

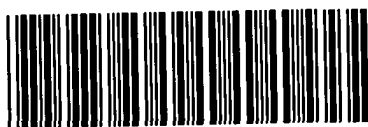
Amended

Registration number: 00965389

Awaze Vacation Rentals Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2022

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These accounts replace the original accounts, are now the statutory accounts and are prepared as they were at the date of the original accounts

Awaze Vacation Rentals Ltd

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Awaze Vacation Rentals Ltd

Company Information

Directors	G Adam H Kjellberg S Altham R Patel
Registered office	Sunway House Raglan Road Lowestoft Suffolk England NR32 2LW
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Independent Auditors	PricewaterhouseCoopers LLP Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

Awaze Vacation Rentals Ltd

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

The Income Statement is set out on page 12. Key measures and comparatives are as follows:

Turnover for the year ended 31 December 2022 was £120,724,000 (2021: £135,305,000) generating an operating loss of £16,263,000 (2021: operating profit of £63,874,000). Excluding non-recurring items (note 16), an operating profit of £26,806,000 (2021: operating profit of £63,874,000) was generated for the year ended 31 December 2022. There were no non-recurring items for the year ending 31 December 2021.

Trading for 2022 compared favourably to pre-covid-19 levels. 2021 had been exceptionally strong as the country embraced UK holidays in the aftermath of the COVID-19 pandemic, government imposed lockdowns and ongoing overseas restrictions, and whilst turnover reduced in 2022, the level of reduction was less than may otherwise have been expected due to an extension of that strong demand.

For the year ended 31 December 2022 the loss before tax was £13,852,000 (2021: profit of £65,178,000) and the loss for the year, after taxation was £19,355,000 (2021: profit of £54,497,000). Excluding non-recurring items, profit after taxation was £23,715,000 (2021: profit of £54,497,000) for the year ended 31 December 2022. There were no non-recurring items for the year ending 31 December 2021.

The financial position of the company at both 31 December 2022 and 31 December 2021 is set out on page 14.

The key performance indicators used by the directors to monitor the progress of the Company are set out below:

Key Performance Indicators

	Unit	2022	2021
(Decrease)/increase in turnover	%	(10.78)	82.32
Operating profit margin	%	(13.47)	47.21
Operating profit margin (excluding non-recurring items)	%	22.20	47.21
Turnover to administrative expenses		0.83	1.55

Operating profit margin declared in the 2021 Financial Statements of 35.66% reflected administrative expenses as a percentage of turnover and did not include other operating income.

Awaze Vacation Rentals Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The Company operates in a competitive market particularly around price and availability. This can result in downward pressure on margins but also the risk that customer demand cannot be satisfied. The Company mitigates this risk by keeping prices competitive, monitoring demand trends and competitor activity and establishing strong relationships with the cottage and park owners.

UK economic performance in 2023 has been impacted by what is widely reported by the media as a "Cost of Living Crisis" and there is uncertainty about how long these conditions will persist and what the impact will be on consumer behaviour. It will depend, inter alia, upon factors such as the duration of the ongoing Russian invasion of Ukraine, global energy prices, worldwide reaction to and mitigation of inflation, and UK Government support to business and households.

The Company is heavily reliant on information technology. Such systems are inherently susceptible to failure that could adversely affect business performance. The Company is committed to mitigating this risk, and has made and is continuing to make significant improvements in relation to the stability of information technology platforms. These include: a shift of all primary revenue generating platforms to public cloud with highly diverse computer resources spread across regions and availability zones to ensure high availability and redundancy for web operating platforms; sharded data for property management systems for real-time recovery in the event of hardware failure or impact to a data center; increasing use of serverless technology to ensure inherent scalability; and continuous integration and continuous deployments to remove the risk of code deployment issues.

Section 172(1) statement

The directors of the Company have considered and applied their duty to promote the success of the Company, as defined under section 172 of the UK Companies Act 2006 and set out in this statement.

Board and decision making process

The Board of Directors has assembled an Operating Council to provide day to day over-sight of the Company. This Operating Council meets monthly and makes recommendations to the Board of Directors for approval. Their monthly report includes, where applicable:-

- An executive summary addressing key items, key decisions and the required approvals
- Summary of key initiatives and their progress
- Commercial report and pipeline
- M+A update
- Operations update
- Summary of operational improvement initiatives
- Financials including forecasts
- IT tactical and strategic plan

The Board of Directors are supported by internal legal teams who provide them with guidance to ensure they are aware of their statutory responsibilities and capable of discharging their duties. Board meetings are held as needed and at least once per year.

Awaze Vacation Rentals Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Environment, Social and Governance (ESG)

The Company considers ESG highly important to ensure sustainable and responsible growth. The Company worked with external consultants to produce a materiality assessment to identify the ESG topics most important to it and its stakeholders, and to reveal what impact our business has on the environment, our people, communities and the economy. The material topics identified were cyber security, data privacy, labour relations, systemic risk, legal and regulatory environment and community relations. From this, an ESG report was produced, which sets out ESG actions taken to date and the future goals to achieve. Examples of goals included in the report for the year ahead included launching a leadership management program, rolling out additional data protection training to staff, promoting volunteer opportunities in communities where we operate - including a company-wide environmental clean-up day and reporting on our Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Many of the report's actions have been completed by the net report date in June 2023. Abridged versions were created for employees and homeowners. The Company is committed to incorporating ESG into daily operations and ensuring that ESG informs decision making.

Key Stakeholders

The directors have identified the following key stakeholders. These have been identified as those who are directly impacted or benefit from the successful operations of the Company.

Guests – the Company provides everyday amazing holiday experiences to over 2 million guests each year. Guests are engaged via satisfaction surveys, contact through call centres, and targeted marketing initiatives. The provision of a high level of customer service enables the business to add value to consumers, encouraging a high level of repeat business.

Property owners – the Company provides property management, marketing and booking services to owners of approximately 51,000 holiday properties. Property owners are serviced by dedicated teams of recruiters and property managers.

Suppliers – the Company engages with key suppliers, and settles invoices in a timely manner within agreed terms of business.

Workforce - The Company employs approximately 735 people across the UK. Employees are engaged in a number of ways primarily through open communication, reward and recognition programs, training and development, promoting healthy work environments, setting clear responsibilities and objectives, giving feedback on performance via formal appraisal processes, encouraging positive work-life balance, incentive programs that create positive links between individual and company goals.

Community and environment - The Company's operations impact communities in some of the most popular vacation hotspots across the UK, and the Company is wholly committed to ensuring that the way it does business and the holidays it sells provide social benefit and take full account of the environment. The Company participates in a number of community based initiatives including employees supporting community based charities with fund-raising and time. Furthermore, the Company encourages its owners to gain recognition of their concern for the environment by joining approved award schemes which are then promoted in its marketing materials.

