Financial statements
52 weeks ended 23 April 2020

CP Sherwood Village Limited

Annual report and financial statements

For the 52 weeks ended 23 April 2020

Company registration number: 07647072

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Financial statements
52 weeks ended 23 April 2020

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Strategic report
For the 52 weeks ended 23 April 2020

The Directors present their strategic report on the Company for the 52 weeks ended 23 April 2020 (2019: 52 weeks ended 25 April 2019).

Review of the Business

The Company's principal activity is that of a property investment company.

The Company's revenue relates to the leasing of a property to Center Parcs (Operating Company) Limited, a related party. Interest is payable to the holders of the Group's secured debt.

The results of the Company for the period show a profit of £7.4 million (2019: profit of £6.7 million). Exceptional/non-underlying finance costs of £0.9 million were incurred during the prior period, the details of which are set out in note 4 to the financial statements.

Impact of the Covid-19 pandemic
Following UK Government advice in the light of the Covid-19 pandemic, the Center Parcs (Holdings 1) Limited Group's five holiday villages were closed to guests on 20 March 2020 and remained closed as at 23 April 2020. The villages were able to re-open on 13 July 2020, albeit with reduced accommodation capacity and guest activities.

The Group has taken advantage of Government support measures and took decisive action to reduce remaining operating costs during the period of closure. The Group also took swift action to ensure a strong liquidity position was maintained and promptly secured additional funding from the Group's owner Brookfield. As at 17 July, £139m of funds were provided with a further £21m approved for use if required. Brookfield have also indicated that additional funding could be made available should the need arise.

The Center Parcs (Holdings 1) Limited Directors' have prepared the financial statements of the Group on a going concern basis as they consider the actions taken to date, the Group's current liquidity position and the contingency plans in place for additional funding will allow the Group to continue to trade.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Center Parcs (Holdings 1) Limited Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business review of the Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report.

Key performance indicators

The key performance indicators (KPIs) and financial risk management of the Company are integrated with those of the Center Parcs (Holdings 1) Limited Group and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Business review of the Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report.

Strategic report
For the 52 weeks ended 23 April 2020

Section 172 Statement and our stakeholders
We report here on how our Directors have discharged their duties under Section 172 of the Companies Act 2006 and this statement reflects the contribution by the Company to the performance of the Center Parcs business.

Section 172 sets out the matters to which the Directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders and the likely consequences of any decision in the longer term. The Board considers it crucial that the Company maintains a reputation for high standards of business conduct.

As a subsidiary holding Company within the wider Center Parcs Group, the Directors consider the impact of the Company's activities on its shareholders and its subsidiaries that have an active interest in and are affected by the performance of the Company's investments and financial instruments. The Directors continuously monitor the Company's performance considering its purpose and objective and regularly report and consult with its stakeholders on a wide range of matters, both financial and non-financial, with the aim of maximising investment returns for the benefit of its shareholders. The Company is dedicated to upholding Group policies and to maintaining the highest level of business conduct and governance.

The Company does not have customers, employees, suppliers and does not directly engage with the community or directly impact on how the Group monitors and manages the Group's operations and their impact on the environment. There is only one shareholder Center Parcs (Operating Company) Limited and the Directors are the same for both companies.

The principal board decisions approved during the year were made in line with the short and long-term strategic objectives of both the Company and the parent company Center Parcs (Holdings 1) Limited.

Approved by the board and signed on its behalf by

C G McKinlay
Director
5 August 2020

Directors' report
For the 52 weeks ended 23 April 2020

The Directors present their report and the audited financial statements for the 52 weeks ended 23 April 2020 (2019: 52 weeks ended 25 April 2019).

The registration number of the Company is 07647072.

Future developments

No changes to the nature of the business are anticipated.

Financial risk management objectives

Details of financial risk management objectives can be found under the heading 'Key performance indicators', found in the strategic report, and form part of this report by cross-reference.

Dividends

The Directors have not proposed the payment of a dividend (2019: £74.9 million declared and paid).

Going concern

Annual rental income is expected to be in excess of interest payable for the foreseeable future.

