that interact with, and are impacted by, our operations. See the section on 'Corporate, social and environmental matters' within the Directors' Report (pages 6 to 8), for more information and for examples of engagement that were undertaken across the business during 2020.

b) Our people are fundamental to the successful operation of the business. We aim to be a responsible employer in the approach that we take towards the pay and benefits that our employees receive and like to develop an environment where our employees feel valued and engaged in the business. The health, safety and well-being of our employees is also one of our primary considerations in the way we do business (see the section on 'Our people' within the Directors report, pages 6 to 9, for more information).

c) Our approach on engagement and management of business relationships with suppliers and customers is discussed within the Directors' Report, see page 8.

d) The impact of the Company's operations on the community and the environment are discussed in detail within the Directors' Report, see page 8.

e) Our intention as the Board of Directors, is to behave responsibly and ensure that the business is operated in a responsible manner, operating within the high standards of business conduct and good governance expected for a business of our size and in doing so, will contribute to the delivery of our strategic objectives.

f) We understand the need to act fairly between the members of the Company and believe that our actions, as the Board of Directors, show that we behave responsibly towards all members and treat them fairly and equally, so they too may benefit from the successful delivery of our strategic goals.

STRATEGIC REPORT *(continued)*

Review of the business

Overview of the year ended 31 December 2020

The Company has reported a profit after tax of £11.1m for the year ended 31 December 2020, compared to a profit of £14.5m for the year ended 31 December 2019.

EBITDA (pre non-underlying items)

EBITDA is earnings before interest, tax, depreciation and amortisation and is an important performance measure for the Group for profitability and operating performance. It can be reconciled to profit before tax within the accounts per the table below:

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
EBITDA	40,632	46,830
Depreciation/Amortisation	(7,543)	(8,498)
Net finance expense	(8,884)	(8,796)
Non-underlying items	(2,131)	(9,530)
Profit before tax	22,074	20,006

For the year ended 31 December 2020 EBITDA was £40.6m, a decrease of 13.2% (£6.2m) on 2019 EBITDA of £46.8m. The main reason for the fall in performance was the COVID 19 pandemic which negatively impacted performance across the group.

Non-underlying items

To ensure users are provided with a clear and consistent presentation of financial information, the effects of 'non-underlying items' are reported in a separate column on the Statement of Comprehensive Income. A detailed breakdown of non-underlying items are given in Note 7. Non-underlying items were £2.1m in the year (2019: £9.5m).

Acquisitions during the year

Two new Parks were acquired during the year; Wood Farm Holiday Park, located in Dorset, was acquired at a price of £6,080,065 on 27 November 2020; and Pakefield Holiday Park, located on the Suffolk coast, was acquired at a price of £4,500,000 on 16 December 2020. These acquisitions have expanded the businesses footprint and increased market share.

Financial key performance indicators

A summary of the results for the Company for the year to 31 December 2020 are discussed below.

- Revenue decreased by 7.5%.
- Gross Margin (Gross Profit as a % of Revenue) decreased by 2.4%.
- Operating Profit before non-trading costs decreased by 13.7%.

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Revenue	145,416	157,207
EBITDA	40,632	46,830
Operating profit (pre non-underlying items)	33,089	38,332
Operating profit (post non-underlying items)	30,958	28,802
Profit before tax	22,074	20,006
Profit for the year	14,574	14,592
Gross Margin	58.7%	61.1%

STRATEGIC REPORT *(continued)*

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Company's operations and its ability to achieve its strategic objectives. The Company have identified and assessed the risks currently being faced along with the potential impacts and probability of occurrence. The key risks identified are disclosed below:

Risk explanation and impact	Mitigation strategy
BUSINESS RISKS	
<i>Customer Expectations and Pressure from Competitors</i> The Company faces local and international competition from holiday tour operators. If customers expectations are not met, or their holiday experience is not satisfactory, future growth potential and reputation could be at risk.	Holiday guest and owner feedback is monitored regularly to ensure that where the Company are not meeting customer expectations, steps are taken to rectify the situation to ensure it is not repeated. Capital expenditure on facilities helps the business to exceed customer expectations and also attract customers away from competitors.
<i>Brexit</i> Risk of adverse economic outcomes because of Brexit.	There remains a risk to the business as the UK and EU continue to map out future trading relationships. The Group continues to monitor the effects of Brexit on the UK economy and the knock-on impact on consumer spending. There is a strong correlation between consumer confidence and holiday home sales. Most of the direct suppliers are UK-based businesses and therefore it is not expected that Brexit will have a material negative impact on the business. Exchange rate movements have already resulted in raw material costs increases. These increases have been mitigated by improved procurement. A potential benefit of Brexit remains in that staycations and UK based holiday homes are favoured by consumers, meaning that we may see an increase in trade as a result.
<i>Impact of coronavirus</i> If there is another wave of coronavirus and the government implements further lockdowns, there is a risk that trading performance may suffer. There is also a risk to the health a welfare of our staff from contracting the virus and knock-on impacts to customer service as well.	We have been proactive in all measures taken to mitigate the negative impact of coronavirus. We are able to take actions in the event that these forecasts or estimates show a significant negative trend. Most of our direct suppliers are UK based business and we have long established working relationships with them. The Company is working in line with the NHS public information guidelines and has policies and procedures in place to appropriately deal with any suspected cases of the virus. Furthermore, all our accommodation is detached and self-catered, lending itself to use while adhering to social distancing measures.
FINANCIAL RISKS	
<i>Credit Risk</i> Due to the nature of the Company's operations; there is a relatively low credit risk. Annual site fees are paid for in full in advance or by direct debit throughout the year. Holidays cannot be taken unless full payment is received and the ownership of a holiday home does not transfer until all funds are transferred upon completion. The majority of on park spend is paid for at the point of sale.	The Company has a credit policy in place and the exposure to credit is monitored. Owners are able to pay their site fees in full, via direct debit or via a specified payment plan and default is closely monitored. Credit terms for holidays can be for up to a year in advance if a customer pre-books but there is a requirement to pay the total balance of the holiday 30 days before the start of the holiday.
<i>Liquidity</i> The operation of holiday parks is seasonal in nature but follows general trends each year. Throughout the holiday season cash flows are positive; but in the colder, winter months it is significantly lower and in some months there can be more outgoings than receipts. It is essential that cash management remains a key focus for mitigating liquidity risks caused by seasonal trading.	A cash forecast is prepared every day to allow issues to be addressed before they materialise.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

