

Registration number: 00965389

Awaze Vacation Rentals Ltd

(formerly Vacation Rentals (UK) Ltd)

Annual Report and Financial Statements
for the Year Ended 31 December 2020



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Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

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**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Company Information

| | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Directors | G Adam H Kjellberg S Altham R Patel |
| Registered office | Sunway House Raglan Road Lowestoft Suffolk 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
(formerly Vacation Rentals (UK) Ltd)

Strategic Report for the Year Ended 31 December 2020

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

Fair review of the business

The Income Statement is set out on page 14. Key measures and comparatives are as follows:

Turnover for the year ended 31 December 2020 decreased by 28.97% in comparison to 2019 generating an operating loss of £4,001,000 (2019: operating profit of £14,184,000).

Trading for 2020 was in line with the Directors' expectations up to the start of lockdown restrictions announced on March 23rd 2020 in response to the COVID-19 pandemic. The Directors' took all appropriate actions, in line with their fiduciary responsibilities, to respond to the challenges presented by the pandemic, and the multiple changes in lockdown regulations at national or regional level over the remainder of the year. As a result of the pandemic, the Company's performance has declined compared to 2019 with demand being strong for those regions and dates where government regulations allowed consumers to travel but significantly reduced where they did not.

For the year ended 31 December 2020 the loss before tax was £3,789,000 (2019: profit of £19,379,000) and the loss for the year, after taxation was £2,847,000 (2019: profit of £16,623,000).

The financial position of the company at both 31 December 2020 and 31 December 2019 is set out on page 16.

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

| | Unit | 2020 | 2019 |
|-------------------------------------|------|---------|--------|
| (Decrease)/increase in turnover | % | (28.97) | 11.97 |
| Operating profit margin | % | (5.39) | 13.58 |
| Turnover to administrative expenses | | 0.95 | 1.16 |
| Average number of employees | | 733.00 | 853.00 |

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.

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.

The extent of further outbreaks of COVID-19 and therefore the impact on the business is uncertain. It will depend, inter alia, upon the duration and scope of further outbreaks; governmental, business and individual actions taken in response to the outbreak; the impact of the outbreak on the financial markets and economic activity generally, as well as the effect of the outbreak on customers, home-owners, business partners, and employees.

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.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Strategic Report for the Year Ended 31 December 2020 (continued)

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.

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 1 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 43,000 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 700 people across the UK. Employees are engaged in a number of ways primarily through open communication (e.g. Town Halls), 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.

Shareholders and lenders - The ultimate holding company of Awaze Vacation Rentals Ltd is Platinum Equity Capital Partners International IV (Cayman) LP, a Cayman Islands limited partnership, which is a private equity investment fund ultimately controlled by Platinum Equity LLC.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Strategic Report for the Year Ended 31 December 2020 (continued)

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.

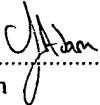
| | |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Decision #1 | The restructuring of the business. On 6 July 2020, the company announced a large scale re-organisation programme. As part of this re-organisation, the Company proposed to close five of its offices, reduce headcount and require some employees to change their place of work to their home address. In addition, the Company decided to exit some of its peripheral markets, no longer offering Ireland properties from 1 January 2021 and withdrawing its Directories listing products from 1 January 2022. |
| Outcomes and impact on key stakeholders: | |
| Guests | Guests will no longer have the option to make reservations through these channels. No advance bookings had been made. |
| Property Owners | Early communication with owners. Dedicated relationship teams describe the impact of any changes relevant to them. |
| Workforce | Consultation with all impacted employees, with contract amendments as required. Where applicable severance was served. |
| Suppliers | Notice provided to all impacted suppliers as required. |
| Community & Environment | Press communication to promote awareness within the local communities. |
| Regulatory Bodies | Notification to relevant regulatory bodies. |
| Shareholders & Lenders | Notification to both parties explaining the rationale for the restructuring as part of regular reporting communications. |
| Decision #2 | Variety of operational improvement initiatives. |
| Outcomes and impact on key stakeholders: | |
| Guests | Improve guest experience (e.g. IT developments such as booking processes and web-site enhancements). |
| Property Owners | Improve owner experience (e.g. development of owner self-service portals) and profitability (e.g. pricing tool developments). |
| 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 | Initiatives designed to improve profitability. |

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Strategic Report for the Year Ended 31 December 2020 (continued)

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Decision #3 | Variety of initiatives in response to COVID-19. These included automation of refund processes and implementation of contactless check-in. |
| Outcomes and impact on key stakeholders: | |
| Guests | Improve guest experience for swifter refunds in the event of COVID-19 cancellations and safer check-in. |
| Property Owners | COVID-19 safe protocols, including contactless check in. |
| Workforce | Impacted employees were regularly contacted and informed about the response of the business to the pandemic |
| Suppliers | Notice provided to all impacted suppliers as required. |
| Community & Environment | N/A |
| Regulatory Bodies | Compliance with best practice guidance. |
| Shareholders & Lenders | Initiatives designed to improve profitability. |

Approved by the Board on 26 August 2021 and signed on its behalf by:


.....
G Adam
Director

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Directors' Report for the Year Ended 31 December 2020

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

Change of company name

The company changed its name from Vacation Rentals (UK) Ltd to Awaze Vacation Rentals Ltd effective from December 2020.

Directors' of the company

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

G Adam

H Kjellberg

S Altham

R Patel

G Cowley (Resigned 31 January 2020)

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 activity

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.

Dividends

During the year no dividends were declared or paid (2019: £nil).