As described in note 1, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date, together with the Group (companies headed by Center Parcs (Holdings 1) Limited, the "Group"), current liquidity position and contingency plans to secure additional funding, will allow the Group to continue its activities. However, although the Directors are confident in the Group's current position, given the village closures until 13 July 2020 and the uncertain pace of recovery, the Directors recognise that there exists a material uncertainty which may cast significant doubt about the application of the going concern assumption in the financial statements.

Directors

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

M P Dalby	
C G McKinlay	
Z B Vaughan	
K O McCrain	(resigned on 11 May 2020)
N J Adomait	
B T Annable	(appointed on 11 May 2020)

The Group headed by Center Parcs (Holdings 1) Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors' and Officers' that may be incurred as a result of their position within the Company and the companies within the Group. The Directors' and Officers' have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the period ended 23 April 2020 and as at the date of the report.

Directors' report
For the 52 weeks ended 23 April 2020 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed; 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.

Statement of disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved, the following applies:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Deloitte LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board and signed on its behalf by

C G McKinlay
Director
5 August 2020

Independent auditor's report to the members of CP Sherwood Village Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of CP Sherwood Village Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 23 April 2020 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to Note 1 in the financial statements, which indicates that as a result of the adverse impacts of Covid-19 on CP Sherwood Village Limited directly, and the wider travel hospitality and leisure industry, there uncertainty in relation to the forecasting the nature and extent of government and social distancing restrictions that would impact the villages, the impact of consumer sentiment and hence the length of time it will take to achieve a full recovery, uncertainty in relation to the ability of the Group to secure additional funding which may be required in certain scenarios and uncertainty over the ability of the Group to obtain waivers for any forecast potential breach of financial covenants. As stated in Note 1, these events or conditions, along with the other matters as set forth in Note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of CP Sherwood Village Limited (continued)

Responsibilities of Directors
As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of CP Sherwood Village Limited (continued)

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Nottingham, UK

5 August 2020

Income Statement

For the 52 weeks ended 23 April 2020

	Note	**52 weeks ended 23 April 2020 £m**	52 weeks ended 25 April 2019 £m
Revenue		**19.2**	18.8
Operating profit	2	**19.2**	18.8
Finance expense			
Before exceptional/non-underlying finance expense	4	**(11.8)**	(11.2)
Exceptional/non-underlying finance expense	4	**-**	(0.9)
Total finance expense		**(11.8)**	(12.1)
Profit before taxation		**7.4**	6.7
Taxation	5	**-**	-
Profit for the period attributable to equity shareholders	12	**7.4**	6.7

All amounts relate to continuing activities.

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

The notes on pages 12 to 25 form part of these financial statements.

Statement of Changes in Equity

for the 52 weeks ended 23 April 2020

		Attributable to owners of the parent			
	Note	**Share capital £m**	**Share premium £m**	**Retained earnings £m**	**Total £m**
At 25 April 2019		-	-	12.5	12.5
Comprehensive income					
Profit for the period	12	-	-	7.4	7.4
At 23 April 2020		**-**	**-**	**19.9**	**19.9**

		Attributable to owners of the parent			
	Note	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 26 April 2018		-	67.2	13.5	80.7
Comprehensive income					
Profit for the period	12	-	-	6.7	6.7
Transactions with owners					
Capital reduction	12	-	(67.2)	67.2	-
Dividends	12	-	-	(74.9)	(74.9)
At 25 April 2019		-	-	12.5	12.5

The notes on pages 12 to 25 form part of these financial statements.

Balance Sheet
As at 23 April 2020

	Note	**23 April 2020 £m**	25 April 2019 £m
Assets			
Non-current assets			
Investment Property	6	**246.0**	246.0
		246.0	246.0
Current assets			
Trade and other receivables	7	**7.6**	0.4
		7.6	0.4
Liabilities			
Current liabilities			
Trade and other payables	8	**(5.0)**	(5.5)
Net current assets/(liabilities)		**2.6**	(5.1)
Non-current liabilities			
Borrowings	9	**(228.7)**	(228.4)
Net assets		**19.9**	12.5
Equity			
Share capital	11	**-**	-
Retained earnings	12	**19.9**	12.5
Total equity		**19.9**	12.5

The financial statements on pages 8 to 25 were approved by the board of Directors on 5 August 2020 and were signed on its behalf by:

C G McKinlay
Director

CP Sherwood Village Limited
Registered no. 07647072

The notes on pages 12 to 25 form part of these financial statements.