OPERATIONAL RISKS	
<p>Health and Safety</p> <p>Due to the high level of footfall on parks and facilities during the year (consisting of staff, contractors, owners and holiday guests) there is an inherent risk of an accident.</p>	<p>As a Company we have a duty of care to protect the safety and security of all individuals that visit our parks. We review all reported incidents and put in place actions to try and ensure that they are not repeated. Our Health and Safety guidelines have been expanded to incorporate how to operate our parks in a Covid secure manner.</p>
<p>Quality Employees</p> <p>The holiday park industry is a very competitive environment for recruiting and retaining skilled, high quality employees. As the Company continues to grow it is imperative that our people want to, and are able to, grow with it.</p>	<p>The Company's brand is strong in the market place, with the business being an attractive choice for potential candidates, which is useful when opportunities come to light for new roles. However, where possible the Company will try to promote from within the existing workforce to motivate and encourage staff to have a longer term view.</p>
<p>Business Continuity</p> <p>The effect of a power outage and the Company's ability to continue normal business activities.</p> <p>The effect of flooding (coastal & surface) upon the parks and the Company's ability to continue normal business activities.</p> <p>The effect of falling trees/branches and related trip & obstruction hazards upon the parks and the Company's ability to continue normal business activities</p>	<p>The Company has a business continuity/disaster recovery plan in place, detailing actions to be taken should a disaster happen. In addition, provision is in place for the central support offices, should the need arise.</p> <p>Flood Risk Assessments have been completed and Flood Warning Evacuation Plans are in place for each respective park/site, detailing relevant actions to be taken should potential / actual flooding occur.</p> <p>The Company has completed detailed Tree Surveys and has in place a Tree Management Strategy (TMS) for each respective park/site, detailing relevant actions to be taken by the Company to decrease risk and liability.</p>
<p>Technology and Cyber Security</p> <p>As with many organisations we rely heavily on IT systems to help manage our business including our customer data. It is important that we manage the risks associated with this reliance on IT to keep the Company and our customer data safe and secure.</p>	<p>Regular third party penetration testing of our networks is performed and reported. A framework of service level agreements is in place with our key suppliers and system providers to ensure there is an appropriate response in the event of a failure of any part of our network.</p>
<p>Regulatory Compliance</p> <p>The Company is authorised by The Financial Conduct Authority (FCA) to provide access to regulated products and services for customers.</p>	<p>The Company can help customers find different financing options for purchasing a holiday home. This can include the use of a finance provider. We are careful to ensure that our sales processes are in compliance with our FCA authorisations, via regular training courses to sales staff and managers. We take care to run the company in accordance with the FCA's Code of Conduct (COCON).</p>
<p>New Minimum Wage</p> <p>A significant, rapid increase in the national minimum wage rates could be detrimental to the Company's profitability.</p>	<p>The estimated rates per the Office for Budget Responsibility are obtained and used when preparing the budget on an annual basis. These are then compared to actual rates when they are released, to ensure that the Company has adequately provided for employee costs and is in compliance with Government standards.</p>

By order of the board



C A Ling
Director

26 March 2021

DIRECTORS' REPORT

Principal activity

The principal activity of the Company is the operation of holiday home parks.

Research and Development

The Company undertook no research or development during the year.

Financial instruments

Information in respect of the Company's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk can be found in the Group financial statements Tiger Topco 1 Limited, which is the smallest group in which results of the Company are consolidated.

Dividends

No dividend payments were made during the year (2019: *£nil*).

The directors do not recommend the payment of a final dividend (2019: *£nil*).

Directors

The directors who held office during the year were as follows:

J A Sills
C A Ling (appointed on 29 January 2020)
A B Loch (resigned on 14 October 2020)
A N Clish
R L Ullman

Directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report. The Company provided qualifying third-party indemnity provisions to directors of associated companies during the financial period and at the date of this report.

Political contributions

The Company did not make any political donations or incur any political expenditure during the year (2019: *£nil*).

Post balance sheet events

In February 2021, the group completed the purchase of Bay View Holiday Park, located in Pevensey, East Sussex. The park was acquired for £2.16m and will be merged with the neighbouring Pevensey Bay Park, an existing park in the portfolio.

Corporate, social and environmental matters

Our People

Providing good customer service is in the hands of hundreds of staff working at our parks. We devote a lot of care in selecting the very best people for each job and training them to ensure they have the right skills to do that job to our exacting standards. It can mean hard work and long hours so we believe in trying to make it an enjoyable place to work. In order to ensure that this is the case; it is essential that we build trusting relationships where employees feel motivated and engaged, and provide them with a working environment that enables them to develop over the long term.

Maintaining a happy, healthy and productive workforce is key to achieving the businesses strategic objectives. Therefore, careful consideration is always given to the impact on employees of decisions made by the board. Executive and managerial level employees are often consulted on the impact of decisions on their respective staff, and these consultations help shape the decisions made.

DIRECTORS' REPORT *(continued)*

Corporate, social and environmental matters *(continued)*

Our People *(continued)*

We have a highly engaged workforce who take pride in their work and welcome opportunities to develop new skills. Park managers are in regular contact with Area managers through site visits and regular catch ups, and have the opportunity to put questions or ideas to, senior leaders. The Sales director and Operations director also make regular trips to all parks within the portfolio to monitor trading performance and manage any concerns our employees have. The Finance director holds a meeting with all members of the finance team at least once per year to discuss the Company's performance for the financial year and the future for the business; this enables them to understand the vital role they play within the business and how their actions enable the effective operation of the business' activities. Any information on matters of concern applicable to the entire workforce are distributed through Company-wide emails whenever any situations arise.

Financial analysis is prepared on a weekly and monthly basis and cascaded throughout the organisation so that all staff have a common awareness of the financial performance of the Company. All staff are encouraged to come forward with any innovative ideas on new processes to be implemented or how existing processes could be improved, as by encouraging this behaviour it helps to improve employee satisfaction and, if successful, can lead to cost reductions for the business. We also encourage the involvement of employees in the company's performance through various incentive schemes.

In addition we have been working with Investors in People for nearly 11 years to ensure we always maintain a genuine commitment to improving the way we manage, develop and lead our teams. As well as the usual assessment visits they also distribute a Staff Survey which provides us with some key statistics about how we are really performing in terms of managing, leading and developing our team, which all employees are invited to participate in. For 2019 the Company were awarded the 'Investors in People – Silver Award', for good staff and recruitment practices – a measure of our commitment to people.

The Company has a structured health and safety policy and provides the relevant financial and human resources to ensure the fulfilment of the policy. Adequate training is provided for all relevant employees. The directors continue to prioritise health and safety issues across all areas of the Company's activities.

Equal opportunities and disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

The Company's policy is to consult and discuss with employees at meetings, as required, matters likely to affect employees' interests.

Information on matters of concern to employees is provided to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Human rights and modern slavery

The Company has a zero tolerance regarding slavery and human trafficking but are aware that we operate in a sector that is deemed to be 'most at risk'. Therefore, there are rigorous policies and procedures in place to mitigate the risk of slavery and human trafficking occurring within the organisation. Our statement on modern slavery and compliance with the UK Modern Slavery Act 2015 can be found on our website.

Community

As a Company we encourage our people to get involved in charitable activities for both local and national causes. During 2020 staff members donated over 350kg of food and toiletries to a local food bank. The Company also supports local charities via various other activities.

DIRECTORS' REPORT *(continued)*

Corporate, social and environmental matters *(continued)*

Environment

All of the Company's holiday parks are close to the major towns and cities of the South and the East coast therefore travelling to one of our holiday parks is likely to have a much lower impact than flying abroad or even travelling longer distances to more distant UK destinations.

We strive to present the majority of our marketing online and only distribute brochures when it is absolutely essential as part of our ongoing commitment to use less paper.

We design our buildings to try and minimise energy use, and local management are financially incentivised to reduce consumption and control waste. We believe in the principle of 'think globally, act locally'. When it comes to accommodation, we also put green principles to the fore as we employ a refurbishment strategy to extend the life and improve quality.

As substantial landowners our environmental responsibilities extend beyond our carbon footprint. We are responsible for many lakes, hundreds of acres of woodland, and lengths of protected coastline, and we will continue to champion environmental causes wherever possible going forward. We are committed to promoting reuse and recycling and ensuring our waste avoids landfill at every opportunity.

The Company are committed to complying with all relevant environmental legislation, including those issued by the relevant local authorities, the Environment Agency and Natural England. We are committed to developing an environmental management system which contains objectives and targets that are monitored and reviewed on an annual basis. Our energy consumption is actively monitored, and we strive to continuously improve energy efficiency where possible. We carefully manage water consumption and investigate ways to reduce water intensity across all our parks. We will work closely with the local authorities and invest in wastewater treatment programs that enable us to exceed compliance with legislative policy for many years to come.