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 purchases and receives monies from sales denominated in foreign currency 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 current low level of interest rates and that no significant interest is credited or charged on 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 customers are required to pay before taking the holiday.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Directors' Report for the Year Ended 31 December 2020 (continued)

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. In July 2020, the Company announced a re-organisation programme which proposed to close a number of offices, reduce headcount and require some employees to change their place of work to their home address. Thorough and regular communication to all impacted employees was undertaken, and ideas and suggestions were minuted and reviewed thoroughly. Following the completion of the restructuring, regular meetings continue to be held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through Company's bonus schemes.

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 changes in the activities of the company in the forthcoming year. However, the ongoing COVID-19 pandemic will continue to impact the business, and is discussed in more detail in the following Going concern section.

**Awaze Vacation Rentals Ltd
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Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

COVID-19 affected many areas of the global economy, including travel and tourism. The industry was materially impacted in the United Kingdom where temporary border closures, self-isolation, strict social distancing regulations and air travel restrictions were adopted to slow and limit the spread of the virus. The priority of the business has been to protect the health and safety of our employees, guests and owners whilst best positioning the business for the longer term and recovery through management of risk and conserving cash.

Further imposed travel restrictions at the start of 2021 led to a sharp decline in Q1 arrivals but booking rates for future months have remained strong and the directors expect the business to perform strongly through the peak arrival periods in Q2 and Q3 2021. There remains some uncertainty on the extent to which COVID-19 will continue to impact the company and will depend largely on the vaccine roll-out, the efficacy of the vaccines to new variants and government decisions on both local and national restrictions.

As a result of the uncertainties caused by COVID-19 the directors of the company in performing their going concern assessment have considered the availability, if required, of intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. The company has received written confirmation that Awaze Limited, an intermediate parent company, will continue to provide the Company with the financial support necessary to enable the company to meet their debts as they fall due, including intercompany balances for a period of at least 12 months from the date of these financial statements.

Group management has prepared both a base case scenario and a severe but plausible scenario until 31 December 2022. The base case scenario reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends. The severe but plausible scenario applies recent experience from winter season 2020/2021 to model a severe and plausible downside scenario that includes the same lockdown restrictions in the fourth quarter of 2021 and first quarter of 2022 as experienced in the comparable periods of the prior year. It is assumed that there will be no international travel between November 2021 and March 2022. Furthermore, it assumes that domestic travel restrictions will mirror November 2020 to March 2021 local guidelines.

Under the base case and the severe but plausible downside scenarios, the Group has sufficient liquidity to maintain operations and provide support if required by the Company. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have 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. Thus they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

COVID-19 has continued to have a significant impact on the company at the start of 2021 with the government policies resulting in another national lockdown in Q1 2021 and restrictions being in place for the first half of 2021. As a result of these restrictions most bookings for holidays due to arrive in January to April have had to be cancelled and either refunded, vouchered or cancelled. The financial impact of these items are reflected in the financial information as at 31 December 2020, with the most notable impact being in the cancellation provision booked. Following the easing of restrictions sales have been positive with increased demand for both off-peak and peak holiday dates.

On 10 May 2021, Awaze Vacation Rentals Limited made an investment in Amberley House Cottage Holidays Limited, a cottage rental business based in West Sussex, and its subsidiary Portscatho Holidays Limited, based in Cornwall. The Directors' have concluded that this is a non-adjusting post balance sheet event.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Directors' Report for the Year Ended 31 December 2020 (continued)

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 auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 26 August 2021 and signed on its behalf by:


.....
G Adam
Director

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Statement of Directors' Responsibilities

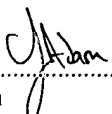
The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 26 August 2021 and signed on its behalf by:


.....
G Adam
Director

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Independent Auditor's 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 (formerly Vacation Rentals (UK) Ltd)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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, comprising 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 2020; the Profit and Loss Account, 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.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

**Independent Auditor's Report to the Members of Awaze Vacation Rentals Ltd
(continued)**

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 2020 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 compliance with ABTA legislation, employment legislation and UK taxation legislation, 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 the Companies Act 2006. 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 posting of unusual journals to revenue or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

**Awaze Vacation Rentals Ltd
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**Independent Auditor's Report to the Members of Awaze Vacation Rentals Ltd
(continued)**

- Enquiries of management, those charged with governance and the entity's in-house legal counsel around actual and potential litigation and claims;
- Review of board minutes;
- Obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- Auditing the risk of management override of controls, including through testing unusual journal entries and unpredictable procedures covering the employee discount process, bank reconciliations and cancellations as a result of Covid-19;
- Testing of accounting estimates which could be subject to management bias; and
- Reviewing financial statement disclosures and testing 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, Statutory Auditor

Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Date: 26 August 2021

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Profit and Loss Account for the Year Ended 31 December 2020

| | Note | 2020 £ 000 | 2019 £ 000 |
|----------------------------------------------|------|-----------------------|----------------------|
| Turnover | 4 | 74,212 | 104,473 |
| Administrative expenses | | (78,213) | (90,289) |
| Operating (loss)/profit | 5 | <u>(4,001)</u> | <u>14,184</u> |
| Income from shares in group undertakings | | - | 5,000 |
| Other interest receivable and similar income | 7 | 468 | 629 |
| Interest payable and similar expenses | 8 | <u>(256)</u> | <u>(434)</u> |
| (Loss)/profit before tax | | (3,789) | 19,379 |
| Tax on (loss)/profit | 11 | 942 | (2,756) |
| (Loss)/profit for the financial year | | <u><u>(2,847)</u></u> | <u><u>16,623</u></u> |

The above results were derived from continuing operations.