Cash Flow Statement

for the 52 weeks ended 23 April 2020

	Note	**52 weeks ended 23 April 2020 £m**	52 weeks ended 25 April 2019 £m
Cash flows from operating activities			
Operating profit		**19.2**	18.8
Working capital and non-cash movements	13	**(19.2)**	(19.1)
Net cash used in operating activities		**-**	(0.3)
Cash flows from financing activities			
Repayment of external borrowings		**-**	(41.3)
Proceeds from external borrowings		**-**	78.4
Issue costs on secured debt		**-**	(0.8)
Break costs on secured debt	4	**-**	(0.7)
Interest paid		**-**	(0.3)
Dividends paid	12	**-**	(35.0)
Net cash from financing activities		**-**	0.3
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at the start of the period		-	-
Cash and cash equivalents at end of the period		**-**	-

The notes on pages 12 to 25 form part of these financial statements.

Notes to the financial statements
for the 52 weeks ended 23 April 2020

1. Accounting policies

General information
The Company is a private company limited by shares, which is incorporated and domiciled in the UK, and is registered in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies are consistent with the prior period.

Basis of preparation
The financial statements have been prepared under the historical cost convention and on a going concern basis.

The Company's accounting reference date is 22 April.

Going concern
Annual rental income is expected to be in excess of interest payable for the foreseeable future. The Company reported a profit for the year of £7.4m (2019: £6.7m). Annual rental income is due from the Company's immediate parent Company therefore the going concern of the Company is considered as part of the overall going concern of the Group. The Group financial statements and those of the Company have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

Coronavirus (Covid-19) pandemic
As at the date of approving these financial statements the impacts of Covid-19 on the Group's trading have been assessed. Government response to the pandemic continues to evolve and customer sentiment to short break holidays remains uncertain although there are indications of strong demand for Center Parcs breaks. As such, the Group will continue to monitor and re-assess the impact of the pandemic.

Due to measures taken by the UK Government all UK villages were closed to guests on 20 March 2020 and remained closed until 13 July 2020. This resulted in all affected guests in that period being offered either a full refund or the option to move their break to a later date. During the closure period, the Group reported no revenue and whilst there has been a corresponding reduction in variable costs, the Group had to fund its fixed costs and refund guests for breaks that were cancelled. Where possible mitigating actions have been taken by management to minimise such costs. Refunds of £67 million have been given to affected guests as at the date of issuance of these financial statements.

On 13 July 2020 all UK villages re-opened to guests albeit with social distancing restrictions in place. These restrictions result in reduced available accommodation capacity and on-site activities which are likely to remain impacted until such restrictions are lifted. Whilst it is difficult to predict the future with any certainty, we currently do not anticipate a return to pre-Covid trading levels until early in calendar year 2021. However, demand for the Group's breaks do remain strong and current forward bookings for the final quarter of the financial year ending 22 April 2021 are ahead of those seen for the equivalent period in the year to 23 April 2020 at this time last year.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Going concern (continued)

In order to preserve liquidity during the closure period, the Group took the following measures:

- Secured additional funding from the Group's owner, Brookfield. As at 5 August 2020 they had provided funding of £139 million of funds to ensure the liquidity of the Group. Further committed funds of £21 million are approved for use if required and Brookfield have indicated that additional funding could be made available should the need arise.
- A significant element of the Group's cost base relates to wages and salaries. The majority of the Group's staff were furloughed during the period of closure with the Group benefitting from the Government's job retention scheme. The hours of remaining staff undertaking essential activities were reviewed to further reduce costs where possible.
- Reviewed all remaining areas of operating cost to eliminate all non-essential expenditure.
- Agreed deferrals of certain tax payments and benefitted from Business rates relief.
- Reviewed capital expenditure and delayed certain non-essential projects.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, under the re-opening scenario noted above, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Under this scenario there would be no breach of lending facilities. Other than £0.1m of mortgage repayments there are no capital repayments of debt falling due within the forecast period.

With regard to this forecast and other factors which may impact the Group's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, given that the Covid-19 situation continues to evolve, there exists a material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern.

