

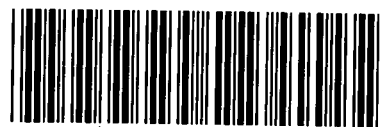
# **Wemyss Bay Caravan Park Limited**

## **Annual report and financial statements**

Registered Number 00951707

31 December 2020

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## Strategic report

The directors present their strategic report for the year ended 31 December 2020.

### Principal activity

The principal activity of Wemyss Bay Caravan Park Limited (the 'Company') is that of a property holding company for the Richmond UK Holdco Limited group (the 'Group'). The Group owns and operates 67 award winning holiday parks, operating under the Parkdean Resorts brand.

### Business review

The Company's result for the year comprised revenue of £158,000 (2019: £264,000), earnings before interest, tax, depreciation, amortisation and fair value adjustments ('EBITDA') of £158,000 (2019: £264,000) and a profit after tax of £3,996,000 (2019: £145,000). The Company had net assets of £14,779,000 as at 31 December 2020 (2019: £10,783,000).

### Section 172(1) statement

The directors confirm their adherence to s172(1) of the Companies Act 2006. Given the inter-dependence of the entities within the Group, compliance was achieved by the Group as a whole and full details are set out in the consolidated financial statements of Richmond UK Holdco Limited.

### Principal risks and uncertainties

The principal risks and uncertainties are integrated with those of the Group and are not managed separately. All of the key business risks and uncertainties disclosed in the consolidated financial statements of the Group are also applicable to the Company.

### Key performance indicators

The key performance indicators used by the Group are revenue and EBITDA. A reconciliation of EBITDA to operating profit is included on the face of the profit and loss account.

### Future developments

On 12 April 2021, following the relaxation of restrictions across England and Wales, the Group re-opened parks in those regions, and parks in Scotland followed on 26 April. The final step of the lifting of restrictions which removed limits on group numbers indoors and required social distancing to take place lifted on 19 July. Following our successful reopening ahead of expectations and the outlook for the summer trading period, we are confident in the growing UK staycation market which remains an extremely attractive option for UK holidaymakers, and represents a great opportunity for those who are interested in owning a holiday home.

By order of the Board



Stephen Richards  
Director

2<sup>nd</sup> Floor, One Gosforth Park Way  
Gosforth Business Park  
Newcastle upon Tyne  
NE12 8ET

29 July 2021

## Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

### Proposed dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (2019: *£nil*).

### Directors

The directors who held office during the year, and up to the date of signing, were as follows:

Ian Kellett  
Stephen Richards

Stephen Richards and Ian Kellett were also directors of the ultimate UK parent undertaking at the balance sheet date, Richmond UK Top Holdco Limited.

Another Group company effected and maintained insurance for the directors against liabilities as officers in relation to the Company.

### Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2019: *£nil*).

### 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Corporate governance

The Group continues to operate under the Wates Corporate Governance Principles for large private companies. In line with adherence to s172(2) of Companies Act 2006, the Group have continued to actively engage with employees and consider their interests in the year, have had regard to the Company's business relationships with suppliers, customers and others, and made key decisions in the year with these stakeholders' interests in mind. All information regarding the Wates Principles and further information regarding s172(2) is available in the consolidated financial statements of the Group.

### Streamlined energy and carbon reporting

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is exempt from reporting under these regulations as the Company's figures have been included in the report disclosed in the consolidated financial statements of the Group.

### Going concern

The Company is a cross guarantor for the Group's banking facility and cash flow is managed on a Group basis. The Company meets its day to day working capital requirements through the Group banking facilities. The Company is reliant on the Group to provide cash to meet its obligations as they fall due and the Board of the Group has committed to doing so.

The directors have assessed the financial position of the Group at the end of the year. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business and the financing facilities available. The Group recovered strongly from both lockdowns in 2020 and 2021. At the date of approval of these financial statements, holiday bookings are ahead of budget, with a materially higher percentage of full-year budget booked than typically seen by July. Holiday home sales completions also saw an immediate surge on parks re-opening in April and continue to trade at above expected budget levels.