Suppliers

We work to develop long term partnerships with all our suppliers as we believe that treating our business partners fairly is an investment that protects us and enhances our business. We are committed to supporting local businesses whenever practical when selecting product or service suppliers for our business. We strive to ensure raw materials and food stuffs supplied to us are produced from an ethical and sustainable source and that transportation of these goods have minimal impact on the environment. To ensure safety standards and ethical practices in our supplier and contractor chain, all suppliers and contracts must participate in our Pre-Qualifying Questionnaire Scheme which will be reviewed and updated annually; all suppliers and contractors will be required to re-submit the relevant signed paperwork each year re-confirming their safety and ethical working practices.

Customers

One of our strategic aims is to deliver the best customer experience and by doing so, hopefully meet or exceed customer expectations. To achieve this, we engage with our customers through a variety of channels including emails, social media and webchat. We ask for feedback from customers through all aspects of their journey with us, from the booking process through to their holiday experience and we also have a dedicated holiday home after sales team to ensure our customers are receiving the high standard service that we expect. We believe that by engaging with our customers, we can understand what they value the most and ensure that we are tailoring our services to match their expectations.

DIRECTORS' REPORT *(continued)*

Corporate, social and environmental matters *(continued)*

Streamlined energy and carbon reporting

The Company's greenhouse gas emissions, reportable under SECR for the period 1st January 2020 to 31st December 2020 were 12,515 tonnes CO₂e.

These include the emissions associated with UK electricity, natural gas and bulk gas consumption and business travel in company and private vehicles by employees. In accordance with the legislation an intensity ratio has been calculated and for Park Holidays UK Ltd. this is 83.5 tCO₂e per £m revenue.

Park Holidays UK is committed to reducing the carbon footprint of its operations and has undertaken a number of energy-saving initiatives including:

1. The hire fleet has moved from 49% double glazed and centrally heated in 2018 to a projected 100% by summer 2021 thus reducing energy consumption per letting night.
2. All park waste is now 100% avoidance of landfill. Waste is either recycled or sent to an energy recovery facility.
3. Touring pitches are being replaced by more environmentally friendly camping pods which are more energy efficient and constructed using predominantly FSC (Forest Stewardship Council) sourced materials.

UK Energy Consumed	2020 kWh	% Share
Natural Gas for Heating	769,874	1.5
Bulk Gas	21,427,180	41.6
Electricity	27,363,078	53.1
<i>Transport Fuel</i>	<i>1,977,651</i>	<i>3.8</i>
Total	51,537,783	100%

UK emissions from:	2020 (tCO₂e)	% Share
Natural gas, bulk gas and company-operated transport	5,440	43.5
Electricity	6,379	51.0
Grey fleet usage and losses from electricity distribution and transmission	696	5.6
Total	12,515	100%

Company's Chosen Intensity Measurement	2020 (tCO₂e)
Total CO ₂ emissions per £million revenue	83.5

These figures are gross of energy recharged to owners. Based on the income received and cost of supply in the year, the amount recharged to owners is approximately 50% of the total bulk gas, metered gas and electricity supplied to the group. Note that individual gas bottles supplied to owners are not included in the above calculations.

Consumption data was determined by using invoices and meter data from suppliers and estimating fuel usage based on expenditure. Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

Future developments

The Company is continually looking for opportunities to expand the business' footprint and increase market share.

DIRECTORS' REPORT *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the Board



C A Ling
Director

Glovers House
Glovers End
Bexhill-On-Sea
East Sussex
TN39 5ES

26 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HOLIDAYS UK LIMITED

Opinion

We have audited the financial statements of Park Holidays UK Ltd ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit, in-house legal counsel, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HOLIDAYS UK LIMITED

(continued)

- Considering remuneration incentive schemes and performance targets for management (including senior, general and sales management) and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from the sale of holiday homes does not exist, and the risk that Company management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those with unusual account pairings.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HOLIDAYS UK LIMITED

(continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK HOLIDAYS UK LIMITED

(continued)

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.



Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT
26 March 2021

STATEMENT OF COMPREHENSIVE INCOME

for year ended 31 December 2020

	Note	31 December 2020			31 December 2019		
		Trading	Non-	Result for	Trading	Non-	Result for
		performance	underlying	the year	performance	underlying	the year
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue	2	145,416	-	145,416	157,207	-	157,207
Cost of sales		(60,084)	-	(60,084)	(61,161)	-	(61,161)
Gross profit		85,332	-	85,332	96,046	-	96,046
Administrative expenses	3,7	(58,120)	(2,131)	(60,251)	(57,961)	(9,530)	(67,491)
Other operating income	4	5,877	-	5,877	247	-	247
Operating profit		33,089	(2,131)	30,958	38,332	(9,530)	28,802
Finance income	8	287	-	287	88	-	88
Finance expense	8	(9,171)	-	(9,171)	(8,884)	-	(8,884)
Profit before taxation		24,205	(2,131)	22,074	29,536	(9,530)	20,006
Tax on profit	9	(7,500)	-	(7,500)	(5,414)	-	(5,414)
Profit for the financial year		16,705	(2,131)	14,574	24,122	(9,530)	14,592
Other comprehensive income							
<i>Items that will not be reclassified to profit or loss:</i>							
Revaluation of tangible fixed assets	11	-	-	-	-	13,137	13,137
Impairment of tangible fixed assets	11	-	(5,702)	(5,702)	-	(24,779)	(24,779)
Deferred tax on revaluation	19	-	969	969	-	1,045	1,045
Deferred tax impact of movement in tax rate	19	-	(3,509)	(3,509)	-	-	-
Other comprehensive loss for the year, net of income tax		-	(8,242)	(8,242)	-	(10,597)	(10,597)
Total comprehensive income for the year attributable to equity holders of the parent company		16,705	(10,373)	6,332	24,122	(20,127)	3,995

The results for the year arose solely from continuing operations.

Notes on pages 19 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020	2019
		£'000	£'000
Non-current assets			
Intangible assets	10	782	550
Tangible fixed assets	11	472,050	448,386
Investments	12	57,795	58,759
Total non-current assets		530,627	507,695
Current assets			
Inventories	14	14,272	19,093
Trade and other receivables	15	199,493	205,620
Cash and cash equivalents		42,259	13,173
Total current assets		256,024	237,886
Payables: amounts falling due within one year	16	(173,763)	(150,331)
Provisions	17	(1,338)	-
Net current assets		80,923	87,555
Total assets less current liabilities		611,550	595,250
Payables: amounts falling due after more than one year	18	(220,054)	(215,919)
Deferred tax liability	19	(34,366)	(28,533)
Total non-current liabilities		(254,420)	(244,452)
Net assets		357,130	350,798
Capital and reserves			
Called up share capital	21	9,486	9,486
Revaluation reserve	21	137,549	145,791
Profit and loss account		210,095	195,521
Shareholders' funds		357,130	350,798

Notes on pages 19 to 43 form part of these financial statements.