The events or conditions are as follows:

- As at the date of approval of these financial statements the Group has cash balances of £115 million. The Group's owner, Brookfield, has already provided £139 million of funds to ensure the liquidity of the Group. Further committed funds of £21 million are approved for use if required and Brookfield have indicated that additional funding could be made available should the need arise. However, as noted elsewhere, there remains some uncertainty with regards forecasting both the pace of recovery and the eventual levels to which trading will return and accordingly it is possible that further funding will be required that as at the date of approval of these financial statements has not yet been secured.
- Depending on how quickly the Group's trading recovers or if there are further Government imposed restrictions that result in the closure of one or more villages for a period of time, there is a risk that existing financial covenants will be breached although the Directors have taken a number of actions to mitigate the risk and as at the date of approval of these financial statements do not anticipate any breaches.
- The Group has only recently recommenced operations, in line with UK Government advice. As at the current date there remains a requirement to ensure certain social distancing measures are in place and certain activities are not as yet able to operate. As a result, these measures may have a significant impact on the format of the breaks in the near term. While there are indications of strong demand for the Group's breaks with bookings for the fourth quarter significantly ahead of the prior year, the ability to initially operate at the previous high levels of occupancy will be restricted. While the fundamentals of the Group's model remain sound, the above factors naturally create challenges in the ability to accurately forecast the cash flows of the Group.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Going concern (continued)
The Directors have already taken a number of measures as described above to manage the Group's liquidity position. In the light of these material uncertainties and in the case where further funding was not forthcoming, the Directors have a range of further measures which are within their control, to protect the Group's liquidity position even further, including:

- Further encouragement for customers to change their break to a future date in the event of a cancellation of their break rather than receiving a full refund.
- Additional changes to working arrangements to reduce staff costs further.
- Negotiations with HMRC for further delay of payroll and indirect tax payments.
- A £90 million committed liquidity facility that remains undrawn. This is available to pay certain senior expenses and Class A note interest.

The Directors believe the cash flow forecast outlined above is reasonable in light of the re-opening of the villages and the current Government risk levels. However, Covid-19's continued presence may see a change in Government advice and/or further periods of lock down in the future. Such lock downs could result in further village closures on a national or regional level or affect the ability of guests and employees to travel to site. These uncertainties clearly introduce a level of subjectivity in assessing assumptions to be used in a downside case. However, the Directors have prepared downside forecasts which assume the closure of one village for a period of eight weeks or two villages for a period of four weeks.

As with the base case scenario this downside case would not see the Group breach lending covenants or suffer a liquidity shortage. However, were the Group to require access to further liquidity this could be sought from the Group's owner. The Directors believe that this support would be available and forthcoming for a number of reasons including:

- Previous actions and commitments in supporting the Group with £139 million already provided and a further £21 million approved for use if required.
- Center Parcs' potential value to Brookfield is very significant and hence injection of further cash to protect this value could reasonably be expected.
- BSREP II is one of Brookfield Asset Management's flagship funds which closed with total equity commitments of $9 billion. BSREP II still has equity commitments available to satisfy any needed follow-on capital calls from existing investments and expenses or other liabilities.
- Brookfield have provided a letter of support to the Directors of the Group indicating their intention to provide such funding in the event that it is required.
- Three of the Group's Directors are "Investor Directors" appointed by the Group's owners. They are uniquely placed to understand both the Group's business and potential actions by the owners. They have indicated that they believe it reasonable to believe support would be made available.

However, ultimately there is no guarantee that this support would be provided and as a consequence there exists a material uncertainty that additional funding may not be available.

As a result of the options available to them the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the circumstances described above represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Key assumptions and significant judgements
The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates are principally used to determine the useful lives and residual values of property, plant and equipment. The directors do not consider that there are any critical account judgments or key sources of estimation uncertainty.

Financial instruments
The Company classifies its financial assets into two categories, being those measured at amortised cost and those measured at fair value. Where assets are measured at fair value gains and losses are recognised either in the income statement or in other comprehensive income, depending on the nature of the asset. Financial assets are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are classified as either fair value through profit and loss or other financial liabilities. The classification depends on the nature of the financial instrument acquired. Other financial liabilities are carried at amortised cost using the effective interest rate method.

Revenue recognition
Rental payments on operating leases (net of any incentives due to the lessee and including minimum contractual rental increases) are credited to the income statement on a straight-line basis. All revenue arises in the United Kingdom.