Awaze Vacation Rentals Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

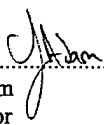
Shareholders and lenders - The ultimate holding company of Awaze Vacation Rentals Ltd is Platinum Equity Capital Partners International IV (Cayman) L.P. which is a private equity investment fund ultimately controlled by Platinum Equity LLC. The Company is one of several subsidiaries within the Awaze group of companies (collectively, the Group) whose results are consolidated within PE Compass Holdings Limited, and reported regularly to the shareholders and lenders. The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders. Shareholders receive monthly financial updates. Lenders have the option to attend quarterly presentations from management and receive financial information each quarter.

Key decisions

The directors have identified the following key decisions made during the year. These have been identified as those which are of strategic importance to the Company, or have used a significant amount of Board or Management time during the year. The long-term effect of the Company's decisions and strategies during the financial year, together with impact on key stakeholders is described below.

Decision #1	To increase the number of available properties for bookings via ongoing focus on either organic recruitment activity or by acquisition.
Outcomes and impact on key stakeholders:	
Guests	Increased guest offering.
Property Owners	Investment in new owners. Early communication with new owners, and ability to leverage the brand to increase sales and yield.
Workforce	Increased workforce and development opportunities for variety of teams involved.
Suppliers	N/A
Community & Environment	Press communication to promote awareness within the local communities.
Regulatory Bodies	Notification of acquisition to relevant regulatory bodies.
Shareholders & Lenders	Impact on the results of the business.
Decision #2	To share best operational practices and adopt common approaches and technology between the two Awaze Limited subsidiaries: Awaze Vacation Rentals Ltd and Awaze A/S.
Outcomes and impact on key stakeholders:	
Guests	Improve guest experience (e.g., continuous IT developments such as web-site enhancements and improvements to the booking process).
Property Owners	Improve experience (e.g., continuous IT development of owner interfaces) and profitability (e.g. continuous improvement of pricing and yield tools).
Workforce	Development opportunities for variety of teams to be part of the initiatives.
Suppliers	N/A
Community & Environment	N/A
Regulatory Bodies	N/A
Shareholders Lenders	Impact on the results of the business.

The Strategic Report has been approved by the Board on ...14/09/2023... and signed on its behalf by:



 G Adam
 Director

Awaze Vacation Rentals Ltd

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Dividends

During the year no dividends were declared or paid (2021: £nil).

Directors' of the company

The directors who held office during the year and up until the date of signing the financial statements, unless otherwise stated, were as follows:

G Adam

H Kjellberg

S Altham

R Patel

The company, via another group undertaking, has made qualifying third party indemnity provisions for the benefit of its directors. The indemnity was in force throughout the financial year and at the date of approval of the financial statements.

Principal activities

The principal activity of the company is selling a wide range of self-catering holidays on an agency basis through a number of different channels.

Financial risk management objectives and policies

The company's activities expose it to several financial risks including liquidity risk, foreign currency risk, interest rate risk and credit risk.

Liquidity risk

The Company's cash balances and short term deposits are held in such a way that enables the correct balance of access to working capital and a competitive rate of interest to be achieved. Working capital requirements are constantly monitored and there is sufficient resource within the group should any additional working capital be required. As such, the directors do not consider there to be a significant liquidity risk.

Foreign currency risk

The Company makes a limited number of purchases denominated in foreign currency representing 5.20% of administration costs excluding non-recurring items in 2022 (2021: 4.60%), but the amounts involved do not generally present a significant risk. Foreign currency exposure is monitored by the Group which enters into foreign currency contracts as required in order to mitigate any risk of movements in foreign exchange rates. The Company does not enter into any financial derivatives.

Interest rate risk

Interest is credited or charged on the Company's cash balances at variable rates; given the low level of interest rates prevailing at the year end and that no significant interest is credited or charged on non-intercompany balances, the directors do not consider it necessary to mitigate the interest rate risk.

Credit risk

Although the Company has a large number of small customers, the directors believe that credit risk is mitigated by the fact that guests are required to pay before taking the holiday.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company, has been continued through regular communications in which employees have also been encouraged to present their suggestions and views on the Company's performance. Employees participate directly in the success of the business through Company's bonus schemes.

Awaze Vacation Rentals Ltd

Directors' Report for the Year Ended 31 December 2022 (continued)

Engagement with employees

Employees are of considerable importance to the success of the business and their welfare and development is always high on the agenda. A changing environment provides opportunity for career progression and focus is therefore being placed on the development of management skills to ensure all individuals receive the best chance of progression. The Company is committed to a culture in which extensive dialogue and team working is strongly prevalent and continues to keep them informed on the various factors affecting the performance of the Company. A good benefits package is already offered but is under continual review to ensure it remains competitive with comparable companies in the local areas.

The Company's policy is to provide equal recruitment and other opportunities for all employees, regardless of sex, religion, colour, age and race. The policy is to give full consideration to employment applications from disabled people and to ensure that disabled employees have equal opportunity with other employees for advancement and access to training programs. It is also Company policy to provide every possible help to retain employees who have become disabled whilst working within the Company. It is the practice to encourage lines of employee communications through means such as briefing groups and newsletters.

Future developments

The directors do not expect any fundamental changes in the activities of the company in the forthcoming year.

Going concern

The directors are satisfied with the underlying trading performance given the current market conditions. While the external commercial environment is expected to remain competitive in 2023 the directors have reviewed the Company's forecasts, the level of bookings received to date and received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements and believe that the Company has adequate resources to continue to trade profitably for a period of no less than 12 months from the date of signing the financial statements. Accordingly, the directors have considered it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the auditors

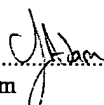
Having made enquiries of fellow directors and of the Company's independent auditors, each of the directors confirms that:

- As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as independent auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The Directors' Report has been approved by the Board on 14/09/2023 and signed on its behalf by:


.....
G Adam
Director

Awaze Vacation Rentals Ltd

Statement of Directors' Responsibilities

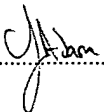
The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 14/09/2023 and signed on its behalf by:


.....
G Adam
Director

Independent auditors' report to the members of Awaze Vacation Rentals Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Awaze Vacation Rentals Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover

the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to ABTA regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of

unusual journals to revenue or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Inquired of management, and those charged with governance, as to whether the entity is in compliance with such laws and regulations;
- Reviewed legal expense accounts, board minutes and in-house legal counsel reports;
- Obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- Responded to the risk of management override of controls through a combination of substantive testing of journal entries, incorporating elements of unpredictability into the nature, timing and extent of planned audit procedures, and test of accounting estimates and judgements which could be subject to management bias; and
- Reviewed financial statement disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Paul Norbury (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

15 September 2023

Awaze Vacation Rentals Ltd

Income Statement for the Year Ended 31 December 2022

		Non-recurring items for year ending 31 December 2022 £ 000	Year ending 31 December 2022 excluding non-recurring items £ 000	Total 2022 £ 000	Total 2021 £ 000
	Note				
Turnover	4	-	120,724	120,724	135,305
Administrative expenses		(43,070)	(101,993)	(145,063)	(86,817)
Other operating income	5	-	8,076	8,076	15,386
Operating (loss)/profit	5	(43,070)	26,807	(16,263)	63,874
Interest receivable and similar income	7	-	2,543	2,543	1,394
Interest payable and similar expenses	8	-	(132)	(132)	(90)
(Loss)/profit before tax		(43,070)	29,218	(13,852)	65,178
Tax on (loss)/profit	11	-	(5,503)	(5,503)	(10,681)
(Loss)/profit for the year		<u>(43,070)</u>	<u>23,715</u>	<u>(19,355)</u>	<u>54,497</u>

The above results were derived from continuing operations.