The notes on pages 18 to 48 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd
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Statement of Comprehensive Income for the Year Ended 31 December 2020

| | 2020 | 2019 |
|---------------------------------------------------------------------------|-----------------------|----------------------|
| | £ 000 | £ 000 |
| (Loss)/profit for the financial year | (2,847) | 16,623 |
| Items that will not be reclassified subsequently to profit or loss | | |
| Actuarial loss on defined benefit pension schemes | <u>73</u> | <u>(53)</u> |
| Total comprehensive (expense)/income for the year | <u><u>(2,774)</u></u> | <u><u>16,570</u></u> |

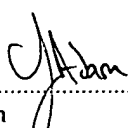
The notes on pages 18 to 48 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

(Registration number: 00965389)
Balance Sheet as at 31 December 2020

| | Note | 2020 £ 000 | 2019 £ 000 |
|----------------------------------------------------------------|------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 12 | 19,701 | 19,850 |
| Tangible assets | 13 | 1,218 | 2,234 |
| Right of use assets | 14 | 1,366 | 2,521 |
| Investments | 15 | 44,872 | 44,872 |
| | | <u>67,157</u> | <u>69,477</u> |
| Current assets | | | |
| Debtors | 16 | 126,950 | 103,146 |
| Cash and cash equivalents | | 21,631 | 8,182 |
| | | <u>148,581</u> | <u>111,328</u> |
| Creditors: Amounts falling due within one year | 17 | (156,027) | (130,326) |
| Provisions for liabilities | 17 | (11,758) | - |
| Net current liabilities | | <u>(19,204)</u> | <u>(18,998)</u> |
| Total assets less current liabilities | | 47,953 | 50,479 |
| Creditors: Amounts falling due after more than one year | 18 | (1,683) | (1,435) |
| Net assets | | <u>46,270</u> | <u>49,044</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,052 | 1,052 |
| Share premium account | | 35 | 35 |
| Capital redemption reserve | | 174 | 174 |
| Other reserves | | (20,880) | (20,880) |
| Retained earnings | | 65,889 | 68,663 |
| Total shareholders' funds | | <u>46,270</u> | <u>49,044</u> |

Approved by the Board on 26 August 2021 and signed on its behalf by:


.....
G Adam
Director

The notes on pages 18 to 48 form an integral part of these financial statements.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Statement of Changes in Equity for the Year Ended 31 December 2020

| | Share capital £ 000 | Share premium £ 000 | Capital redemption reserve £ 000 | Other reserves £ 000 | Retained earnings £ 000 | Total £ 000 |
|-------------------------------|------------------------|---------------------------|-------------------------------------------|-------------------------|-------------------------------|----------------|
| At 1 January 2019 | 1,052 | 35 | 174 | (20,793) | 52,093 | 32,561 |
| Profit for the financial year | - | - | - | - | 16,623 | 16,623 |
| Other comprehensive expense | - | - | - | - | (53) | (53) |
| Total comprehensive expense | - | - | - | - | 16,570 | 16,570 |
| Transfer from investments | - | - | - | (87) | - | (87) |
| At 31 December 2019 | 1,052 | 35 | 174 | (20,880) | 68,663 | 49,044 |
| Loss for the financial year | - | - | - | - | (2,847) | (2,847) |
| Other comprehensive expense | - | - | - | - | 73 | 73 |
| Total comprehensive expense | - | - | - | - | (2,774) | (2,774) |
| At 31 December 2020 | 1,052 | 35 | 174 | (20,880) | 65,889 | 46,270 |

The notes on pages 18 to 48 form an integral part of these financial statements.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

Awaze Vacation Rentals Ltd is a private company limited by share capital, incorporated and domiciled in the United Kingdom. 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.

These financial statements were authorised for issue by the Board on 26 August 2021.

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 of the Company 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 reviewed for impairment on an annual basis. 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 £615,000 (2019: £615,000) 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.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (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); - 16 (statement of compliance with all IFRS);
 - 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.
- Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.

Going concern

As a result of the uncertainties caused by COVID-19 the directors of the company in performing their going concern assessment have considered the availability, if required, of intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. The company has received written confirmation that Awaze Limited, an intermediate parent company, intends to continue to provide the Company with the financial support necessary to enable the company to meet their debts as they fall due, including intercompany balances for a period of at least 12 months from the date of these financial statements.

The director's full evaluation of this is described in note 26. Having assessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover represents the total of commissions earned from holidays sold as agent, 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.

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.

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 when there is reasonable assurance that the grant will be received and that the Company will comply with the conditions attached to the grant.

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.

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.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

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.

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 Company is used. They are assessed for impairment annually.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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 |

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 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.

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 recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

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.

Hive-ups

Hive-ups are accounted for using the predecessor method under FRS 101 and accordingly the assets and liabilities are bought across at book value with any balancing figure being posted directly to equity within the other reserve.

Investments

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.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

Leases

Definition

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Initial recognition and measurement

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (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 2020 (2019: nil).

Financial instruments (post January 2018)

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
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

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
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (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 21.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of Investments

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 12.5% (2019: 10.5%). The company's primary investment is in James Villa's Holidays Limited (JVH) for which 2020 and 2021 trading was significantly impacted by the COVID-19 pandemic, but advance sales for 2022 are high, and having actively managed its portfolio of villa arrangements and operating cost base, future growth is expected to be strong.