These financial statements were approved by the board of directors on 26 March 2021 and were signed on its behalf by:



C A Ling

Director

Company registered number: 02434151

STATEMENT OF CHANGES IN EQUITY

	Note	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 31 December 2018		9,486	156,388	183,768	349,642
Adjustment on initial application of IFRS 16 (net of tax)		-	-	(3,417)	(3,417)
Deferred tax on initial application of IFRS 16		-	-	578	578
Adjusted balance at 1 January 2019		9,486	156,388	180,929	346,803
<i>Total comprehensive income for the year</i>					
Profit for the financial year		-	-	14,592	14,592
Revaluation of tangible fixed assets		-	13,137	-	13,137
Impairment of tangible fixed assets		-	(24,779)	-	(24,779)
Deferred tax impact on reserves		-	1,045	-	1,045
Total comprehensive income for the year		-	(10,597)	14,592	3,995
Balance at 31 December 2019		9,486	145,791	195,521	350,798

	Note	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2020		9,486	145,791	195,521	350,798
<i>Total comprehensive income for the year</i>					
Profit for the financial year		-	-	14,574	14,574
Impairment of tangible fixed assets	11	-	(5,702)	-	(5,702)
Deferred tax impact on reserves	19	-	(2,540)	-	(2,540)
Total comprehensive income for the year		-	(8,242)	14,574	6,332
Balance at 31 December 2020		9,486	137,549	210,095	357,130

Notes on pages 19 to 43 form part of these financial statements.

NOTES

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

Park Holidays UK Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK. The registered number is 02434151 and registered address is Glovers House, Glovers End, Bexhill-On-Sea, East Sussex TN39 5ES.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Tiger Topco 1 Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Tiger Topco 1 Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Glovers House, Glovers End, Bexhill-On-Sea, East Sussex, TN39 5ES.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, intangible assets and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of related party transactions with group companies;
- The effects of new but not yet effective IFRSs;
- An additional balance for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Tiger Topco 1 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 25.

The financial statements are prepared on the historical cost basis except land and buildings which are stated at their fair value.

NOTES (continued)

1 Accounting policies (continued)

1.2 Going concern

Park Holidays UK Ltd “the Company” is the main trading company within the Tiger Topco 1 Ltd Group “the Group”. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 15 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The COVID 19 pandemic and associated economic impact, have presented challenging conditions for almost all businesses, but particularly in the leisure, travel and tourism industries. The multiple Government imposed lockdown measures that were enforced during 2020 resulted in a fall in trade and presented challenges to operations across the business. Subsequent to the onset of the coronavirus pandemic in 2020, the Group secured £15m of additional funding from its lenders and a further £15m from its shareholders to provide additional liquidity due to the increased uncertainty. This additional liquidity has not been utilised to date, and the £15m lender funding has been repaid during the year, however, the facility remains available to the Group until 31 December 2021.

At 31st December 2020, the Company had total assets less current liabilities of £612m and the closing cash balance was £42m with a £15m undrawn facility.

In assessing the Company’s ability to continue as a going concern, the Directors have prepared forecasts based on the latest information available including: how the business has performed during the government imposed lockdowns; the possibility of further lockdowns; and the array of work that has been undertaken within the business to continue to serve customers while adhering to government guidance. At the date of signing these financial statements, the government has laid out a ‘roadmap’ which will see all major COVID-19 restrictions lifted by the 21 June at the earliest. However, trade is expected to largely recommence from mid-April.

Given the uncertainty in the trading environment that results from the impact of COVID-19, management has prepared a severe but plausible downside scenario assuming:

- Parks are closed until the end of April, with a phased recovery during May and June. EBITDA levels assumed are 67% of performance in May and June 2019. This is significantly below the performance seen post-lockdown in 2020, which saw EBITDA up 19% in July 2020 compared to 2019;
- Normal trading levels return from July, assumed to be in line with prior years including acquisitions;
- 2 months of further lockdown during winter 2021/22;

Upon reopening the parks in July 2020, the Company saw high demand for products as holiday makers favour UK destinations and due to the attractiveness of self-contained accommodation, this is expected to continue to benefit the business through 2021. Therefore, this scenario is currently considered unlikely, but it is difficult to predict the impacts of COVID-19. In this severe but plausible scenario the Company would need no further funding, all banking covenants are forecast to be met, and all liabilities would be paid as they fell due.

The directors have undertaken a rigorous forecasting exercise including specific consideration of the current and likely ongoing impact of the pandemic on the business. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Financial Instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES (continued)

1 Accounting policies (continued)

1.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

NOTES (continued)

1 Accounting policies (continued)

1.3 Financial instruments (continued)

(b) Subsequent measurement and gains and losses (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Derivative financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

(iv) Impairment

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full
- the financial asset is more than 90 days past due

These criteria are based on historic experience of debt default within the business.

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL, trade receivables with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

NOTES (continued)

1 Accounting policies (continued)

1.3 Financial instruments (continued)

(iv) Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write Offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.4 Tangible fixed assets

Tangible fixed assets are stated at either fair value or cost less subsequent depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Freehold property	-	25 to 200 years
Long term Leasehold Property-		Straight line over the period of the lease
Plant & machinery	-	10% straight line
Fixtures & fittings	-	10-25% straight line
Other fixed assets	-	10-25% straight line
IT equipment	-	25% on a straight line basis

Motor vehicles and caravan hire fleet are combined under other fixed assets and are respectively depreciated at 25% and 10%.

The estimated useful lives of assets held under finance leases are as follows:

- Plant and machinery	-	14% straight line
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Motor vehicles and caravan hire fleet are combined under the heading other fixed assets and are respectively depreciated at 25% and 10% within this category.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Motor vehicles and caravan hire fleet are combined under the heading other fixed assets and are respectively depreciated at 25% and 10% within this category.

Land and Buildings comprises holiday home parks, owned or leased, and operated by the Company. The parks are held at market value, being the open market value for each park, separate to the business as a whole, determined periodically (triennially) by external valuers under the RICS Valuation Standards. The valuation approach considers a range of indications of value, including earnings multiples (on a park by park basis with an allocation of part of the central overheads), "per pitch" valuations and evidence from recent similar transactions. The valuation is undertaken by a qualified Chartered Surveyor.

No depreciation is provided on freehold land.

The cost of internal labour of those staff who work on capital projects is monitored and where appropriate as per IAS 16 is capitalised and depreciated over the life of the asset constructed. The useful economic life of property, plant and equipment is reviewed on an annual basis. The period of actual or economic benefit may vary from the estimated life and residual values.

Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

NOTES (continued)

1 Accounting policies (continued)

1.4 Tangible fixed assets (continued)

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

1.5 Business combinations

Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date whereby control is transferred to the company.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

The financial statements have been prepared under the historical cost convention, except for land and buildings which are stated at fair value, incorporating the true and fair override provisions of the Companies Act 2006 in respect of goodwill on hive up as set out below, modified to include certain items at fair value, and in accordance with FRS 101 issued by the Financial Reporting Council.

1.6 Intangible assets

Software

Software assets are initially stated at cost less accumulated amortisation and accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible, the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable, and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new, or substantially improved, products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Customer lists

Customer lists that are acquired by the company are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 4 years
- Customer lists 7 years

Amortisation is recognised within administrative expenses in the Statement of Comprehensive Income on page 13.

NOTES (continued)

1 Accounting policies (continued)

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the purchase price and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.8 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the asset, the Company assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either;
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applicable to contracts entered into, or changed, on or after 1 January 2019.

At inception or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the bases of their relative stand-alone prices.

(A) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

- Lease payments included in the measurement of the lease liability comprise the following;
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate; initially measured using the index or rates as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonable certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount

NOTES (continued)

1 Accounting policies (continued)

1.8 Leases (continued)

expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property under 'property, plant and equipment' and lease liabilities under 'obligations under finance leases' on the statement of financial position.

(i) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(B) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16.

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use. These are defined as CGU's and are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined

NOTES (continued)

1 Accounting policies (continued)

1.9 Employee benefits (continued)

contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Revenue

Revenue is derived from the sale of holiday homes, rental of pitches to holiday homeowners (site fees) and short-term holiday lettings and represents the invoiced value of these goods and services excluding discounts, incentives and value added tax.