The notes on pages 16 to 50 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd

Statement of Comprehensive Income for the Year Ended 31 December 2022

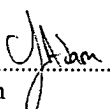
	Note	2022 £ 000	2021 £ 000
(Loss)/profit for the financial year		<u>(19,355)</u>	<u>54,497</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains recognised in the pension scheme		(542)	653
Changes in the effect of the asset ceiling (excluding interest)		333	(763)
Movement in the unrecognised surplus in the pension scheme taken to reserves		186	-
Adjustments to actuarial gains/(losses) and the unrecognised surplus in respect of prior years		(110)	110
Deferred tax arising in relation to the pension scheme	11	<u>133</u>	<u>-</u>
Other comprehensive result for the year net of tax		-	-
Total comprehensive (expense)/income for the year		<u>(19,355)</u>	<u>54,497</u>

The notes on pages 16 to 50 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd
(Registration number: 00965389)
Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	13	42,871	30,173
Tangible assets	14	562	836
Right of use assets	15	1,179	1,244
Investments in subsidiaries	16	2,903	53,918
		<u>47,515</u>	<u>86,171</u>
Current assets			
Debtors	18	184,236	186,126
Cash and cash equivalents		<u>12,271</u>	<u>19,443</u>
		196,507	205,569
Creditors: Amounts falling due within one year	19	(159,340)	(184,210)
Provisions for liabilities	19	(1,571)	(5,441)
Net current assets		<u>35,596</u>	<u>15,918</u>
Total assets less current liabilities		83,111	102,089
Creditors: Amounts falling due after more than one year	20	(1,370)	(1,349)
Net assets		<u>81,741</u>	<u>100,740</u>
Capital and reserves			
Called up share capital	21	1,052	1,052
Share premium account		35	35
Capital redemption reserve		174	174
Other reserves		(20,551)	(20,907)
Retained earnings		101,031	120,386
Total shareholders' funds		<u>81,741</u>	<u>100,740</u>

The financial statements on pages 12 to 15 were approved by the Board on 14/09/2023 and signed on its behalf by:



 G Adam
 Director

The notes on pages 16 to 50 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Called up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021		1,052	35	174	(20,880)	65,889	46,270
Profit for the financial year		-	-	-	-	54,497	54,497
Total comprehensive income		-	-	-	-	54,497	54,497
Transfer from Investments in subsidiaries		-	-	-	(27)	-	(27)
At 31 December 2021		<u>1,052</u>	<u>35</u>	<u>174</u>	<u>(20,907)</u>	<u>120,386</u>	<u>100,740</u>
Loss for the financial year		-	-	-	-	(19,355)	(19,355)
Total comprehensive expense		-	-	-	-	(19,355)	(19,355)
Transfer from Investments in subsidiaries	17	-	-	-	356	-	356
At 31 December 2022		<u>1,052</u>	<u>35</u>	<u>174</u>	<u>(20,551)</u>	<u>101,031</u>	<u>81,741</u>

The notes on pages 16 to 50 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Awaze Vacation Rentals Ltd (the Company) is a private company limited by share capital, incorporated and domiciled in the United Kingdom, and registered in England & Wales. It was incorporated on 4 November 1969. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 6.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The financial statements were prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework', and have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), except in relation to goodwill. Under IFRS 3 'Business Combinations', goodwill is not amortised, but is supported by the ongoing performance of the entity. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. However, the departure is necessary in order to comply with the requirements of IFRS 3. The Company is therefore invoking a 'true and fair' view override to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill, a period of 20 years would have been chosen as its useful economic life. Profit for the period would have been £960,000 (2021: £715,000) lower had goodwill been amortised on this basis.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The Company is included in the consolidated financial statements of PE Compass Holding II Limited, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of PE Compass Holding II Limited's registered office is 100 New Bridge Street, London, EC4V 6JA, United Kingdom.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3. They have been applied consistently.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 134 and 135 of IAS 36, 'Impairment of assets' (cash-generating units).

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The directors are satisfied with the underlying trading performance given the current market conditions. While the external commercial environment is expected to remain competitive in 2023 the directors have reviewed the Company's forecasts, the level of bookings received to date and received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements and believe that the Company has adequate resources to continue to trade profitably for a period of no less than 12 months from the date of signing the financial statements. Accordingly, the directors have considered it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Turnover represents the total of commissions earned from holidays sold as agent and advertising and registration fees receivable during the year, excluding value added tax. It includes commissions earned in respect of personal insurance taken out by customers, and charges made to holiday cottage owners in respect of services provided by the Company, net of value added tax. Revenue is recognised at the time the booking is placed and a deposit is received. Balances are due thereafter as set out in the booking terms and conditions, giving rise to an Accounts Receivable balance. Note that this balance is the full balance not yet remitted by the guest, and includes commissions and amounts due to third parties. Registration fees are charged annually as set out in the owners terms and conditions, and released to income throughout the period invoiced, giving rise to a Deferred Income balance.

The Company provides reservation services to the independent property owners and receives the agreed-upon commission fee for the services provided. The Company remits the gross rental fee received from the guest to the independent property owner, net of the Company's agreed-upon fee, as set out in the owners terms and conditions, giving rise to an Accounts Payable balance.

The Company acts solely as a booking agent and accordingly the revenue from such fees are presented on a net basis and are recognised once a booking is placed by the guest. In some cases, the Company also provides additional services to the independent property owners (e.g. property management), the revenue attributed to these services is recognised when the services are provided.

Government grants

Government grant income is recognised through the income statement as received.

Cancellation provisions

The commission fee for services to the independent property owners is predominantly recognised once a booking is placed by the guest. The Company estimates, using historical experience, the amount of revenue that is expected to be reversed resulting from cancellations and establishes a cancellation provision for that amount upon booking.

Foreign currency transactions and balances

The functional currency of the Company is pounds sterling. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued).