The management of JVH are undertaking a number of strategic initiatives to transition JVH away from its legacy roots to a more dynamic organisation which is better positioned to react to the rapidly changing marketplace. Processes have been streamlined with technology deployments allowing a reduction in overheads, and capital investment has been completed to accelerate on-boarding, management and pricing of villas. Having reviewed all these impacts and changes that are being deployed the Company believes that the historic trend of profitability and growth is not reflective of the future business model JVH is moving towards. This new model will have substantially less risk and complexity and therefore lead to lesser impacts to profitability and shocks from external events. With this in mind, for 2022 through 2025 growth rates have been set following the completion of a thorough 5 year strategic review and average ~ 20%, with long term growth rates thereafter capped at 2%, increasing revenues from ~£17M pre-pandemic to ~ £19M by 2025, with EBITDA increasing from ~£3.5M to £7M over the same timeframe. The discount rate has increased markedly at 31 December 2020 in comparison to 31 December 2019 as a result of the COVID-19 pandemic, and whilst this has not resulted in any impairment, the headroom arising from the calculation has reduced.

Management has performed sensitivity analysis on the key assumptions and determined that an impairment would only be required if there was a 3% reduction in future revenues or a 1% increase in the discount rate.

Cancellation provision

The Company has had to exercise significant judgement to calculate the estimated impact that COVID-19 will have on cancellations. At 31 December 2020, the number of COVID-19 cases was increasing and travel restrictions across the UK were beginning to be imposed.

The 31 December 2020 cancellation provision of £11,758,000 is based predominantly upon a full provision for holidays arriving between 1 January 2021 and 30 April 2021 and a 30% provision for May with cancellation rates after this date expected to be comparable to summer 2020. The comparative cancellation provision for 2019 was £296,000.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Turnover

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

Turnover analysed by category, was as follows:

| | 2020 | 2019 |
|-----------------------|---------------|----------------|
| | £ 000 | £ 000 |
| Commissions | 69,671 | 99,555 |
| Rendering of services | 4,541 | 4,918 |
| | <u>74,212</u> | <u>104,473</u> |

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

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Accrued Income - Registration Fees | <u>70</u> | <u>64</u> |

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

| | 2020 | 2019 |
|-----------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Deferred income - rendering of services | 750 | 761 |
| Deferred income - commissions | 152 | 524 |
| | <u>902</u> | <u>1,285</u> |

The Company has recognised revenue of £1,285,000 (2019: £1,514,000) 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
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Operating (loss)/profit

Arrived at after charging/(crediting)

| | 2020 | 2019 |
|--------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Amortisation of intangible assets | 3,118 | 3,686 |
| Depreciation of tangible fixed assets | 1,148 | 1,163 |
| Depreciation of right of use assets | 1,181 | 1,215 |
| Impairment losses from contracts with customers | 1,841 | 1,031 |
| Restructuring expenses | 2,828 | - |
| Restructuring expenses - impairment of tangible assets | 630 | - |
| Loss on disposal of property, plant and equipment | 114 | 549 |
| Loss on disposal of intangible assets | 287 | - |
| Impairment loss on right-of-use assets | 315 | - |
| Foreign exchange gains | (35) | (182) |
| Operating lease expense - property | 274 | 350 |
| Operating lease expense - plant and machinery | <u>65</u> | <u>126</u> |

6 The analysis of the auditors remuneration is as follows:

| | 2020 | 2019 |
|-------------------------------------------------------------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 193 | 185 |
| Fees payable to the company's auditor for the audit of the company's subsidiaries pursuant to legislation | 21 | 21 |
| Fees payable to the company's auditor for other professional services including tax and employment guidance | 53 | - |
| Fees payable for other assurance services | <u>8</u> | <u>7</u> |
| | <u>275</u> | <u>213</u> |

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Other interest receivable and similar income

| | 2020 | 2019 |
|--------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Interest income on bank deposits | - | 1 |
| Interest receivable from group undertakings | 410 | 573 |
| Net interest return on defined pensions benefit scheme | 5 | 7 |
| Other interest receivable | 53 | 48 |
| | <u>468</u> | <u>629</u> |

8 Interest payable and similar expenses

| | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Interest paid to group undertakings | 133 | 154 |
| Lease interest | 119 | 146 |
| Other interest | 4 | 134 |
| | <u>256</u> | <u>434</u> |

9 Staff costs

| | 2020 | 2019 |
|-------------------------------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Wages and salaries | 22,220 | 22,091 |
| Social security and apprentice levy costs | 1,919 | 2,306 |
| Other pension costs | 1,344 | 1,477 |
| | <u>25,483</u> | <u>25,874</u> |

Included in staff costs above is £620,000 of costs that have been capitalised within intangible asset (note 12) and £246,000 of costs that have been capitalised within prepayments and accrued income (note 16). Staff costs of £860,000 capitalised within intangible asset and £413,000 of costs capitalised within prepayments and accrued income are excluded from the above figures for 2019. During the year £2,259,000 was claimed in relation to the Coronavirus Job Retention Scheme and credited against administrative expenses.

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

| | 2020 | 2019 |
|-----------------------------------|-------------|-------------|
| | No. | No. |
| Administration and support | 27 | 33 |
| Sales, marketing and distribution | 706 | 820 |
| | <u>733</u> | <u>853</u> |

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Directors' remuneration

| | 2020 | 2019 |
|----------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Aggregate emoluments | 1,159 | 989 |
| Pension costs | 49 | 93 |
| | <u>1,208</u> | <u>1,082</u> |

1 director (2019: 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:

| | 2020 | 2019 |
|--------------------------------------------------------|-------------|-------------|
| | No. | No. |
| Accruing benefits under defined benefit pension scheme | <u>4</u> | <u>5</u> |

In respect of the highest paid director:

| | 2020 | 2019 |
|---------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Remuneration | 438 | 323 |
| Company contributions to money purchase pension schemes | 4 | 49 |
| | <u>442</u> | <u>372</u> |

The highest paid director was a member of the defined contribution pension scheme. Amounts include the remuneration for loss of office which amounted to £383,000 (2019: £nil).