The sale of a holiday home itself is a distinct good when compared to the site fee included at the time of sale so the Company recognises income from caravan sales and site fees separately as each stream of income has different performance obligations. The sale of holiday homes and holiday home bundles are paid up front at the time of the sale.

Once separated from the bundle, the sale of a holiday home only has one performance obligation being the provision of the holiday home to the customer. The transaction price recognised is the amount per the sales contract that is agreed with the customer. Revenue is recognised in full on the date that the customer takes delivery of the holiday home. Customers have 14 days from the date of initial sale to cancel their purchase and receive a full refund.

Some of the holiday homes sold to customers of the Company are in part funded by third party finance companies so the payment terms are in accordance with the finance provider's terms and conditions. However, in the event of a default by a customer, the Company may be required to re-purchase a holiday home from the third-party finance company at a price based on an agreed formula.

The site fee income sold as part of the 'caravan bundle' is recognised straight line over the contract period as the customer consumes the benefit provided by the Company and all performance obligations are met. Existing owners are required to pay site fees each year in exchange for the use of the holiday park and its facilities. The site fee income from these owners is recognised straight line over the contract period. The payment terms for site fees are either payment in full up front or a monthly direct debit. When payment is received in full, the income is recognised as deferred income and released on a straight-line basis over the year that they relate to, as the customer consumes the benefit provided by the Company. The observable market price of the site fees is deferred, with the caravan sales being the balancing figure.

Rental income for pitches and holiday lets is recognised evenly over the rental period as the performance obligation is satisfied as the holiday is taken. Any extras added to the booking such as furniture hire or pet fees are considered to be bundled goods and therefore recognised when the holiday is taken, in line with the rental income. Payment terms are either payment in full or payment of a deposit with the balance at a later date. The timing of payment therefore differs to when the performance obligation is met, and therefore a contract liability is recognised.

All other income relating mainly to retail, entertainment and catering is recognised at the point of time that the good/service is supplied to the customer and consideration has been received by the company. The items sold or provided are separable and the performance obligation is met upon point of sale. No contract assets or liabilities arise due to the timing of payment matching the meeting of performance obligations.

NOTES (continued)

1 Accounting policies (continued)

1.12 Expenses

Interest receivable and similar income includes interest receivable on funds invested. Interest payable and similar charges include interest payable and finance leases recognised in the profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

1.13 Government Grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading "Other operating income".

1.14 Non-underlying items

The financial trading results of the Company are reflected in the 'Trading performance' column on the Statement of Comprehensive Income. To ensure users are provided with a clear and consistent presentation of financial information, the effects of 'non-underlying items' are reported in a separate column. This column exists to clearly separate any one-off items in addition to items that are non-operational in nature.

The Company's Land and Buildings are held at market value, with full valuations carried out triennially. Although these assets are used within the normal course of business, the fair value movements on these assets do not reflect 'normal' trading performance as the full revaluations take place triennially. Therefore, any adjustments relating to revaluations are reported separately in the 'non-underlying items' column.

'Non-underlying items' are those that the Company considers to be not 'operationally driven' and significant in size or nature so should be separately identified as they do not form part of the regular cyclical trade of the business and inclusion of these items would distort the Company's underlying trading performance. Non-underlying items include, but are not limited to; transaction and integration costs relating to the acquisition of businesses, material restructuring and professional adviser costs, revaluation costs, costs associated with significant strategic or contract reviews and the tax effects of any of these items.

Additional costs incurred and grant income received due to the coronavirus and associated government schemes has not been included in non-underlying items. Grant income received under the job retention scheme has been disclosed as part of Other Operating Income (Note 4).

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

NOTES (continued)

1 Accounting policies (continued)

1.16 Adopted IFRS not yet applied

At the date of approval of these financial statements, the following standards, interpretations and amendments were issued but not yet mandatory and early adoption has not been applied.

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021). The adoption of this standard is not currently expected to have a material impact on the Company's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed). The adoption of this standard is not currently expected to have a material impact on the Company's financial statements.
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed). The adoption of this standard is not currently expected to have a material impact on the Company's financial statements.
- IFRS 4 Insurance Contracts - The adoption of this standard is not currently expected to have a material impact on the Company's financial statements.

2 Revenue from contracts with customers

(i) Disaggregation of revenue

In the following table revenue is disaggregated by major product lines, all revenue arose within the United Kingdom.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Sale of holiday homes	79,358	78,818
Income from rental pitches and holiday lets	57,265	63,104
Other income	8,793	15,285
	145,416	157,207

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Timing of transfer of goods or service		
Products and services transferred at a point in time	93,935	99,429
Products and services transferred over time	51,481	57,778
	145,416	157,207

There was no revenue (2019: £nil) recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods.

(ii) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Receivables (see Note 15, Trade Receivables)	8,554	13,917
Contract assets (within Prepayments and accrued income, Note 15)	707	1,104
Contract liabilities (see Note 16)	(43,617)	(37,786)
	(34,356)	(22,765)

NOTES (continued)

2 Revenue from contracts with customers (continued)

The contract assets primarily relate to the company's rights to consideration for services provided but not billed at the reporting date for utility billings. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for site fee income and holiday income received in advance.

There was £nil revenue (2019: £nil) recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods as all performance obligations were settled in the year and there were no changes to revenue timing estimations.

During the year £0.4m (2019: £0.64m) related to transfers from contract assets recognised at the beginning of the period to receivables.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £36,118,000 (2019: £32,574,000).

(iii) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2021 £'000	2022 £'000	2023 onwards £'000
Site fee income	39,699	1,183	1,151

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

3 Expenses and auditor's remuneration

Included in profit are the following:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Depreciation and amortisation	7,543	8,498
Profit on sales of fixed assets	11	(154)

Auditor's remuneration:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Audit of these financial statements	115	115

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent (Note 25).

4 Other operating income

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Other income	3,005	247
Government grants	2,872	-
	5,877	247

Government grants in the year relate to the Coronavirus Job Retention Scheme. There are no unfulfilled conditions, or any other contingencies attached to the grant.

NOTES (continued)

5 Staff numbers and costs

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

	Year ended 31 Dec 20 No. of employees	Year ended 31 Dec 19 No. of employees
Administration	160	161
Operations	1,210	1,251
Directors	4	4
	1,374	1,416

Staff costs were as follows:

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Wages and salaries	27,993	23,855
Social security costs	2,199	2,187
Contributions to defined contribution plans	300	360
	30,492	26,402

6 Directors' remuneration

All directors' remuneration has been borne by another group company.

Total remuneration paid to directors in the year was £1,216,260 (2019: £1,299,671). The highest paid director received remuneration of £331,914 in the year (2019: £336,605).

No retirement benefits are accruing to any Directors (2019: nil). The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was nil (2019: nil).

7 Non-underlying items

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Refinancing and legal costs	195	91
Acquisition costs	593	106
Impairment	964	8,842
Abortive planning	347	234
Severance costs	-	187
Restructuring costs	32	34
Contract termination	-	36
	2,131	9,530

Refinancing and legal costs

Costs related to the issuance of finance in the year.

Acquisition costs

Acquisition expenses incurred during 2020 related to the acquisition of Pakefield Holiday Park and Wood Farm Holiday Park (2019: Acquisition of Seaview Holiday Park Limited).

Impairment

A desktop revaluation was last carried out by CBRE on the 31 December 2020. This resulted in an impairment in asset values for the year ended 31 December 2020 which went directly to other comprehensive income. The next full valuation is scheduled for 31 December 2022.

NOTES (continued)

Costs incurred in 2020 relate to the write down of an investment in a subsidiary to reflect the net asset value in that subsidiary.