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Shorter of 7 Years or life of the lease
Furniture, fittings and equipment	3 to 7 Years
Computer equipment	3 to 5 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

On the conclusion of an impairment assessment, an asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within the income statement when the asset is derecognised.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the useful economic life determined at the time of acquisition, taking into account existing churn rates specific to acquired companies or brands, and the experience of the mergers and acquisitions and corporate reporting teams. Where acquired in a business combination the remaining useful economic life for the assets is used. They are assessed for impairment annually.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licences	3 years
Contractual customer relationships	3 to 10 years
Computer software	3 to 5 years
Domain names	3 years
Other intangible assets	3 years
Goodwill	Not amortised
Software development costs	Not amortised until capitalisation

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as 'software development costs' within intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Where all the criteria above is met, the costs are capitalised as Software Development Costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs are capitalised to computer software once that asset is available for use, and are then amortised over their estimated useful lives, which do not exceed five years.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Goodwill

Goodwill is initially measured at cost being the excess of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The directors review the carrying value of goodwill annually in the context of the ongoing Company performance.

Hive-ups

Hive-ups are accounted for using the predecessor method under FRS 101 and accordingly the assets and liabilities are brought across at book value. Intangibles are recognised based on the group value at acquisition less amortisation incurred to date of hive-up. Any balancing figure is posted directly to equity within the other reserve.

Investments in subsidiaries

Investments in subsidiary undertakings are held at historical cost less any applicable provision for impairment. Acquisition costs are incurred as expensed to the income statement and included in administrative expenses.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

Initial recognition and measurement

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less and any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Depreciation is calculated on a straight-line basis over the life of the lease as follows:

Property	3 to 10 years
Motor Vehicles	3 to 4 years
Plant & Equipment	3 to 5 years

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets of less than £5,000.

Subsequent measurement

Where an asset continues to be used post expiration of the initial lease, the right-of-use asset and liability are increased for the estimated period of extended use, and depreciated accordingly. For certain assets this may give rise to a longer life than stated above.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution pension obligation

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit pension obligation

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Share based payments

Following the acquisition of the Awaze Group, a management incentive plan was implemented under which shares were issued by Compass I Limited to certain employees of the Company. The shares are subject to vesting conditions. The fair value of the shares has been estimated based on a third-party valuation but the excess over the consideration paid is immaterial and has not been recorded as an expense in the year ended 31 December 2022 (2021: nil).

Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification and measurement

All financial assets and liabilities are initially measured at transactions price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are

- i) A fixed amount; or
- ii) A fixed rate of return over the life of the instrument; or
- iii) A variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or
- iv) Some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Derecognition

Financial assets

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements other than estimates

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue

In making its judgement, management considered the measurement of revenue described in IFRS 15 and have concluded that in the provision of holiday bookings to customers on behalf of third-party owners the Company acts in an agency relationship. As such the Company only includes in revenue the amount of commission receivable and excludes all amounts collected on behalf of third parties.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Pensions and other post-employment benefits

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 12.

Impairment of Investments in subsidiaries

Investments in subsidiary undertakings are held at historical cost less any applicable provision for impairment. The potential for impairment is reviewed annually using the value in use method and a current discount rate of 12.2% (2021: 12.3%).

Following changes to the company's business model, management have re-estimated the value of the investment against projected future cashflows, and made a provision for impairment within the Company accordingly. This is reflected within note 16 of the financial statements.

Cancellation provision

The 31 December 2022 cancellation provision of £1,438,000 is for the cancellable amounts of all booked holidays arriving from 1 January 2023, not cancelled as at 31 December 2022 and is comparable to the cancellation rates experienced in 2022. Annually cancellation rates are approx. 4.9%, but the provision takes into account that there is a longer time period to Q4 than Q1 and so the rates of cancellations for pre season bookings is higher in Q4 (6%) than Q1 (1%). The comparative cancellation provision for 2021 was £3,782,000, based predominantly upon a 10% annual provision.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Turnover

The turnover and operating (loss)/profit are attributable to the Company's principal activity as a tour operator and arose principally in the UK.

Turnover analysed by category, was as follows:

	2022	2021
	£ 000	£ 000
Commissions	117,084	131,783
Rendering of services	3,640	3,522
	<u>120,724</u>	<u>135,305</u>

The entity had the following contract assets at the relevant reporting dates:

	2022	2021
	£ 000	£ 000
Accrued Income - Registration Fees	<u>338</u>	<u>290</u>

The entity had the following contract liabilities at the relevant reporting dates:

	2022	2021
	£ 000	£ 000
Deferred income - rendering of services	462	533
Deferred income - commissions	156	191
	<u>618</u>	<u>724</u>

The Company has recognised revenue of £724,000 (2021: £ 902,000) from amounts held as contract liabilities at the start of the year. The company has applied the practical expedient in IFRS 15.121 to not disclose the transaction price allocated to unsatisfied performance obligations on the basis that the contracts in scope have an original expected duration of one year or less.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Operating (loss)/profit

Arrived at after charging/(crediting):

		2022	2021
	Note	£ 000	£ 000
Amortisation of intangible assets		4,059	3,096
Depreciation of tangible fixed assets		507	735
Depreciation of right of use assets		955	927
Impairment losses from contracts with customers		1,175	2,048
Restructuring expenses		(25)	111
Loss/(profit) on disposal of property, plant and equipment		16	(45)
Loss on disposal of intangible assets		25	-
Impairment loss on intangible assets		695	-
Impairment loss on investments in subsidiaries	16	43,070	-
Foreign exchange (gains)/losses		(230)	237
Operating lease expense - property		330	181
Operating lease expense - plant and machinery		<u>17</u>	<u>42</u>

Other operating income relates to management recharges to other group companies of £8,076,000 (2021: £6,386,000). Other operating income in the prior year also included a gain on disposal of Landal intangible assets of £9,000,000. Management recharges from other group companies of £7,855,000 are included within administrative expenses for the year (2021: £4,987,000).

6 The analysis of the auditors' remuneration is as follows:

	2022	2021
	£ 000	£ 000
Fees payable to the company's auditors for the audit of the company's financial statements	185	178
Fees borne by the company to the company's auditors' for the audit of group undertaking's financial statements	21	19
Fees payable to the company's auditors for other professional services including tax and employment guidance	16	21
Fees payable for other assurance services	<u>8</u>	<u>8</u>
	<u>230</u>	<u>226</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest receivable from group undertakings	2,511	1,383
Net interest return on defined pensions benefit scheme	4	4
Other interest receivable	28	7
	<u>2,543</u>	<u>1,394</u>

8 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Lease interest	94	80
Other interest payable	38	10
	<u>132</u>	<u>90</u>

9 Staff costs

	2022 £ 000	2021 £ 000
Wages and salaries	28,002	25,533
Social security costs	3,078	2,678
Other pension costs	1,645	1,347
	<u>32,725</u>	<u>29,558</u>

Included in staff costs above is £3,676,000 (2021: £2,340,000) of costs that have been capitalised within intangible assets (Note 13) and £1,972,000 (2021: £1,713,000) of costs that have been capitalised within prepayments and accrued income (Note 18). During the year £nil (2021: £234,000) was claimed in relation to the Coronavirus Job Retention Scheme and credited against administrative expenses. Social security costs includes apprentice levy costs.