Investment property
Investment property is recorded at cost, less any accumulated depreciation and impairment loss. Buildings are depreciated to residual value over 50 years. Land is not depreciated. Useful lives and residual values are reviewed at each balance sheet date.

Cash and cash equivalents
For the purposes of the cash flow statement and the balance sheet, cash and cash equivalents comprise cash at bank and cash in hand.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Current and deferred tax
The tax currently payable is based on the taxable profit for the year. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

1. Accounting policies (continued)

Current and deferred tax (continued)
Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority and there is an intention to settle on a net basis.

Exceptional/non-underlying items
Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Company. Non-underlying items are those that are not directly related to the ongoing trade of the business or that are unrepresentative of ongoing performance.

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

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

New standards and interpretations
A number of new standards, amendments and interpretations were effective for the first time in the current period. None of these have significantly impacted the financial statements of the Company and are unlikely to have a material impact in the future.

The International Accounting Standards Board (IASB) has issued the following new or revised standards and interpretations with an effective date for financial periods beginning on or after the dates disclosed below and therefore after the date of these financial statements. The IASB has also issued a number of minor amendments to the standards as part of their annual improvement.

IFRS 3	Business Combinations	
	Definition of a Business	1 January 2020
IFRS 7	Financial Instruments: Disclosures	
	Interest Rate Benchmark Reform	1 January 2020
IFRS 17	Insurance Contracts	
	New accounting standard	1 January 2023
IAS 1	Presentation of Financial Statements	
	Definition of Material	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	
	Definition of Material	1 January 2020

The Directors do not anticipate that the adoption of any standards listed above will have a material impact on the Company's financial statements in the period of initial application, although the assessment is ongoing.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

2. Operating profit

Auditor's remuneration of £0.3 million (2019: £0.2 million) is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow Group undertaking. This includes £2,000 (2019: £2,000) in respect of the audit of the financial statements of CP Sherwood Village Limited.

3. Employees

The Company has no employees other than the Directors (2019: none). No salaries or wages have been paid to employees, including the Directors, during the period (2019: £nil).

4. Finance expense

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Loan note interest payable	**11.8**	11.2
Exceptional/non-underlying finance costs	**-**	0.9
	11.8	12.1

Exceptional/non-underlying finance costs for the prior period represent the premium paid on the settlement of the A3 tranche of the Company's secured debt (£0.7 million) and accelerated amortisation of deferred issue costs in respect of the A3 tranche of the Company's secured debt (£0.2 million).

Further details regarding the refinancing of the Company's secured debt are provided in note 9.

5. Taxation

(a) Taxation

The tax charge for the period is £nil (2019: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is lower (2019: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is reconciled below:

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Profit before taxation	**7.4**	6.7
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**1.4**	1.3
Group relief not paid for	**(1.4)**	(1.3)
Tax charge for the period (note 5(a))	**-**	-

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

5. Taxation (continued)

There is no deferred tax, either recognised or unrecognised, at the balance sheet date (2019: £nil).

Change of corporation tax rate

Finance Act 2016, which was substantively enacted on 6 September 2016, had included provisions to reduce the standard rate of corporation tax in the UK to 17% with effect from 1 April 2020. Finance Act 2020 included provisions to maintain the standard rate of corporation tax in the UK at 19%, and these were substantively enacted on 17 March 2020 through the Provisional Collection of Taxes Act.

6. Investment property

Cost and net book value	Investment properties £m
At 26 April 2018, 25 April 2019 and 23 April 2020	**246.0**

Due to the unique nature of the investment property, and allocation of assets among group companies, it is not possible to reliably measure the fair value of the investment property. The investment property consists of land and buildings.

7. Trade and other receivables

	2020 £m	2019 £m
Amounts owed by Group undertakings	**7.6**	0.4

Amounts owed by Group undertakings represent a net receivable due from Center Parcs (Operating Company) Limited. This company settles interest payments to the holders of the Company's secured debt on behalf of CP Sherwood Village Limited. Rent is also receivable from Center Parcs (Operating Company) Limited.

Movements in the balance due from Center Parcs (Operating Company) Limited are set out in note 14.

Amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

The fair value of trade and other receivables are equal to their book value.