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Tax on (loss)/profit

a) Tax (credited)/charged in the profit and loss account

| | 2020 | 2019 |
|----------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Current taxation | | |
| UK corporation tax | (54) | 3,050 |
| Adjustments in respect of prior years | 466 | 231 |
| Total current income tax | 412 | 3,281 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (792) | (268) |
| Adjustments in respect of prior years | (562) | (257) |
| Total deferred tax | (1,354) | (525) |
| Tax (credit)/charge in the profit and loss account | (942) | 2,756 |

b) Tax relating to items charged or credited to other comprehensive income

| | 2020 | 2019 |
|-------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Deferred tax: | | |
| Actuarial gains on defined benefit pension plans | 5 | 32 |
| Unrecognised surplus in defined benefit pension plans | (5) | (32) |
| Total Deferred Tax | - | - |
| Tax expense in the statement of comprehensive income | - | - |

The tax (credit)/charge in the Profit and Loss Account for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

| | 2020 | 2019 |
|--------------------------------------------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| c) Reconciliation of the total tax charge | | |
| Profit before taxation | (3,789) | 19,379 |
| Tax calculated at UK standard rate of corporation tax of 19% | (720) | 3,682 |
| Expenses not deductible for tax purposes | 35 | 19 |
| Adjustments in respect of prior periods | (99) | (26) |
| Deferred RDEC credits | (10) | - |
| Effect of change in rate of deferred tax | (161) | 31 |
| Impairment of investment | 6 | - |
| Income from shares in group undertakings | 7 | (950) |
| Total tax (credit)/charge reported in the income statement | (942) | 2,756 |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Tax on (loss)/profit (continued)

d) Factors that may affect the future tax charge

On 17 March 2020 the law retaining the corporation tax rate at 19% (rather than reducing to 17%, as previously enacted) was substantively enacted. This change is reflected within the 2020 financial statements.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As this proposal had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax charge for the period by £555,000 and to increase the deferred tax asset by the same amount.

e) Deferred tax

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

| | 2020 £ 000 | 2019 £ 000 |
|----------------------------------------------|---------------|---------------|
| Deferred tax asset: | | |
| Depreciation in excess of capital allowances | 1,764 | 981 |
| Intangible assets | (283) | (256) |
| Short term timing differences | 159 | 123 |
| RDEC credits | 113 | 104 |
| Tax losses | 543 | - |
| Other | 28 | 19 |
| | 2,324 | 971 |
| Disclosed on the balance sheet: | | |
| Deferred tax asset: | 2,324 | 971 |
| Deferred tax liabilities: | - | - |
| | 2,324 | 971 |

A deferred tax asset amounting to £2,324,000 (2019: £971,000) 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.

| | 2020 £ 000 | 2019 £ 000 |
|---------------------------------------------------------------|---------------|---------------|
| Deferred tax (credit) / charge in the income statement | | |
| Accelerated capital allowances | (783) | (477) |
| Intangible assets | 30 | (44) |
| Short term timing differences | (36) | (4) |
| RDEC credits | (9) | - |
| Tax losses | (543) | - |
| Other | (12) | - |
| | (1,353) | (525) |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Intangible assets

| | Goodwill £ 000 | Trademarks, patents and licenses £ 000 | Contractual customer relationships £ 000 | Software development costs £ 000 | Computer software £ 000 | Domain names £ 000 | Other intangible assets £ 000 | Total £ 000 |
|---------------------------------|---------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|----------------------------------------|-----------------------------------|--------------------------------------------------|------------------------|
| Cost or valuation | | | | | | | | |
| At 1 January 2020 | 10,795 | 355 | 1,497 | 498 | 21,343 | 438 | 34 | 34,960 |
| Additions | 3 | - | - | 1,650 | 1,603 | - | - | 3,256 |
| Disposals | - | - | - | (287) | - | - | (6) | (293) |
| Transfer between asset class | - | - | - | (821) | 821 | - | - | - |
| At 31 December 2020 | <u>10,798</u> | <u>355</u> | <u>1,497</u> | <u>1,040</u> | <u>23,767</u> | <u>438</u> | <u>28</u> | <u>37,923</u> |
| Accumulated amortisation | | | | | | | | |
| At 1 January 2020 | - | 111 | 210 | - | 14,495 | 286 | 8 | 15,110 |
| Amortisation charge | - | 140 | 246 | - | 2,629 | 96 | 7 | 3,118 |
| Disposals | - | - | - | - | - | - | (6) | (6) |
| At 31 December 2020 | <u>-</u> | <u>251</u> | <u>456</u> | <u>-</u> | <u>17,124</u> | <u>382</u> | <u>9</u> | <u>18,222</u> |
| Carrying amount | | | | | | | | |
| At 31 December 2020 | <u>10,798</u> | <u>104</u> | <u>1,041</u> | <u>1,040</u> | <u>6,643</u> | <u>56</u> | <u>19</u> | <u>19,701</u> |
| At 31 December 2019 | <u>10,795</u> | <u>243</u> | <u>1,279</u> | <u>498</u> | <u>6,851</u> | <u>152</u> | <u>32</u> | <u>19,850</u> |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Intangible assets (continued)

The directors have reviewed the carrying value of goodwill using the value in use method and a discount rate of 12.5%, 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.