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration and support	28	28
Sales, marketing and distribution	705	715
	<u>733</u>	<u>743</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Directors' remuneration

	2022 £ 000	2021 £ 000
Aggregate emoluments	1,082	639
Pension costs	60	51
	<u>1,142</u>	<u>690</u>

1 director (2021: 1) is remunerated by a fellow group company and no direct recharge has been made to the company for his services.

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under a defined contribution pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	439	247
Company contributions to defined contribution pension schemes	28	25
	<u>467</u>	<u>272</u>

The highest paid director was a member of the defined contribution pension scheme.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Tax on (loss)/profit

a) Tax charged in the income statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	5,763	9,884
Adjustments in respect of prior years	83	-
Total current income tax	<u>5,846</u>	<u>9,884</u>
Deferred tax		
Origination and reversal of temporary differences	(388)	796
Adjustments in respect of prior years	45	1
Total deferred tax	(343)	797
Tax charge in the income statement	<u>5,503</u>	<u>10,681</u>

The tax charge in the income statement for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £ 000	2021 £ 000
b) Reconciliation of the total tax charge		
(Loss)/profit before taxation	(13,852)	65,178
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%)	(2,632)	12,384
Expenses not deductible for tax purposes	8,206	(1,697)
Adjustments in respect of prior years	127	1
Effect of change in rate of deferred tax	(198)	(7)
Total tax charge reported in the income statement	<u>5,503</u>	<u>10,681</u>

c) Factors that may affect the future tax charge

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This future rate change has increased the deferred tax asset at the year-end and thereby reduced the tax charge for the year by £198,000.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Tax on (loss)/profit (continued)

d) Deferred tax

The deferred tax included in the Company balance sheet is as follows:

	2022 £ 000	2021 £ 000
Deferred tax asset:		
Depreciation in excess of capital allowances	1,709	1,497
Intangible assets	(1,221)	(729)
Short term timing differences	336	239
RDEC credits	-	47
Other	27	21
	<u>851</u>	<u>1,075</u>
Disclosed on the balance sheet:		
Deferred tax asset:	851	1,075
Deferred tax liabilities:	<u>-</u>	<u>-</u>
	<u>851</u>	<u>1,075</u>

The intangible asset value of £1,221,000 (2021: £729,000) includes £585,000 (2021: £486,000) of trade and asset acquisitions within the year as described in note 17.

A deferred tax asset amounting to £851,000 (2021: £1,075,000) has been recognised because in the opinion of the directors there will be suitable taxable gains against which the asset will be utilised in the foreseeable future.

	2022 £ 000	2021 £ 000
Deferred tax (credit)/charge in the income statement		
Accelerated capital allowances	(213)	267
Intangible assets	(56)	(7)
Short term timing differences	(97)	(80)
RDEC credits	47	65
Tax losses	-	543
Other	(24)	9
	<u>(343)</u>	<u>797</u>

	2022 £ 000	2021 £ 000
Deferred tax recognised in the statement of comprehensive income		
Actuarial (losses)/gains	103	(124)
Effect of asset ceiling (excluding interest)	(63)	145
Unrecognised surplus in scheme	(35)	-
Effect of change in rate of deferred tax	120	-
Adjustments in respect of prior years	8	(21)
Total deferred tax recognised in the statement of comprehensive income	<u>133</u>	<u>-</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes

The Company operates both defined contribution and defined benefit schemes for its employees.

Defined contribution scheme

The Company operates a single defined contribution scheme for existing and new employees.

The assets of the schemes are held separately from those of the Company. The pension cost charges for the year represent contributions payable by the Company to the schemes and amount to £1,605,000 (2021: £1,309,000). Outstanding contributions at year-end were £168,000 (2021: £150,000).

Defined benefit pension scheme

The Company operates a defined benefit pension arrangement called the Hoseasons Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The new scheme was closed to new members on 1 November 1999.

Under current legislation, the obligation of the Company to fund the Scheme is defined by the Occupational Pensions Schemes (Scheme Funding) Regulations 2005. The funding position is formally reviewed on a triennial basis, with interim reviews carried out in each year between triennial valuations.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company and the Trustees of the Scheme agree the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

In recognition of the funding position of the Scheme, the Company has entered into a funding agreement with the Trustees. Under the current agreement, the Company is due to make contributions of 62.9% of pensionable salaries up to 31 December 2026. Additional contributions are agreed with the Trustees to reduce the funding deficit where necessary. The Company made additional contributions into the scheme in the year of £nil (2021: £nil), following fulfilment of its obligations in 2018. The disclosures set out below are based on calculations carried out as at 31 December 2022 by an independent qualified actuary.

The Scheme's liabilities as at 31 December 2022 set out in this note have been assessed based on the most recent comprehensive actuarial valuation of the triennial Scheme Funding assessment as at 31 October 2020. This liability calculation has been updated to 31 December 2022, allowing for FRS 101 assumptions and allowing for benefits paid and accrued during the year. The Scheme's liabilities at the previous accounting date, 31 December 2021, were calculated in a similar manner. The present value of the defined benefit obligation is measured using the projected unit credit method.

The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. At the balance sheet date the defined benefit obligation was £8,175,000 (2021: £11,932,000).

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2022 %	2021 %
Discount Rate	4.75	1.80
Retail Prices Index Inflation (RPI)	3.25	3.45
Consumer Prices Index Inflation (CPI)	2.85	2.95
Salary Increases	2.50	2.00
LPI 5% pension increases	2.80	2.90
LPI 2.5% pension increases (CPI)	<u>2.10</u>	<u>2.10</u>

The expected long-term rate of return on assets assumption under the FRS 101 standard is effectively based on the discount rate used to value the liabilities and has been chosen based on the facts and circumstances that existed at the measurement date together with the mix of assets held at that date. The assumptions used by the actuary have been chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Mortality rates are based on S3PA_L (2021: S3PMA_L) tables, adjusted to reflect recent experience in the scheme, and projected rates reflect a long-term rate of improvement in life expectancy of 1.25% pa.