## Director's report *(continued)*

### Going concern *(continued)*

Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a going concern basis, as they consider that the Group and Company will continue as a going concern for a period of at least 12 months from the date of signing the financial statements. Further details on the Group's forecast sensitivities and going concern assessment are set out in the basis of preparation in note 1.3.

### Events since the balance sheet date

On 4 January 2021, in response to the spread of COVID-19, the UK Government announced a nationwide lockdown, resulting in the mandatory closure of all of the Group's holiday parks. On 12 April, following the relaxation of restrictions across England and Wales, the Group re-opened parks in those regions, and parks in Scotland followed on 26 April. The period of closure largely fell within the normal winter closure period for most parks. However, the delayed re-opening did result in the loss of the Easter trading period. Ongoing hospitality restrictions which limited group numbers indoors and social distancing requirements were lifted on 19 July. The financial impact has been considered as part of the Group's forecast sensitivities and going concern assessment as described on page 13 and further details are provided in the post balance sheet events note on page 20.

### 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

*J - A -*

Judith Archibold  
*Secretary*

2<sup>nd</sup> Floor, One Gosforth Park Way  
Gosforth Business Park  
Newcastle upon Tyne  
NE12 8ET

29 July 2021

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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 enables 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that comply with that law and those regulations.

## Independent auditor's report to the members of Wemyss Bay Caravan Park Limited

### Opinion

We have audited the financial statements of Wemyss Bay Caravan Park Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and loss account and other comprehensive income, Balance sheet, 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 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 minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

## **Independent auditor's report to the members of Wemyss Bay Caravan Park Limited** *(continued)*

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, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the simplistic and easily verifiable revenue stream.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts linked to the revaluation of investment properties.

### *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, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors 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 and 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.

### **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.



## **Independent auditor's report to the members of Wemyss Bay Caravan Park Limited** *(continued)*

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 4, 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](http://www.frc.org.uk/auditorsresponsibilities).

**Independent auditor's report to the members of Wemyss Bay Caravan Park Limited**  
*(continued)*

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Johnathan Pass (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

30 July 2021

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Revenue</b>	<b>2</b>	<b>158</b>	<b>264</b>
<b>Gross profit</b>		<b>158</b>	<b>264</b>
Revaluation of investment properties		<b>4,930</b>	-
<b>Operating profit</b>	<b>4</b>	<b>5,088</b>	<b>264</b>
<i>Analysed as:</i>			
EBITDA*		<b>158</b>	<b>264</b>
Revaluation of investment properties		<b>4,930</b>	-
<b>Operating profit</b>		<b>5,088</b>	<b>264</b>
<b>Profit before tax</b>		<b>5,088</b>	<b>264</b>
Tax	<b>6</b>	<b>(1,092)</b>	<b>(119)</b>
<b>Profit for the financial year</b>		<b>3,996</b>	<b>145</b>

\*EBITDA refers to earnings before interest, tax, depreciation, amortisation, and fair value adjustments.

The Company has no items of comprehensive income other than the results for the current year or prior year disclosed above; accordingly a separate statement of other comprehensive income has not been included. All of the activities of the Company are classified as continuing.

**Balance sheet**  
*at 31 December 2020*

	<i>Note</i>	<b>2020 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>	<b>2019 £000</b>
<b>Fixed assets</b>					
Investment property	7		<b>18,210</b>		<b>13,280</b>
<b>Current assets</b>					
Debtors	8	<b>4,443</b>		<b>4,285</b>	
<b>Creditors: amounts falling due within one year</b>	9	<b>(4,504)</b>		<b>(4,504)</b>	
<b>Net current liabilities</b>			<b>(61)</b>		<b>(219)</b>
<b>Total assets less current liabilities</b>			<b>18,149</b>		<b>13,061</b>
<b>Provision for liabilities</b>					
Deferred tax liabilities	10		<b>(3,370)</b>		<b>(2,278)</b>
<b>Net assets</b>			<b>14,779</b>		<b>10,783</b>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account			<b>14,779</b>		<b>10,783</b>
<b>Shareholder's funds</b>			<b>14,779</b>		<b>10,783</b>

These financial statements were approved by the Board on 29 July 2021 and were signed on its behalf by:



**Ian Kellett**  
*Director*

Company registered number: 00951707

## Statement of changes in equity

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2019	-	10,638	10,638
<b>Total comprehensive income for the year</b>			
Profit for the year	-	145	145
	<u>-</u>	<u>145</u>	<u>145</u>
<b>Balance at 31 December 2019</b>	<u>-</u>	<u>10,783</u>	<u>10,783</u>
Balance at 1 January 2020	-	10,783	10,783
<b>Total comprehensive income for the year</b>			
Profit for the year	-	3,996	3,996
	<u>-</u>	<u>3,996</u>	<u>3,996</u>
<b>Balance at 31 December 2020</b>	<u>-</u>	<u>14,779</u>	<u>14,779</u>

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

Wemyss Bay Caravan Park Limited (the 'Company') is a private company registered in England and Wales and domiciled in the UK. The registered number is 00951707 and the registered office is 2<sup>nd</sup> Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET.

#### 1.1 Basis of preparation

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

The presentation currency of these financial statements is pounds sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

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, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's UK parent undertaking at the balance sheet date, Richmond UK Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from 2<sup>nd</sup> Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

obtained from 2<sup>nd</sup> Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

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

- cash flow statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Richmond UK Holdco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of 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 periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis except for investment properties which are measured at fair value under FRS 101.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.3 Going concern

The Company is a cross guarantor for the Richmond UK Holdco Limited group's (the 'Group') banking facility and cash flow is managed on a Group basis. As such the going concern status of the Company is reliant on both the going concern status of the Group and the continued support of Richmond UK Holdco Limited ("the Parent"). The Company meets its day to day working capital requirements through the Group banking facilities. The Company is reliant on the Group to provide cash to meet its obligations as they fall due and the Group Board has committed to doing so.

The Group's business activities and the factors likely to affect its future development, performance and position are set out in the strategic report. The Group is subject to a number of principal risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern these risks, which are described in the Principal Risks and Uncertainties section, have been considered by the directors.

The Group has no requirements until 3 March 2024 to make any repayment on either the £538.5m first lien loan facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien facility providers. There is a £100.0m revolving credit facility available up to March 2023, of which £90.0m was utilised at the reporting date. The Group also had £144.6m of cash at the reporting date which provides sufficient cash resources to meet the working capital requirements of the business going forward.

The Group recovered strongly from both lockdowns in 2020 and 2021. At the date of approval of these financial statements, holiday bookings are ahead of budget, with a materially higher percentage of full-year budget booked than typically seen by July. Holiday home sales completions also saw an immediate surge on parks re-opening in April and continue to trade at above expected budget levels.

The Group continues to receive support from its lenders who agreed to waive and amend its financial covenant to reflect trading challenges brought on by the pandemic. The Group's leverage-based covenant through to September 2021 were waived and replaced with a revised monthly financial covenant that is based on a minimum liquidity level up to and including the quarter ending 30 September 2021, reverting to the leverage based financial covenant for the quarter ending 31 December 2021 and thereafter.

The directors have prepared Group cash flow forecasts for the period to 30 September 2022, incorporating management's latest assumptions on trading performance and capital expenditure, the latest UK Government announcements on COVID-19 restrictions and taking account of the revised banking covenant arrangements. A severe but plausible sensitivity, based on the latest available information, has also been performed, assuming a one-month extension to all lockdown restrictions against the roadmap set out by the UK Government, with a further 2-month UK lockdown across December 2021 and January 2022. In this severe but plausible scenario, forecasts show the Group is able to operate within its working capital facilities and banking covenants throughout the review period. In this severe but plausible scenario, the Q4 2021 covenant test shows the lowest headroom during the forecast period. However, the Group is already trading ahead of that scenario following the re-opening of parks on 12 April. A worse outcome could occur due to the uncertainty around COVID-19, such as a new variant or ineffectiveness of vaccination, which could impact on the Group's financial covenant. However, management don't believe these to be plausible scenarios at the current stage and as such have not modelled them.