13 Tangible assets

| | Leasehold improvements £ 000 | Furniture, fittings and equipment £ 000 | Computer equipment £ 000 | Total £ 000 |
|------------------------------------------------|------------------------------------|--------------------------------------------------|--------------------------------|----------------|
| Cost or valuation | | | | |
| At 1 January 2020 | 574 | 3,194 | 4,386 | 8,154 |
| Additions | 31 | 8 | 837 | 876 |
| Disposals | - | (263) | (454) | (717) |
| At 31 December 2020 | <u>605</u> | <u>2,939</u> | <u>4,769</u> | <u>8,313</u> |
| Accumulated depreciation and impairment | | | | |
| At 1 January 2020 | 356 | 2,135 | 3,429 | 5,920 |
| Charge for the year | 87 | 314 | 747 | 1,148 |
| Disposal | - | (263) | (340) | (603) |
| Impairment | 50 | 400 | 180 | 630 |
| At 31 December 2020 | <u>493</u> | <u>2,586</u> | <u>4,016</u> | <u>7,095</u> |
| Carrying amount | | | | |
| At 31 December 2020 | <u>112</u> | <u>353</u> | <u>753</u> | <u>1,218</u> |
| At 31 December 2019 | <u>218</u> | <u>1,059</u> | <u>957</u> | <u>2,234</u> |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 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 ROU assets £ 000 |
|--------------------------|-------------------|-------------------------|----------------|---------------------------|
| Cost or valuation | | | | |
| At 1 January 2020 | 1,547 | 860 | 114 | 2,521 |
| Additions | 183 | 158 | - | 341 |
| Impairment expense | (315) | - | - | (315) |
| Depreciation expense | (679) | (459) | (43) | (1,181) |
| At 31 December 2020 | <u>736</u> | <u>559</u> | <u>71</u> | <u>1,366</u> |

Lease liabilities
£ 000

Cost or valuation

| | |
|----------------------------|--------------|
| At 1 January 2020 | 2,631 |
| Additions | 319 |
| Interest expense on leases | 119 |
| Payments | (1,282) |
| At 31 December 2020 | <u>1,787</u> |

The following are the amounts recognised in profit or loss:

| | |
|---------------------------------------------|-----------------------------|
| | 2020 £ 000 |
| Depreciation expense of right-of-use assets | 1,181 |
| Impairment loss on right-of-use assets | 315 |
| Interest expense on lease liabilities | 119 |
| Total recognised in profit or loss | <u>1,615</u> |

The Company had total cash outflows for leases of £1,282,000.

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Leases (continued)

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

| | 2020 £ 000 | 2019 £ 000 |
|------------------------------------------------|---------------------|---------------------|
| Within one year | 1,035 | 1,329 |
| After one year but not more than five years | 945 | 1,347 |
| More than 5 years | <u>-</u> | <u>217</u> |
| Total minimum lease payments | 1,980 | 2,893 |
| Less amounts representing finance charges | <u>(193)</u> | <u>(262)</u> |
| Present value of minimum lease payments | <u><u>1,787</u></u> | <u><u>2,631</u></u> |

15 Investments

| | 2020 £ 000 |
|----------------------------------|----------------------|
| Cost | |
| At 1 January 2020 | 47,590 |
| Disposals | <u>(2,718)</u> |
| At 31 December 2020 | <u><u>44,872</u></u> |
| Provisions for impairment | |
| At 1 January 2020 | 2,718 |
| Disposals | <u>(2,718)</u> |
| At 31 December 2020 | <u><u>-</u></u> |
| Net book value | |
| At 31 December 2020 | <u><u>44,872</u></u> |
| At 31 December 2019 | <u><u>44,872</u></u> |

On 29 September 2020, Blue Chip Holidays Ltd was dissolved via voluntary strike-off. The carrying investment value of £2,718,000 and the impairment provision of the same value were disposed as of this date.

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments (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 | |
|-------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------|-----------------|---------------------------------------------------------|------|
| | | | | 2020 | 2019 |
| James Villa Holidays Limited* | Tour operators for holiday property | 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% |
| Estuary Cottages Limited* | Dormant (dissolved 12 Jan 2021) | Spring Mill Stoney Bank Rd Earby BB94 0AA | Ordinary shares | 100% | 100% |
| Travel a la Carte Limited | Dormant (dissolved 12 January 2021) | 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 | Calle Leganitos Madrid 47, 9º - C.P. 28013 | Ordinary shares | 100% | 100% |

* indicates direct investment of the company

During 2020 the Company dissolved via voluntary strike-off a number of its subsidiaries as noted below:

| Date dissolved: | Name of subsidiary: |
|-------------------|-------------------------------|
| 7 January 2020 | Rockheart Investments Limited |
| 18 February 2020 | Vulpes Capital Limited |
| 29 September 2020 | Castleacre Agencies Limited |
| 29 September 2020 | Mulberry Cottages Ltd |
| 29 September 2020 | Blue Chip Holidays Ltd |

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 (2019: £5,000,000 related to dividends received from James Villa Holidays Limited).

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Debtors

| | 2020 £ 000 | 2019 £ 000 |
|---------------------------------------------|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade debtors | 92,182 | 90,004 |
| Provision for impairment of trade debtors | <u>(2,376)</u> | <u>(839)</u> |
| Net trade debtors | 89,806 | 89,165 |
| Amounts owed by group undertakings | 26,094 | 5,798 |
| Corporation tax receivable | 2,666 | 955 |
| Other receivables | 1,073 | 1,594 |
| Deferred tax asset | - | 971 |
| Prepayments and accrued income | 2,712 | 3,972 |
| Total debtors falling due within one year | <u>122,351</u> | <u>102,455</u> |
| Amounts falling due after one year: | | |
| Amounts owed by group undertakings | 197 | - |
| Other debtors | 247 | 691 |
| Deferred tax assets (note 11) | 2,324 | - |
| Prepayments and accrued income | <u>1,831</u> | <u>-</u> |
| Total debtors falling due after one year | 4,599 | 691 |
| Total debtors | <u>126,950</u> | <u>103,146</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 variety of rates ranging between 2.09% and 4.25%.