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	26.20	26.10
Current UK pensioners at retirement age - female	27.80	27.70
Future UK pensioners at retirement age - male	27.60	27.50
Future UK pensioners at retirement age - female	<u>29.20</u>	<u>29.20</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme surplus
Discount rate	Increase by 0.5%	Increase by £415,000
Rate of inflation	Increase by 0.5%	Decrease by £240,000
Rate of salary growth	Increase by 0.5%	Decrease by £33,000
Rate of mortality	Increase by 1 year	Decrease by £220,000

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. Sensitivities are based on surplus figures before any surplus restriction.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	10,174	14,409
Present value of scheme liabilities	<u>(8,175)</u>	<u>(11,932)</u>
Surplus	1,999	2,477
Effect of asset ceiling	<u>(1,988)</u>	<u>(2,280)</u>
Net defined benefit asset	11	197
Irrecoverable surplus not recognised	<u>(11)</u>	<u>(197)</u>
Surplus recognised in the balance sheet	<u>-</u>	<u>-</u>

Amounts recognised in the income statement

	2022 £ 000	2021 £ 000
Amounts recognised in operating (loss)/profit		
Current service cost	<u>40</u>	<u>38</u>
Recognised in arriving at operating (loss)/profit	<u>40</u>	<u>38</u>
Amounts recognised in finance income		
Interest on liabilities	210	151
Interest on assets	(255)	(173)
Interest on effect of asset ceiling	<u>41</u>	<u>18</u>
Net interest income on defined benefit liability	(4)	(4)
Total recognised in the income statement	<u>36</u>	<u>34</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	2022 £ 000	2021 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	56	397
Actuarial gains and losses arising from changes in financial assumptions	(3,745)	(536)
Actuarial gains and losses arising from experience adjustments	175	(451)
Return on plan assets, excluding amounts included in the interest income	4,056	(63)
Changes in the effect of the asset ceiling (excluding interest)	(333)	763
Pension surplus not recognised in financial statements	110	(110)
Pension surplus recognised in financial statements	(186)	-
Amounts recognised in the Statement of Comprehensive Income	133	-

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	11,932	12,811
Current service cost	40	38
Actuarial gains and losses arising from changes in demographic assumptions	56	397
Actuarial gains and losses arising from changes in financial assumptions	(3,745)	(536)
Actuarial gains and losses arising from experience adjustments	175	(451)
Interest cost	210	151
Benefits paid	(498)	(482)
Contributions by scheme participants	5	4
Present value at end of year	8,175	11,932

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	14,409	14,616
Interest on assets	255	173
Gain on scheme assets in excess of interest	(4,056)	63
Company contributions	59	35
Contributions by scheme participants	5	4
Benefits paid	(498)	(482)
Fair value at end of year	10,174	14,409

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes (continued)

Until such time as the next full actuarial valuation is completed, the surplus of the fair value of scheme assets less the present value of funded obligations is deemed to be irrecoverable. As such, this surplus of £1,999,000 (2021: £2,477,000) less the associated deferred tax of £378,000 (2021: £471,000) has been transferred to reserves.

As at 31 December 2022 contributions of £5,000 (2021: £5,000) due in respect of the current reporting year had not been paid over to the scheme.

Analysis of assets

The major categories of scheme assets are as follows:

	2022	2021
	%	%
Growth	20	29
Liability matching	63	62
Protection	6	1
Insured assets	7	7
Cash	4	1
	<u>100</u>	<u>100</u>

All pension assets are unquoted assets.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Pension and other schemes (continued)

In order to ensure that the trustees, in conjunction with the Company, has an appropriate investment strategy in place, a review of the assets and liabilities of the scheme is undertaken at each actuarial valuation and at least every three years.

The Scheme exposes the Company to a number of risks:

- **Investment risk.** The Scheme holds investments in asset classes which have volatile market values and while these assets are expected to provide the real returns over the long-term the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk.** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets other than corporate bonds the value of the assets and liabilities may not move in the same way. The Scheme holds assets such as liability driven investments and gilts which provide a hedge against the majority of the Scheme's interest rate risk.
- **Inflation risk.** A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging. The Scheme holds assets such as liability driven investments and gilts which provide a hedge against the majority of the Scheme's inflation rate risk.
- **Mortality risk.** In the event that members live longer than assumed a deficit will emerge in the Scheme.

The trustees pay close regard to the risks which may arise through a mismatch between the scheme's assets and its liabilities and the risks which may arise from the lack of diversification of investments.

Subject to satisfying the risk from a mismatch of assets and liabilities, the trustees believe that the asset allocation policy provides an adequately diversified distribution of assets. The current investment agreements with the investment managers have regard to the need to diversify within each class of assets. The investment agreements also include a number of guidelines which, amongst other things, contain protection for the trustees and are designed to ensure that only suitable investments are held by the scheme.

The trustees recognise that there is a risk in holding assets that cannot easily be sold should the need arise. To guard against this, the trustees review the profile of the managers' portfolios to ensure that there is sufficient liquidity to meet the likely cash flow demands.

The estimated amount of contributions expected to be paid to the scheme during the next financial year is £61,000 (2021: £57,000).

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Intangible assets

	Note	Goodwill £ 000	Trademarks, patents and licenses £ 000	Contractual customer relationships £ 000	Computer software £ 000	Domain names £ 000	Other intangible assets £ 000	Software development costs £ 000	Total £ 000
Cost or valuation									
At 1 January 2022		15,629	355	3,560	24,752	438	2	6,200	50,936
Prior Year Adjustment		-	-	-	(130)	-	-	-	(130)
Additions		-	-	-	67	-	-	9,593	9,660
Fair value adjustments		(493)	-	(342)	-	-	-	-	(835)
Acquisition of business	17	6,389	-	2,393	-	-	-	-	8,782
Disposals		-	-	-	(817)	-	-	(695)	(1,512)
Transfer between asset class		-	-	-	12,530	-	-	(12,530)	-
At 31 December 2022		<u>21,525</u>	<u>355</u>	<u>5,611</u>	<u>36,402</u>	<u>438</u>	<u>2</u>	<u>2,568</u>	<u>66,901</u>
Accumulated amortisation									
At 1 January 2022		-	355	697	19,271	438	2	-	20,763
Amortisation charge		-	-	604	3,455	-	-	-	4,059
Disposals		-	-	-	(792)	-	-	-	(792)
At 31 December 2022		<u>-</u>	<u>355</u>	<u>1,301</u>	<u>21,934</u>	<u>438</u>	<u>2</u>	<u>-</u>	<u>24,030</u>
Carrying amount									
At 31 December 2022		<u>21,525</u>	<u>-</u>	<u>4,310</u>	<u>14,468</u>	<u>-</u>	<u>-</u>	<u>2,568</u>	<u>42,871</u>
At 31 December 2021		<u>15,629</u>	<u>-</u>	<u>2,863</u>	<u>5,481</u>	<u>-</u>	<u>-</u>	<u>6,200</u>	<u>30,173</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Intangible assets (continued)

The directors have reviewed the carrying value of goodwill in the context of the ongoing Company performance, and have concluded that there is no significant impairment to the carrying value of goodwill. Where applicable, amortisation is charged to administrative expenses in the income statement.