With the exception of any potential repayment of the £25.0m loan from the Company's shareholder as described in note 8 of the Group accounts (should the necessary and relevant conditions be satisfied and management are comfortable with the Group's liquidity position), the forecasts assume no distributions or repayments of loans or accrued interest are made to the Company's parent undertaking or the ultimate controlling party in the forecast period. In the event that the terms of the Group's senior facilities agreement allow for any payments, the amounts involved would not materially impact management's going concern assessment.

After considering the above issues in detail, the directors are confident that the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and will be able to continue to provide the support and facilities required by the Company. The directors of the Company have therefore prepared the financial statements on a going concern basis.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.4 Classification of financial instruments issued by the Company

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.

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.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

#### 1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Interest bearing borrowings*

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### 1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the 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 (see note 13).



## Notes (continued)

### 1. Accounting policies (continued)

#### 1.7 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

In applying the fair value model in IAS 40 *Investment Property*:

- a) investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- b) no depreciation is provided in respect of investment properties applying the fair value model.
- c) Rental income from investment property is accounted for as described in the revenue accounting policy.

A property interest held under an operating lease may also be accounted for as an investment property. IAS 40 allows the Company to make this choice on a property-by-property basis.

#### 1.8 Impairment excluding stocks, investment properties and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks, investment properties 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. For goodwill and intangible assets that have indefinite useful lives the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit 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 generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGUs'). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.8 Impairment excluding stocks, investment properties and deferred tax assets (continued)

An impairment loss in respect of goodwill is not reversed. 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 Revenue

Revenue represents rental income from leases held with other Group undertakings. This is recognised as the service is delivered.

#### 1.10 Tax

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 in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit 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 periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for: the initial recognition of goodwill; 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. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

### 2. Revenue

All revenue was derived from the Company's principal activity, which is leasing property to another Group undertaking. All operations occurred within the UK and revenue is recognised over time in accordance with IFRS 15 *Revenue from Contracts with Customers*.

### 3. Revaluation of investment properties

	2020 £000	2019 £000
Fair value adjustments for investment properties (note 7)	4,930	-

### 4. Expenses and auditor's remuneration

The audit fee was borne by another Group undertaking and was not recharged to the Company in the current or prior year.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company, 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 parent undertaking at the balance sheet date, Richmond UK Holdco Limited.

### 5. Directors' remuneration and employee disclosure

The directors received no emoluments from the Company in respect of their services during the current or prior year. The Company did not employ any people during the current or prior year.

## Notes (continued)

### 6. Tax

*Recognised in the profit and loss account*

	2020 £000	2019 £000
<b>Current tax</b>		
Current tax expense	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	938	1
Adjustments in respect of prior periods	(102)	118
Effect of changes in tax rates	256	-
Deferred tax expense (note 10)	1,092	119
<b>Total tax expense</b>	<b>1,092</b>	<b>119</b>

*Reconciliation of effective tax rate*

	2020 £000	2019 £000
Profit for the year	3,996	145
Total tax expense	1,092	119
Profit excluding tax	5,088	264
Effects of:		
Tax using the UK corporation tax rate of 19% (2019: 19%)	967	28
Transfer pricing adjustments	(1)	(4)
Adjustments to deferred tax charge in respect of previous periods	(102)	118
Effects of changes in tax rates	256	-
Group relief claimed	(28)	(23)
<b>Total tax expense</b>	<b>1,092</b>	<b>119</b>

*Factors affecting current and future tax charges*

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. The deferred tax assets and liabilities provided for as at 31 December 2020 have been calculated at 19% (2019: 17%).

### 7. Investment property

	£000
Balance at 1 January 2020	13,280
Fair value adjustment	4,930
<b>Balance at 1 January and 31 December 2020</b>	<b>18,210</b>
<b>Historical cost at 31 December 2020 and 31 December 2019</b>	<b>4,891</b>

## Notes (continued)

### 7. Investment property (continued)

The Board commissioned an independent property valuation by CBRE in February 2021. The valuation calculated the market value of the land and buildings as at February 2021 derived from comparable recent market transactions on an arms' length basis. The valuation has been compared to the carrying value of investment property at 31 December 2020 and a fair value gain of £4,930,000 has been recognised.