7 Non-underlying items (continued)

Abortive planning

During the year costs were incurred for planning applications that were unsuccessful; these are not part of the normal trading operations of the Company.

Severance costs

Severance costs incurred relate to redundant positions on acquisition and Director costs.

Restructuring costs

Costs associated with an ongoing project to change the Group structure and eliminate historic subsidiaries.

Contract termination

Relates to the early termination of an operational contract.

8 Net finance costs

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Finance income	287	88
Finance cost	(9,171)	(8,884)
Net finance costs	(8,884)	(8,796)

Ground rent finance cost in 2020 accounts for £8.1m of the balance (2019: £7.9m).

9 Taxation

Recognised in the profit and loss account	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
UK corporation tax		
Current tax on income for the year	4,344	5,008
Adjustments in respect of prior periods	(137)	1,836
Total current tax	4,207	6,844
Deferred tax (see Note 19)		
Origination and reversal of timing difference	541	(1,386)
Adjustment in respect of prior periods	2,439	(44)
Effect of increased/decreased tax rate on opening balance	313	-
Total deferred tax	3,293	(1,430)
Tax on profit	7,500	5,414

The current tax charge for the period is higher (2019: higher) than the standard rate of corporation tax of 19%.

NOTES (continued)

9 Taxation (continued)

Reconciliation of effective tax rate:	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit before taxation	22,074	20,006
Tax calculated at 19% (2019: 19%)	4,194	3,801
Adjustments in respect of prior periods for current tax	(137)	1,836
Adjustments in respect of prior periods for deferred tax	2,439	(44)
Fixed asset differences	327	1,215
Items not deductible for tax purposes	364	1,545
Impact of movement in tax rates	313	(100)
Deferred tax on chargeable gains on property	-	(2,746)
Recognition of deferred tax asset in respect of losses on acquisition	-	(93)
Tax charge	7,500	5,414

Factors that may affect future tax charge:

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset/liability at 31 December 2020 has been calculated at 19% (2019: 17%) which was the substantively enacted rate at the balance sheet date.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by an estimated £10,852,000.

10 Intangible assets

	Goodwill £'000	Software £'000	Customer lists £'000	Intangible assets £'000
Cost				
Balance at 1 January 2020	188	1,326	50	1,564
Additions internally developed	-	238	-	238
Additions from business combinations	-	-	154	154
Balance at 31 December 2020	188	1,564	204	1,956
Amortisation and impairment				
Balance at 1 January 2020	-	964	50	1,014
Amortisation for the year	2	158	-	160
Balance at 31 December 2020	2	1,122	50	1,174
Net book value				
At 1 January 2020	188	362	0	550
At 31 December 2020	186	442	154	782

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Amortisation and impairment charge

The amortisation and impairment charge of £161,000 (2019: 199,000) is recognised within administrative expenses in the profit and loss account.

NOTES (continued)

11 Tangible fixed assets

	Land and Buildings £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Other Fixed Assets £'000	Total £'000
Cost					
Balance at 1 January 2020	449,780	7,314	21,508	33,419	512,021
Additions through business combinations	11,681	69	26	235	12,011
Additions	13,694	331	1,795	4,094	19,914
Transfer in from subsidiaries	6,810	-	-	-	6,810
Disposals	-	(1,485)	-	(3,532)	(5,017)
Balance at 31 December 2020	481,965	6,229	23,329	34,216	545,739
Depreciation and impairment					
Balance at 1 January 2020	39,396	2,213	12,277	9,749	63,635
Depreciation charge for the year	1,310	623	2,042	3,408	7,383
Impairment	5,702	445	-	132	6,279
Disposals	-	(1,147)	-	(2,461)	(3,608)
Balance at 31 December 2020	46,408	2,134	14,319	10,828	73,689
Net book value					
Balance at 31 December 2019	410,384	5,101	9,231	23,670	448,386
Balance at 31 December 2020	435,557	4,095	9,010	23,388	472,050

Additions in 2020 includes £175,048 for hire fleet caravans that transferred from stock in the year (2019: £478,365). The value of Land and Buildings includes £4.2m of assets under construction (2019: £1.5m).

The gross carrying amount of fully depreciated property plant and equipment which was still in use at 31 December 2020 is £8,237,260 (2019: £7,670,215).

Leased Land and Buildings

The Company has a number of sale and leaseback agreements, secured on the land of 22 parks of the total 29 owned (2019: 22 parks). Under the terms of these agreements the parks are subject to ongoing rental obligations ("ground rent") for a term of 100 years, with the option to repurchase the land for £1 per park at the end of this period.

Revaluations

The following information relates to tangible fixed assets carried on the basis of revaluation in accordance with IAS 16 Property, Plant and Equipment.

	Land and Buildings 2020 £'000	Land and Buildings 2019 £'000
Fair value at 31 December	481,964	449,780
Aggregate depreciation thereon	(46,408)	(39,396)
Net book value	435,556	410,384
Historical cost of revalued assets at 31 December	262,301	230,117
Aggregate depreciation thereon	(3,784)	(2,995)
Net book value	258,517	227,122

NOTES (continued)

11 Tangible fixed assets (continued)

Full valuations are carried out by external experts triennially with management reviews carried out in non-review years. The Company uses CBRE Ltd for these valuations who hold all necessary qualifications to carry out the valuation in accordance with the RICS Valuation Professional Standards

The technique used by the valuers is a Market Value valuation which is a price between a willing buyer and willing seller at arm's length. The valuation looks at many factors including financial performance, park capital value, future expected revenues, park licences and all other matters of significance for valuing a Holiday Park. Management review this valuation against internal benchmarks and factors they deem necessary to value the park at a market rate. The carrying value is adjusted to fair value in the revaluation year based on this review.

In non-revaluation years management review the carrying value and fair value of the parks. To assess fair value management review the last reported fair value as per the external valuers and perform an internal valuation. This valuation will take advice from the external valuers in assessing any significant changes in market conditions that they should be aware of, but do not engage in a full valuation report. This advice is combined with park performance over the last year and management review the same factors that the valuer uses (as noted above) to assess fair value.

A desktop revaluation was last carried out by CBRE on the 31 December 2020. This was carried out in accordance with the techniques explained above and resulted in an impairment which was put directly to other comprehensive income. The next full valuation is scheduled for 31 December 2022.

Where property, plant and equipment are revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

The best use and high use value of assets are equal in the year (2019: equal).

Impairment loss and subsequent reversal

Under IFRS 16, when future lease payments are linked to the change in an index or rate, the lease liability must be remeasured at each reporting date. Any increase in the lease liability must be reflected, with a corresponding entry on the right of use asset. The ground rent lease obligations are the only lease held by the Company where the payments are linked to an index and are also subject to a minimum of 1% increase each year therefore the lease liability must be re-calculated. At 31 December 2020 the increase in liability was £nil (2019: £2.5m) and a corresponding entry was recorded for the asset.

There was a write down of the ROU assets in the year in relation to leasehold parks. The recognition of right of use assets on transition to IFRS 16 in addition to leasehold land and buildings meant that the ROU assets were unsupportable.

As the Company holds non-current assets at fair value, the corresponding entry to increase the asset would lead to an overstatement in the asset value. Therefore, an impairment of £nil (2019: £2.5m) was recognised.