14 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	617	2,642	5,025	8,284
Additions	-	23	226	249
Disposals	(140)	(415)	(678)	(1,233)
Transfer between asset class	(12)	12	-	-
At 31 December 2022	<u>465</u>	<u>2,262</u>	<u>4,573</u>	<u>7,300</u>
Accumulated depreciation and impairment				
At 1 January 2022	561	2,494	4,393	7,448
Charge for the year	39	87	381	507
Disposals	(140)	(399)	(678)	(1,217)
At 31 December 2022	<u>460</u>	<u>2,182</u>	<u>4,096</u>	<u>6,738</u>
Carrying amount				
At 31 December 2022	<u>5</u>	<u>80</u>	<u>477</u>	<u>562</u>
At 31 December 2021	<u>56</u>	<u>148</u>	<u>632</u>	<u>836</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Leases

The Company has lease contracts for various items of property and equipment used in its operations. Leases of land and buildings generally have lease terms of up to 10 years, while leases of other equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of equipment with lease terms of 12 months or less and leases of equipment with low value, being those below £5,000. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

Right of use assets and lease liabilities

	Property £ 000	Motor vehicles £ 000	Other £ 000	Total right of use assets £ 000
Cost or valuation				
At 1 January 2022	341	841	62	1,244
Net additions	166	730	(6)	890
Depreciation expense	(303)	(617)	(35)	(955)
At 31 December 2022	<u>204</u>	<u>954</u>	<u>21</u>	<u>1,179</u>

Lease liabilities £ 000

Cost or valuation	
At 1 January 2022	1,513
Additions	588
Interest expense on leases	94
Payments	(932)
At 31 December 2022	<u>1,263</u>

The following are the amounts recognised in profit or loss:

	2022
	£ 000
Depreciation expense of right-of-use assets	956
Interest expense on lease liabilities	94
Total recognised in profit or loss	<u>1,050</u>

The Company had total cash outflows for leases of £932,000.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Leases (continued)

Future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022 £ 000	2021 £ 000
Within one year	732	784
After one year but not more than five years	608	810
Total minimum lease payments	1,340	1,594
Less amounts representing finance charges	(77)	(81)
Present value of minimum lease payments	1,263	1,513

16 Investments in subsidiaries

	£ 000
Cost or valuation	
At 1 January 2022	53,918
Additions	1,101
Adjustment to cost - transfer of trade (note 17)	(8,804)
Adjustment to cost - fair value adjustment	(242)
Disposals	-
At 31 December 2022	45,973
Provisions for impairment	
At 1 January 2022	-
Provision	43,070
At 31 December 2022	43,070
Net Book Value	
At 31 December 2022	2,903
At 31 December 2021	53,918

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Investments in subsidiaries (continued)

On 15 July 2022 the Company acquired 100% of the voting shares of Bagan Villas Limited, a tour operator for holiday properties for an investment value of £1,101,000. Bagan Villas Limited is a private company registered in England and Wales.

The adjustment to investment cost for transfers of trade is in relation to the hive-up of Quality Unearthed Limited and Cornwalls Cottages Limited, as set out in note 17 of these financial statements.

The fair value adjustment to investment cost is in relation to a reduction in the investment cost of Quality Unearthed Limited and Cornwalls Cottages Limited, prior to the hive-ups.

The provision for impairment reflects managements' re-estimation of the value of the company's investments in subsidiaries against projected future cashflows. This takes into account the change in principal activity of James Villas Holidays Limited, and the strategy to share and adopt best operational practices between the Group's subsidiaries.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Investments in subsidiaries (continued)

The investment in subsidiaries represents investments in shares at cost in the following companies all of which are incorporated in England and Wales:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2022	2021
James Villa Holidays Limited*	Provider of a curated selection of villas in key European destinations to the UK consumer market	20/20 Business Park St Leonards Road Maidstone ME16 0LS	Ordinary shares	100%	100%
James Transport Limited*	Tour operators for holiday transport	20/20 Business Park St Leonards Road Maidstone ME16 0LS	Ordinary shares	100%	100%
Resort Proserve SA	Provision of employees within Spain to support James Villa Holidays Limited	Calle Leganitos Madrid 47, 9º - C.P. 28013	Ordinary shares	100%	100%
Quality Unearthed Limited*	Dormant (dissolved 25 April 2023)	Sunway House Raglan Road Lowestoft NR32 2LW	Ordinary Shares	100%	100%
Cornwalls Cottages Limited*	Dormant (dissolved 13 June 2023)	Sunway House Raglan Road Lowestoft NR32 2LW	Ordinary Shares	100%	100%
Bugan Villas Limited*	Dormant	20/20 Business Park St. Leonards Road Allington Maidstone ME16 0LS	Ordinary Shares	100%	0%

* indicates direct investment of the company

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Investments in subsidiaries (continued)

During 2022 the Company dissolved via voluntary strike-off two of its subsidiaries as noted below:

Date dissolved:	Name of subsidiary:
16 August 2022	Portscatho Holidays Limited
6 September 2022	Amberley House Cottage Holidays Limited

The financial transactions reflected the write off of a minimal amount of share capital and had no material impact on the financial statements.

During the year the company received income from fixed asset investments of £nil (2021: £nil).

17 Trade and assets acquisitions

During 2022, the Company transferred in the trade and assets of its subsidiaries, Quality Unearthed Limited & Cornwalls Cottages Limited. Quality Unearthed Limited was acquired on 27 August 2021, with the trade and assets being transferred in on 1 May 2022. Cornwalls Cottages Limited was acquired on 1 November 2021, with the trade and assets being transferred in on 28 September 2022.

In relation to the acquisition of Quality Unearthed Limited, the book values of the identifiable assets and liabilities of the business at the dates of acquisition and hive up were:

	2022 £ 000
Trade debtors	176
Other debtors	3
Cash and short term deposits	247
Trade creditors	(389)
Accruals and deferred income	(31)
Provisions	(6)
Net assets	-

Amounts owing to group undertakings remained unchanged as a result of this transfer. Following the hive-up, Quality Unearthed Limited began the process to be struck off and in doing so the intercompany balances were settled and a return of capital made to the company of £nil which has been recognised against the associated investment balance in note 16.

Given the size of the hived-up business there will not be a material change in the revenue and profits recognised for the company following the hive-up.

Under the company's accounting policy for hive-ups the excess of the investment value above the net assets value of Quality Unearthed Limited is transferred to goodwill, intangible assets and deferred tax at the carrying values held for the company in the consolidated financial statements of PE Compass Holding II Limited, the largest group to prepare consolidated financial statements as described in note 25.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Trade and assets acquisitions (continued)

	2022 £ 000
Investment Value	1,542
Net assets	-
Excess investment value	<u>1,542</u>
Goodwill (Note 12)	1,325
Intangible assets (Note 12)	296
Deferred tax (Note 11)	<u>(71)</u>
Total additional assets recognised in PE Compass Holding II Limited	<u><u>1,550</u></u>

The additional assets in excess of the excess investment value of £8,000 has been transferred directly to equity within other reserves.