### 8. Debtors

	2020 £000	2019 £000
Amounts owed by Group undertakings	4,443	4,285

### 9. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to Group undertakings	4,504	4,504

### 10. Deferred tax

Deferred tax liabilities are attributable to the following:

#### Recognised deferred tax liabilities

	2020 £000	2019 £000
Investment property	3,370	2,278

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 Group'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 £1,064,000.

#### Movement in deferred tax during the current year

	1 January 2020 £000	Recognised in profit or loss £000	31 December 2020 £000
Investment property	2,278	1,092	3,370

#### Movement in deferred tax during the prior year

	1 January 2019 £000	Recognised in profit or loss £000	31 December 2019 £000
Investment property	2,159	119	2,278

## Notes (continued)

### 11. Share capital

	2020	2019
	£	£
<i>Allotted, called up and fully paid</i>		
2 (2019: 2) Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>
Shares classified in shareholder's funds	<u>2</u>	<u>2</u>

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.

### 12. Operating leases

The future minimum lease receipt is deemed nil for 2020 and 2019, in accordance with IFRS 16 *Leases* and presented under IAS 40 *Investment Property*, as the inter-Group lease arrangement contains a variable lease payment dependent on EBITDA.

### 13. Guarantees and contingent liabilities

The Company is a party to a cross guarantee in respect of the bank borrowings of certain members of the Group. The aggregate unprovided potential liability of the Company at the balance sheet date was £778,500,000 (2019: £688,500,000). The borrowings of certain members of the Group are secured on substantially all of the assets of Richmond UK Holdco Limited and its direct and indirect subsidiaries, including those of the Company.

### 14. Ultimate parent undertaking

The Company's immediate parent undertaking is PD Parks Limited, whose ultimate UK parent undertaking is Richmond UK Top Holdco Limited. Richmond UK Top Holdco Limited is indirectly controlled by Onex Partners IV LP, a private equity fund which is indirectly controlled by Onex Corporation. Onex Corporation is a Canadian headquartered private equity investment firm listed on the Toronto Stock Exchange.

The largest group the Company's balances are consolidated in is Richmond UK Top Holdco Limited, and the smallest group the Company's balances are consolidated in is Richmond UK Holdco Limited. The financial statements of both groups are available at 2<sup>nd</sup> Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

### 15. Accounting estimates and judgments

#### *Fair value of investment property*

The fair value of investment properties is based on valuations which took place in February 2021 by independent valuation experts. The valuation has been compared to the carrying value of investment property at 31 December 2020 and no impairment has been recognised.

#### *Rental income*

Rental income represents an estimate of the market value of rent receivable on similar leases. This is based on EBITDA multiples across third party leases with similar terms.

#### *Impairment of trade and other debtors*

A full review of aged debtors is completed and all irrecoverable amounts are fully provided for.

## **Notes** *(continued)*

### **16. Post balance sheet events**

On 4 January 2021 the UK government and devolved governments announced a UK-wide national lockdown. On 12 April, following the relaxation of restrictions across England and Wales, the Group re-opened parks in those regions, and parks in Scotland followed on 26 April. The period of closure largely fell within the normal winter closure period for most parks. However, the delayed re-opening did result in the loss of the Easter trading period and, for a smaller number of parks which would usually be open, the February half-term holidays. Ongoing hospitality restrictions which limited group numbers indoors and social distancing requirements were lifted on 19 July, a delay from the original date of 21 June. The Group has been flexible throughout the return of trading and staged lifting of restrictions, allowing for an overall smooth and successful re-opening and allowing the Group to maximise the opportunities available under a range of COVID restrictions. The Group is confident in the outlook for the peak summer trading period for the Group due to the current levels of advanced bookings and pipeline for holiday home sales.

### **17. Contingent asset**

The Group has an ongoing claim on its business interruption insurance policy for losses incurred as a result of the lockdown caused by the coronavirus pandemic during 2020. On 4 March 2021, the Group received an interim payment of £35.0m from its insurers. Discussion with the Group's insurers continues to reach a final settlement for the balance of the claim.

At the year end, discussions with the Group's insurer were ongoing and the directors' deemed receipt of the monies claimed probable but not yet certain due to the ongoing legal action. Therefore it did not meet the threshold to recognise any of the claim amount in the 2020 financial statements.