8. Trade and other payables

	2020 £m	2019 £m
Accruals and deferred income	**5.0**	5.5

The fair value of trade and other payables are equal to their book value.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

9. Borrowings

Non-current	2020 £m	2019 £m
Secured debt	**228.7**	228.4

The secured debt is part of an overall £1,889.5 million (2019: £1,889.5 million) facility made available to the Group. The loans detailed below represent the issue proceeds recharged to the Company from CPUK Finance Limited, a related party which issued bonds on the external markets. The terms of the loans from CPUK Finance Limited are identical to the terms of the external borrowings.

Secured debt	2020 £m	2019 £m
Class A2 loan	**77.4**	77.4
Class A4 loan	**40.7**	40.8
Class A5 loan	**61.6**	61.6
Class B3 loan	**33.8**	33.8
Class B4 loan	**17.6**	17.6
Unamortised debt costs	**(2.4)**	(2.8)
	228.7	228.4

The maturity of the Company's borrowings is as follows:

Securitised debt	Less than 1 year £m	1 – 2 years £m	2 – 5 years £m	Greater than 5 years £m	Premium & deferred issue costs £m	Total £m
As at 25 April 2019	-	-	111.2	119.0	(1.8)	228.4
As at 23 April 2020	**-**	**-**	**111.2**	**119.0**	**(1.5)**	**228.7**

All of the above amounts are denominated in £ sterling.

Secured debt

On 15 June 2017 the Group issued an additional £100.0 million of Tranche A4 secured notes via a tap issue, at a premium of £9.5 million; this premium is being amortised over the period to expected maturity and amortisation of £0.1 million (2019: £0.1 million) was credited to the income statement of the Company during the period. On the same date the Group issued £730.0 million of New Class B secured notes, divided into £480.0 million B3 notes and £250.0 million B4 notes. Part of the proceeds of these new notes was used to settle the Group's Class B2 secured notes.

On 20 November 2018 the Group issued a further £100.0 million of Tranche A4 secured notes via a tap issue, at a premium of £3.2 million; this premium is being amortised over the period to expected maturity and amortisation of £nil was credited to the income statement of the Company during the period. On the same date the Group issued £379.5 million of New Class A5 notes. Part of the proceeds of these new notes was used to settle the Group's Class A3 secured notes.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

9. Borrowings (continued)

Details of all tranches of the secured debt are as follows:

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

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

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

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

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

The tranche B3 and B4 debt is subordinated to the Class A debt. All tranches of secured debt include optional prepayment clauses permitting the Group to repay the debt in advance of the expected maturity date. All tranches of debt are subject to financial covenants. The Directors have assessed future compliance and at this time do not foresee any breach of the financial covenants.

As all tranches have fixed interest rates, the Company is not exposed to interest rate fluctuations.

Reconciliation of opening and closing secured debt

	2020 £m	2019 £m
Secured debt at the beginning of the period	**228.4**	191.6
Cash flows		
- Proceeds from external borrowings	-	78.4
- Repayment of external borrowings	-	(41.3)
- Issue costs on secured debt	-	(0.8)
Amortisation of deferred issue costs		
- Ordinary	**0.4**	0.4
- Exceptional/non-underlying	-	0.2
Amortisation of premium on issue of secured notes	**(0.1)**	(0.1)
Secured debt at the end of the period	**228.7**	228.4

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

10. Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below. As at 23 April 2020 and 25 April 2019 all of the Company's financial assets were classified as those measured at amortised cost and all of the Company's financial liabilities were categorised as other financial liabilities.

Financial assets	2020 £m	2019 £m
Amounts owed by Group undertakings	**7.6**	0.4

Financial liabilities	2020 £m	2019 £m
Borrowings	**228.7**	228.4
Accruals and deferred income	**5.0**	5.5
	233.7	233.9

Fair value of borrowings

The fair value of the Company's gross borrowings (before unamortised debt issue costs) at 23 April 2020 was £236.0 million (2019: £252.4 million).

Maturity of financial liabilities

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

Secured debt	At 23 April 2020 £m	At 25 April 2019 £m
In less than one year	**11.6**	11.6
In one to two years	**11.6**	11.6
In two to five years	**135.6**	142.7
In more than five years	**127.4**	131.9
	286.2	297.8

Fair value hierarchy

IFRS 13 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Company's fair value measurements have been categorised as Level 2 and fair values are derived directly from observable prices. There were no transfers between levels during the current or prior periods.