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

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

Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| | £ 000 | £ 000 |
| Trade creditors | 123,093 | 98,398 |
| Amounts owed to group undertakings | 14,985 | 18,218 |
| Social security and other taxes | 2,455 | 1,676 |
| Other creditors | 334 | 554 |
| Lease liabilities (note 14) | 915 | 1,209 |
| Accruals and deferred income | 14,245 | 10,271 |
| | <u>156,027</u> | <u>130,326</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 a variety of rates ranging between 2.09% and 4.25%.

Provisions for liabilities

Provisions for liabilities includes £11,758,000 in relation to cancellation provisions. Cancellation provisions reflect the best estimate of the amount of revenue that will be lost due to cancellations. In the prior year an amount of £296,000 was recorded within other creditors. The amounts utilised in the year or released to the income statement are not material. See note 3 for further information.

18 Creditors: Amounts falling due after one year

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| | £ 000 | £ 000 |
| Trade creditors | 811 | 13 |
| Lease liabilities (note 14) | 872 | 1,422 |
| | <u>1,683</u> | <u>1,435</u> |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Called up share capital

Allotted, called up and fully paid shares

| | 2020 | | 2019 | |
|----------------------------|------------------|------------------|------------------|------------------|
| | 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> |

Shares reserved for issue

Authorised:

A total of 5,000,000 (2019: 5,000,000) ordinary shares have been reserved for issue of £1 each.

20 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 company also oversees a further 3 legacy defined contribution schemes, acquired from subsidiaries.

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 £1,344,000 (2019: £1,456,000).

Outstanding contributions at year-end were £110,000 (2019: £151,000).

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 Scheme is closed to new members.

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.

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Pension and other schemes (continued)

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 was due to make contributions of 45.2% of pensionable salaries up to 31 January 2024. 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 (2019: £nil), following fulfilment of its obligations in 2018. The disclosures set out below are based on calculations carried out as at 31 December 2020 by an independent qualified actuary.

The Scheme's liabilities as at 31 December 2020 set out in this note have been assessed based on the calculations carried out for the initial results of the triennial Scheme Funding assessment as at 31 October 2018. This liability calculation has been updated to 31 December 2020, 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 2019, 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 £12,811,000 (2019: £11,429,000).

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:

| | 2020 | 2019 |
|---------------------------------------|-------------|-------------|
| | % | % |
| Discount Rate | 1.20 | 2.00 |
| Retail Prices Index Inflation (RPI) | 3.00 | 3.20 |
| Consumer Prices Index Inflation (CPI) | 2.50 | 2.20 |
| Salary increases | 2.00 | 2.00 |
| LPI 5% pension increases (CPI) | 2.40 | 2.20 |
| | <u>1.90</u> | <u>1.70</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.

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Pension and other schemes (continued)

Mortality rates are based on S2PA_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

| | 2020 | 2019 |
|--------------------------------------------------|--------------|--------------|
| | Years | Years |
| Current UK pensioners at retirement age - male | 25.60 | 25.50 |
| Current UK pensioners at retirement age - female | 26.60 | 26.50 |
| Future UK pensioners at retirement age - male | 27.00 | 26.90 |
| Future UK pensioners at retirement age - female | <u>28.20</u> | <u>28.10</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 £862,000 |
| Rate of inflation | Increase by 0.5% | Decrease by £674,000 |
| Rate of salary growth | Increase by 0.5% | Decrease by £72,000 |
| Rate of mortality | Increase by 1 year | Decrease by £493,000 |

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

| | 2020 | 2019 |
|-----------------------------------------|-----------------|-----------------|
| | £ 000 | £ 000 |
| Fair value of scheme assets | 14,616 | 13,968 |
| Present value of scheme liabilities | <u>(12,811)</u> | <u>(11,429)</u> |
| Surplus | 1,805 | 2,539 |
| Effect of asset ceiling | <u>(1,499)</u> | <u>(2,317)</u> |
| Net defined benefit asset | 306 | 222 |
| Unrecoverable surplus not recognised | <u>(306)</u> | <u>(222)</u> |
| Surplus recognised in the balance sheet | <u>-</u> | <u>-</u> |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Pension and other schemes (continued)

Amounts recognised in the income statement

| | 2020 £ 000 | 2019 £ 000 |
|------------------------------------------------------|---------------|---------------|
| Amounts recognised in operating (loss)/profit | | |
| Current service cost | 26 | 21 |
| Recognised in arriving at operating (loss)/ profit | 26 | 21 |
| Amounts recognised in finance income | | |
| Interest on liabilities | 222 | 297 |
| Interest on assets | (273) | (360) |
| Interest on effect of asset ceiling | 46 | 56 |
| Net interest income on defined benefit liability | (5) | (7) |

Amounts taken to the Statement of Comprehensive Income

| | 2020 £ 000 | 2019 £ 000 |
|----------------------------------------------------------------------------|---------------|---------------|
| Actuarial gains and losses arising from changes in demographic assumptions | - | (195) |
| Actuarial gains and losses arising from changes in financial assumptions | 1,760 | 906 |
| Return on plan assets, excluding amounts included in the interest income | (969) | (898) |
| Changes in the effect of the asset ceiling | (864) | 240 |
| Amounts recognised in the Statement of Comprehensive Income | (73) | 53 |