12 Fixed asset investments

	Shares in group undertakings	
	2020 £'000	2019 £'000
Cost		
At beginning of year	58,759	64,794
Additions	-	7,224
Disposals	-	(13,259)
At end of year	58,759	58,759
Provisions		
At beginning of the year	-	-
Impairment	(964)	-
At end of year	(964)	-
Net book value	57,795	58,759

NOTES (continued)

12 Fixed asset investments (continued)

The Company has 100% interest in the ordinary share capital of the following companies, all of which are registered in England and Wales:

Subsidiary undertakings (all shareholdings are in ordinary shares)	Registered Address	Principal Activity
Martello Beach Limited	**	Non-Trading
The South Devon Holiday Parks Limited	**	Non-Trading
Ladycroft Limited	**	Non-Trading
Hammerton Caravan Group Limited	**	Non-Trading
Hammerton Leisure Limited	**	Non-Trading
Seaview Holiday Park Limited	**	Non-Trading
Golden Sands Limited	**	Dormant
Crumpwood Limited	**	Dormant
Coghurst Hall Holiday Village Limited	**	Dormant
Harts Holiday Village Limited	**	Dormant
Marlie Farm Holiday Village Limited	**	Dormant
Cinque Ports Leisure Homes Limited	**	Dormant
Harts Holiday Camps Limited	**	Dormant
Evengain Limited	**	Micro entity
WSG Operating Company Limited*	**	Micro entity
Park Holidays UK Finance Limited*	**	Micro entity

* Investments held indirectly, all other subsidiary undertakings are held directly.

** All subsidiaries are registered at Glovers House, Glovers End, Bexhill-On-Sea, East Sussex, TN39 5ES.

13 Acquisitions

Acquisitions in the current year

Wood Farm Holiday Park

On the 27 November 2020 the Company acquired the trade and assets of Wood Farm Holiday Park for £6,080,065, satisfied in cash. The business runs a holiday park in Dorset and was acquired to expand the portfolio of the Group. The park contributed a loss of £23,037 to the Group's profit in the period from purchase to 31 December 2020. If the park had traded for a full year revenue would have been an estimated £3,627,668 and net profit an estimated £1,120,465. Site fees for periods post completion but paid by customers pre-completion to the previous owner, were paid over to the Group. There are no measurement period adjustments to be made with respect to this acquisition in the future, the accounting treatment presented here is final.

The following table summarises the consideration paid for the business and the fair value of the assets acquired and the liabilities assumed and at the acquisition date:

Consideration	£'000
Cash on completion	6,080
Total consideration	6,080
Recognised amounts of identifiable assets acquired and liabilities assumed	
Customer Lists	20
Property Plant and Equipment	6,330
Site fee creditors	(216)
Deferred income	(33)
Other creditors and accruals	(21)
Total identifiable net assets	6,080
Goodwill generated on acquisition	-

NOTES (continued)

13 Acquisitions (continued)

Pakefield Holiday Park

On the 16 December 2020 the trade and assets of Pakefield Holiday Park for £4,500,000, satisfied in cash. The business runs a holiday park in Suffolk and was acquired to expand the portfolio of the Group. The park contributed a loss of £35,532 to the Group's profit in the period from purchase to 31 December 2020. If the park had traded for a full year revenue would have been an estimated £3,244,907 and net profit would have been an estimated £1,024,328. Site fees for periods post completion but paid by customers pre-completion to the previous owner, were paid over to the Group. There are no measurement period adjustments to be made with respect to this acquisition in the future, the accounting treatment presented here is final.

The following table summarises the consideration paid for the business and the fair value of the assets acquired and the liabilities assumed and at the acquisition date:

Consideration	£'000
Cash on completion	4,500
Total consideration	4,500
Recognised amounts of identifiable assets acquired and liabilities assumed	
Customer Lists	135
Property Plant and Equipment	5,682
Inventories	24
Debtors and prepayments	23
Cash	2
Site fee creditors	(17)
Deferred income	(31)
Lease liability	(1,318)
Total identifiable net assets	4,500
Goodwill generated on acquisition	-

Acquisitions in the prior period

Seaview Holiday Park Limited

On the 28 November 2019 the Company acquired all of the shares in Seaview Holiday Park Limited for £7,412,000 satisfied in cash. The business runs a holiday park on West Mersea near Colchester and was acquired to expand the portfolio of parks held. Subsequent to the acquisition, the name of the park was changed to West Mersea Holiday Park. This park did not contribute any profit in the period from purchase to 31 December 2019 as it was acquired in late November which is outside of the main trading season being March to October and with only 33 days remaining of the financial year. If the park had traded for a full year revenue would have been an estimated £2,925,000 and earnings before interest, tax, depreciation and amortisation ('EBITDA') would have been an estimated £1,039,000. Site fees for periods post completion but paid by customers pre-completion to the previous owner, were paid over to the Company.

Shortly after acquisition, the assets and liabilities of Seaview Holiday Park Limited were hived up into Park Holidays UK at their fair value and the park was re-branded West Mersea Holiday Park. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Part 15 to the Companies act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there had been no overall loss to the Group, it would fail to give a true and fair view to charge the diminution to the Company's profit and loss account. It should instead be re-allocated to goodwill, so as to recognise in the Company's individual balance sheet the effective cost to the Company of that goodwill. The effect on the Company's balance sheet of this departure is to recognise goodwill of £187,909.

NOTES (continued)

14 Inventories

	2020 £'000	2019 £'000
Finished goods	14,272	19,093

Finished goods recognised as cost of sales in the year amounted to £30,263,573 (2019: £32,080,529). The write-down of inventories to net realisable value amounted to and upwards valuation of £142,013 (2019: downwards £79,711). There were no reversals of write-downs in the year.

15 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	8,554	13,917
Amounts owed by group undertakings with common control	182,234	183,770
Other receivables	3,545	1,808
VAT receivable	1,000	-
Prepayments	3,453	5,021
Accrued income	707	1,104
	199,493	205,620

Contract assets of £707,000 existed within accrued income at the year-end (2019: £1,104,000).

16 Trade and other payables: amounts falling due within one year

	2020 £'000	2019 £'000
Trade payables	13,670	14,525
Amounts owed to group undertakings with common control	99,337	85,823
Corporation tax	307	2,237
Taxation and social security	620	2,266
Other payables	4,003	3,012
Lease liabilities	2,083	1,136
Contract liabilities	43,617	37,786
Accruals	10,126	3,546
	173,763	150,331

17 Provisions

	Coronavirus Costs £'000	Total £'000
Balance at 1 January 2020	-	-
Provisions made during the year	1,338	1,338
Balance at 31 December 2020	1,338	1,338
Current	1,338	1,338
Non-current	-	-
	1,338	1,338

The coronavirus costs provision relates to additional costs due to the impact of the coronavirus. The costs primarily relate to repossessions which had not yet been actioned by the finance houses at the year end. The timing and amount of outflow of resources are uncertain at the balance sheet date and are therefore based on estimates of the timing and amount of outflow.

NOTES (continued)

18 Trade and other payables: amounts falling after more than one year

	2020	2019
	£'000	£'000
Lease liabilities	220,054	215,919

19 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2020	2019
	£'000	£'000
Tangible fixed assets	34,337	28,504
Intangible assets	29	29
Deferred tax liabilities	34,366	28,533

Movement in deferred tax during the year

	1 January 2020 £'000	Recognised in profit and loss £'000	Recognised in reserves £'000	31 December 2020 £'000
Tangible fixed assets	28,504	3,293	2,540	34,337
Intangible assets	29	-	-	29
Deferred tax liabilities	28,533	3,293	2,540	34,366

Movement in deferred tax during the prior year

	1 January 2019 £'000	Recognised in profit and loss £'000	Recognised in reserves £'000	31 December 2019 £'000
Tangible fixed assets	30,979	(1,430)	(1,045)	28,504
Intangible assets	29	-	-	29
Deferred tax liabilities	31,008	(1,430)	(1,045)	28,533

20 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £300,000 (2019: £360,000).