The fair value of these intangible assets amounted to £1,621,000 as referenced in note 13, less £71,000 of deferred tax liability as referenced in note 11.

In relation to the acquisition of Cornwall's Cottages Limited, the book values of the identifiable assets and liabilities of the business at the dates of acquisition and have up were:

	2022 £ 000
Trade debtors	645
Cash and short term deposits	2,435
Trade creditors	(1,620)
Corporation tax payable	(273)
Other taxes and social security	(105)
Accruals and deferred income	(78)
Provisions	<u>(41)</u>
Net assets	<u><u>963</u></u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Trade and assets acquisitions (continued)

Amounts owing to group undertakings increased by £963,000 as a result of these transfers. Following the hive-up, Cornwall's Cottages Limited began the process to be struck off and in doing so the intercompany balances were settled and a return of capital made to the company of £963,000 which has been recognised against the associated investment balance in note 16.

Given the size of the hived-up business there will not be a material change in the revenue and profits recognised for the company following the hive-up.

Under the company's accounting policy for hive-ups the excess of the investment value above the net assets value of Cornwall's Cottages Limited is transferred to goodwill, intangible assets and deferred tax at the carrying values held for the company in the consolidated financial statements of PE Compass Holding II Limited, the largest group to prepare consolidated financial statements as described in note 25.

	2022 £ 000
Investment value	7,262
Net assets (including intercompany payables of £157,000)	<u>(963)</u>
Excess investment value	<u>6,299</u>
Goodwill (Note 12)	5,064
Intangible assets (Note 12)	2,097
Deferred tax (Note 11)	<u>(514)</u>
Total additional assets recognised in PE Compass Holding II Limited	<u>6,647</u>

The additional assets in excess of the excess investment value of £348,000 has been transferred directly to equity within other reserves.

The fair value of these intangible assets amounted to £7,161,000 as referenced in note 13, less £514,000 of deferred tax liability as referenced in note 11.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Debtors

	2022 £ 000	2021 £ 000
Amounts falling due within one year:		
Trade debtors	119,827	135,039
Provision for impairment of trade debtors	<u>(2,238)</u>	<u>(3,333)</u>
Net trade debtors	117,589	131,706
Amounts owed by group undertakings	51,705	44,181
Other receivables	866	753
Prepayments and accrued income	5,048	3,751
Total debtors falling due within one year	<u>175,208</u>	<u>180,391</u>
Amounts falling due after one year:		
Trade debtors	998	456
Amounts owed by group undertakings	216	206
Other debtors	113	35
Deferred tax assets (note 11)	851	1,075
Prepayments and accrued income	<u>6,850</u>	<u>3,963</u>
Total debtors falling due after one year	<u>9,028</u>	<u>5,735</u>
Total debtors	<u>184,236</u>	<u>186,126</u>

Amounts owed by group undertakings falling due within one year are unsecured and are repayable on demand. Where they represent a trading balance they are non-interest bearing, whilst non-trading balances are interest bearing at a rate of SONIA + 4.00% (2021: a variety of rates ranging between 2.09% and 5.53%).

Trade debtors falling due after one year of £456,000 were included within trade debtors falling due within one year within the 2021 accounts.

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Creditors: amounts falling due within one year and provisions for liabilities

Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	131,435	146,891
Amounts owed to group undertakings	10,035	9,537
Social security and other taxes	2,477	2,938
Other creditors	557	323
Corporation tax liability	2,792	8,140
Lease liabilities (Note 15)	898	748
Accruals and deferred income	11,146	15,633
	<u>159,340</u>	<u>184,210</u>

Amounts owing to group undertakings are unsecured and are repayable on demand. Where they represent a trading balance they are non-interest bearing, whilst non-trading balances are interest bearing at either SONIA + 4.00% or SONIA + 4.50% (2021: a variety of rates ranging between 2.09% and 4.00%).

Provisions for liabilities

	Cancellation provision £ 000	Contingent consideration £ 000	Other provisions £ 000	Total provisions £ 000
At 1 January 2022	3,782	1,380	279	5,441
New provisions recognised	7,250	-	420	7,670
Provisions acquired (note 16)	23	-	25	48
Unused provisions reversed	(1,219)	(996)	(26)	(2,241)
Amounts Utilised during the year	(8,398)	(384)	(574)	(9,356)
Fair value adjustments	-	-	9	9
At 31 December 2022	<u>1,438</u>	<u>-</u>	<u>133</u>	<u>1,571</u>

	2022 £ 000	2021 £ 000
Current	1,532	5,362
Non Current	39	79
Total	<u>1,571</u>	<u>5,441</u>

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Creditors: amounts falling due within one year and provisions for liabilities (continued)

Cancellation provisions reflect the best estimate of the amount of revenue that will be lost due to cancellations. The amounts utilised within the year were comparable to the value provided, and the value released to the income statement was not material. See Note 3 for further information.

Contingent consideration reflected the amounts payable at the start of the year to the owners of the acquired businesses had post acquisition property targets been achieved.

Other provisions include provisions for property dilapidations, severance and restructuring where the outcome of these can be estimated and is deemed to be more likely than not. The majority of these provisions are current.

20 Creditors: Amounts falling due after more than one year

	2022 £ 000	2021 £ 000
Trade creditors	1,005	584
Lease liabilities (Note 15)	365	765
	<u>1,370</u>	<u>1,349</u>

21 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>1,051,741</u>	<u>1,051,741</u>	<u>1,051,741</u>	<u>1,051,741</u>

22 Commitments

Capital Commitments

At 31 December 2022, amounts contracted for but not provided in the financial statements for the acquisition of intangible assets amounted to £2,512,000 (2021: £1,235,000).

23 Contingencies

Contingent liabilities

At 31 December 2022 the Company had contingent liabilities of £nil (2021: £nil).

Awaze Vacation Rentals Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Contingencies (continued)

Guarantees

The company acts as a guarantor of the external borrowings of Awaze Limited, an intermediate parent holding company.

Facilities

The company has a facilities agreement with Compass Bidco II Limited, an intermediate holding company. The facility agreement allows either party to borrow a maximum of £95,000,000 (2021: £40,000,000) from the other at any one point in time. Interest on any amounts borrowed is charged at EURIBOR (subject to a minimum 0%) + 4.00% and the agreement can be cancelled by either party with 30 days notice.

24 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries within the PE Compass Holding II Limited Group.

25 Parent and ultimate parent undertaking

The Company's immediate parent company is Hoseasons Limited, which is registered in England & Wales. In the directors' opinion, the Company's ultimate parent undertaking and controlling party is Platinum Equity Capital Partners International IV (Cayman) L.P., which is a private equity investment fund ultimately controlled by Platinum Equity LLC.

The parent of the smallest and largest group in which these financial statements are consolidated is PE Compass Holding II Limited. These financial statements are available upon request from the address of the registered office of PE Compass Holding II Limited, being 100 New Bridge Street, London, EC4V 6JA