Scheme liabilities

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

| | 2020 £ 000 | 2019 £ 000 |
|----------------------------------------------------------------------------|---------------|---------------|
| Present value at start of year | 11,429 | 11,168 |
| Current service cost | 26 | 21 |
| Actuarial gains and losses arising from changes in demographic assumptions | - | (195) |
| Actuarial gains and losses arising from changes in financial assumptions | 1,760 | 906 |
| Interest cost | 222 | 297 |
| Benefits paid | (629) | (771) |
| Contributions by scheme participants | 3 | 3 |
| Present value at end of year | 12,811 | 11,429 |

Awaze Vacation Rentals Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Pension and other schemes (continued)

Scheme assets

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

| | 2020 | 2019 |
|---------------------------------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Fair value at start of year | 13,968 | 13,448 |
| Interest on assets | 273 | 360 |
| Gain on scheme assets in excess of interest | 969 | 898 |
| Company contributions | 32 | 30 |
| Contributions by scheme participants | 3 | 3 |
| Benefits paid | <u>(629)</u> | <u>(771)</u> |
| Fair value at end of year | <u>14,616</u> | <u>13,968</u> |

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 unrecoverable. As such, this surplus of £1,805,000 (2019: £2,539,000) less the associated deferred tax of £343,000 (2019: £432,000) have been transferred to reserves.

As at 31 December 2020 contributions of £3,000 (2019: £3,000) 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:

| | 2020 | 2019 |
|---------------------------|-------------|-------------|
| | % | % |
| Cash and cash equivalents | 3 | 5 |
| Equities | 6 | 5 |
| Property | 13 | 13 |
| Gilts | 56 | 52 |
| Bonds | 12 | 14 |
| Annuity Policies | <u>10</u> | <u>11</u> |
| | <u>100</u> | <u>100</u> |

All pension assets are unquoted assets.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 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 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 £32,000.

21 Commitments

Capital Commitments

At 31 December 2020, amounts contracted for but not provided in the financial statements for the acquisition of plant and equipment amounted to £1,350,000 (2019: £22,000).

22 Contingencies

Contingent liabilities

At 31 December 2020 the Company had contingent liabilities of £nil (2019 £62,000).

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 £17,000,000 from the other at any one point in time. Interest on any amounts borrowed is charged at EURIBOR (subject to a minimum 0%) + 4.25% and the agreement can be cancelled by either party with 30 days notice.

**Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)**

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 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.

24 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) LP, a Cayman Islands limited partnership, which is a private equity investment fund ultimately controlled by Platinum Equity LLC.

The largest and smallest group of undertakings, for which group financial statements have been drawn up is that headed by PE Compass Holding II Limited. Copies of its group financial statements, which include the company, are available from 100 New Bridge Street, London, EC4V 6JA.

25 Post balance sheet events

COVID-19 has continued to have a significant impact on the company at the start of 2021 with the government policies resulting in another national lockdown in Q1 2021 and restrictions being in place for the first half of 2021. As a result of these restrictions most bookings for holidays due to arrive in January to April have had to be cancelled and either refunded, vouchered or cancelled. The financial impact of these items are reflected in the financial information as at 31 December 2020, with the most notable impact being in the cancellation provision booked. Following the easing of restrictions sales have been positive with increased demand for both off-peak and peak holiday dates.

On 10 May 2021, Awaze Vacation Rentals Limited made an investment in Amberley House Cottage Holidays Limited, a cottage rental business based in West Sussex, and its subsidiary Portscatho Holidays Limited, based in Cornwall. The Directors' have concluded that this is a non-adjusting post balance sheet event.

Awaze Vacation Rentals Ltd
(formerly Vacation Rentals (UK) Ltd)

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 COVID-19

Going concern analysis

COVID-19 affected many areas of the global economy, including travel and tourism. The industry was materially impacted in the United Kingdom where temporary border closures, self-isolation, strict social distancing regulations and air travel restrictions were adopted to slow and limit the spread of the virus. The priority of the business has been to protect the health and safety of our employees, guests and owners whilst best positioning the business for the longer term and recovery through management of risk and conserving cash.

Further imposed travel restrictions at the start of 2021 led to a sharp decline in Q1 arrivals but booking rates for future months have remained strong and the directors expect the business to perform strongly through the peak arrival periods in Q2 and Q3 2021. There remains some uncertainty on the extent to which COVID-19 will continue to impact the company and will depend largely on the vaccine roll-out, the efficacy of the vaccines to new variants and government decisions on both local and national restrictions.

As a result of the uncertainties caused by COVID-19 the directors of the company in performing their going concern assessment have considered the availability, if required, of intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. The company has received written confirmation that Awaze Limited, an intermediate parent company, will continue to provide the Company with the financial support necessary to enable the company to meet their debts as they fall due, including intercompany balances for a period of at least 12 months from the date of these financial statements.

Group management has prepared both a base case scenario and a severe but plausible scenario until 31 December 2022. The base case scenario reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends. The severe but plausible scenario applies recent experience from winter season 2020/2021 to model a severe and plausible downside scenario that includes the same lockdown restrictions in the fourth quarter of 2021 and first quarter of 2022 as experienced in the comparable periods of the prior year. It is assumed that there will be no international travel between November 2021 and March 2022. Furthermore, it assumes that domestic travel restrictions will mirror November 2020 to March 2021 local guidelines.

Under the base case and the severe but plausible downside scenarios, the Group has sufficient liquidity to maintain operations and provide support if required by the Company. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have 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. Thus they continue to adopt the going concern basis in preparing the financial statements.