21 Capital and Reserves

	No. of £1 shares '000	Ordinary shares £'000
At the start of the year	9,486	9,486
At the end of the year	9,486	9,486

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Revaluation reserve

Where property, plant and equipment is revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve. A desktop revaluation was carried out on the 31 December 2020 which resulted in an impairment which went directly to other comprehensive income.

Under IFRS 16, when future lease payments are linked to the change in an index or rate, the lease liability must be remeasured at each reporting date. Any increase in the lease liability must be reflected, with a corresponding entry on the right of use asset.

NOTES (continued)

22 Leases

(A) Leases as a lessee

The Company leases many assets including land and buildings and equipment. Information about leases for which the Company is a lessee is presented below.

Right of use assets

	Land and Buildings £'000	Plant and Machinery £'000	Hire Fleet £'000	Total £'000
Adjusted balance at 1 January 2019	359,378	1,809	-	361,187
Additions to right-of-use assets	10,954	2,214	635	13,803
Depreciation charge for the year	(1,781)	(335)	(36)	(2,152)
Revaluation	10,062	-	-	10,062
Impairment	(27,713)	-	-	(27,713)
Balance at 31 December 2019	350,900	3,688	599	355,187
Additions to right-of-use assets	10,596	314	4,061	14,971
Depreciation charge for the year	(1,175)	(360)	(161)	(1,696)
Impairment	(5,702)	(445)	(132)	(6,279)
Balance at 31 December 2020	354,619	3,197	4,367	(362,183)

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2020 £'000	2019 £'000
Leases under IFRS 16		
Interest on lease liabilities	9,166	8,860
Expenses related to short-term leases	59	109
Expenses related to leases of low-value assets accounted; excluding short-term leases of low value assets	145	54

(i) Property leases

The Company leases land and buildings for office space and storage facilities. At the point of transition, the periods on these leases range from two to eighty years.

(ii) Extension options

One of the leases was for a term of fifteen years with a break clause after ten years. However, the Company are reasonably certain that the break clause will not be exercised and therefore the lease liability is based on a term of fifteen years instead of ten.

(iii) Other leases

The Company leases vehicles and equipment, with lease terms of three to seven years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company monitors the use of these vehicles and equipment and reassess the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets.

The Company also leases IT equipment with contract terms of three to five years. These leases are short term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

(iv) Sale-and-leaseback

In 2017, the Company entered into a series of sale and leaseback agreements, secured on the land of 16 parks, and in 2018 entered into another series of sale and leaseback agreements, secured on the land of 6 further parks. Under the terms of these agreements the parks are subject to ongoing rental obligations ("ground rent") for a term of 100 years, with the option to

NOTES (continued)

22 Leases (continued)

(iv) Sale-and-leaseback (continued)

repurchase the land for £1 per park at the end of this period. This sale-and-leaseback transaction enabled the Company to access more capital while continuing to use the land where the parks are based. The rent is adjusted each year in line with RPI.

(v) Lease Maturity

Lease liabilities	2020 £'000	2019 £'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	9,604	8,461
One to five years	36,258	34,057
More than five years	1,042,673	1,045,360
Total undiscounted lease liabilities at 31 December	1,088,535	1,087,878
Lease liabilities included in the statement of financial position at 31 December	222,137	217,055
Current	2,083	1,136
Non-current	220,054	215,919

(B) Leases as a lessor

The Company leases out the use of the lake at one of its parks which, at the point of transition, had a remaining lease term of 26 years and the use of retail and café premises at another park which both have a remaining lease term of less than 3 years.

All leases are classified as operating leases because none of them transfer substantially all of the risks and rewards incidental to ownership of the assets to the lessees.

Lease income from lease contracts in which the Company acts as a lessor is as below.

	2020 £'000	2019 £'000
Operating lease		
Lease income	22	15

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020 £'000	2019 £'000
Less than one year	36	36
One to two years	15	36
Two to three years	13	15
Three to four years	13	13
Four to five years	13	13
More than five years	244	257
Total undiscounted lease payments	334	370

23 Contingencies

Some of the holiday homes sold to customers of the Company are in part funded by third party finance companies. In the event of a default by a customer, the Company may be required to re-purchase a holiday home from the third party finance company at a price based on an agreed formula. In due course the holiday homes re-purchased under these arrangements are resold in the normal course of business. There have not been any material negative impacts from these re-purchases or subsequent sales in this or recent years. The Company has a corporate credit card facility with Natwest bank with a credit limit of £200,000.

NOTES (continued)

24 Related party transactions

During the year a member of the key management personnel charged fees to Park Holidays UK for their services as a director through another company, amounting to £0.08m (2019: £0.08m).

Directors remuneration is disclosed in Note 6.

At 31 December 2020 the balances in the table below existed between the Company and the Group:

	Receivables outstanding		Payables outstanding	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Parent	182,234	183,770	35,502	28,763
Subsidiaries	-	-	63,835	57,060
	182,234	183,770	99,337	85,823

25 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Tiger Topco 1 Limited which is incorporated in England and Wales. The largest and smallest group in which results of the company are consolidated is that headed by Tiger Topco 1 Limited, incorporated in England and Wales and whose registered office is Glovers House, Glovers End, Bexhill-On-Sea, East Sussex, TN39 5ES.

26 Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS's requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company believes the principal accounting estimates, assumptions and uncertainties employed in the preparation of these financial statements are:

- **Revenue (Note 2)**

Bundled services are accounted for under IFRS 15 by allocating the observable price to service elements of the bundle and allocating the remaining balance to the caravan sale. Judgement is used in deferring service revenue to future periods to when performance obligations will be met, and in determining the observable price of the services. The deferral calculation is driven by historic data pertaining to customers' utilisation of the services.

- **Land and Buildings**

Land and Buildings are held at a re-valued amount. Revaluations are carried out triennially by an external valuation specialist. The review is carried out to industry required standards looking at all aspects that make up the park including on-site drivers (park quality, location, infrastructure) and financial performance. Management make use of the report prepared by the property valuation company and their judgement when re-valuing company assets. An assessment of fair value in the year is detailed in Note 11.

- **Inventory valuation (Note 14)**

Inventories are stated at the lower of cost and net realisable value with provision being made for obsolete and slow-moving items. Management have based their judgements on the classification of inventory and the item's demand.

NOTES *(continued)*

26 Accounting estimates and judgements *(continued)*

- **Deferred tax**

Deferred tax is recognised by the Company when a difference between the Company's assets and/or liabilities accounting value differs to the asset/liabilities tax base. The majority of the deferred tax liability in the financial statements arises from the differences on Freehold and Leasehold Land and Buildings. Management uses professional advice to ascertain the potential tax liability on any future sale of these properties.

- **Capitalisation of labour costs**

Certain staff will spend a percentage of their time working on capital projects. Management use their judgement to allocate the cost of internal labour between capital and expense.

- **Intangible assets**

Intangible assets are valued at the identified values placed on those assets at the date of acquisition. Management have used the report prepared by the valuation company when estimating and assigning values to intangible assets at the acquisition date.

- **Leases (Note 22)**

On estimating the value of finance leases at transition; three discount rates for three different lease periods were calculated. These discount rates took into consideration the value of the leased asset, the interest rates on the Company's existing borrowings and market data at the point of transition. Management deem the discount rates calculated to be reasonable and accurate.

27 Post balance sheet events

In February 2021, the Company completed the purchase of Bay View Holiday Park, located in Pevensey, East Sussex. The park was acquired for £2.16m and will be merged with the neighbouring Pevensey Bay Park, an existing park in the portfolio.