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

10. Financial instruments (continued)

Fixed rate interest

At the balance sheet date, all of the Company's debt was at fixed rates of interest.

Financing risk management

The financing risks of the Company are integrated with the financing risks of the Center Parcs (Holdings 1) Limited Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business review of the Center Parcs (Holdings 1) Limited Annual Report which does not form part of these financial statements.

11. Share capital

	2020 **£m**	2019 £m
Allotted and fully paid		
2 ordinary shares of £1 per share	-	-

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

12. Share premium and retained earnings

	Share premium £m	**Retained earnings £m**
At 25 April 2019	-	12.5
Profit for the period	-	7.4
At 23 April 2020	-	19.9

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

12. Share premium and retained earnings (continued)

	Share premium £m	Retained earnings £m
At 26 April 2018	67.2	13.5
Profit for the period	-	6.7
Capital reductions	(67.2)	67.2
Dividends	-	(74.9)
At 25 April 2019	-	12.5

On 21 February 2019 the Company undertook a capital reduction pursuant to which it's share premium account was cancelled in full.

During the prior period the Company distributed £35.0 million of cash and £39.9 million of receivables to Center Parcs (Holdings 3) Limited. Details of the receivables distributed are set out in note 14.

13. Working capital and non-cash movements

	52 weeks ended 23 April 2020 £m	52 weeks ended 25 April 2019 £m
Increase in trade and other receivables	**(19.4)**	(19.2)
Increase in trade and other payables	**0.2**	0.1
	(19.2)	(19.1)

14. Related party transactions

The following movements on accounts with related parties occurred in the periods reported in these financial statements. All companies are members of the Group headed by Center Parcs (Holdings 1) Limited.

	Balance at 25 April 2019 £m	**Movement in 52 weeks £m**	**Balance at 23 April 2020 £m**
Center Parcs (Operating Company) Limited	0.4	7.2	7.6

The movement on the balance with Center Parcs (Operating Company) Limited in the period represents rent invoiced of £19.4 million and other trading activities of £0.1 million, off-set by the payment of interest and commitment fees on the Company's behalf of £12.3 million.

Notes to the financial statements
for the 52 weeks ended 23 April 2020 (continued)

14. Related party transactions (continued)

	Balance at 26 April 2018 £m	Movement in 52 weeks £m	Balance at 25 April 2019 £m
Center Parcs (Operating Company) Limited	30.8	(30.4)	0.4

The movement on the balance with Center Parcs (Operating Company) Limited in the prior period represents the following transactions:

- Rent invoiced of £18.9 million.
- The transfer of cash to that company totalling £0.2 million.
- The payment of interest and commitment fees on the Company's behalf of £9.6 million.
- The Company distributed a receivable of £39.9 million due from Center Parcs (Operating Company) Limited to Center Parcs (Holdings 3) Limited.

15. Operating leases

The Company leases its property to Center Parcs (Operating Company) Limited, a related party. The lease on the property expires in 2047. Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	2020 Land and buildings £m	**2019 Land and buildings £m**
Within one year	**19.7**	19.3
In more than one year but less than two years	**19.7**	19.3
In more than two years but less than five years	**59.2**	57.7
In more than five years	**427.6**	441.2
	526.2	537.5

The Company has no other operating leases.

16. Contingent liabilities

The Company, along with other members of the group headed by Center Parcs (Holdings 1) Limited, is an obligor in securing the Group's external borrowings of £1,889.5 million (25 April 2019: £1,889.5 million).

Notes to the financial statements

for the 52 weeks ended 23 April 2020 (continued)

17. Ultimate parent company and controlling parties

During the 52 weeks ended 23 April 2020, the group of companies headed by Center Parcs (Holdings 3) Limited (a fellow subsidiary of the Center Parcs (Holdings 1) Limited Group) undertook a restructuring which resulted in Center Parcs (Holdings 3) Limited transferring its shares in CP Sherwood Village Limited to Center Parcs (Operating Company) Limited.

Prior to this group restructuring, the immediate parent company was Center Parcs (Holdings 3) Limited, a company registered in England and Wales. Following the group restructuring the immediate parent undertaking is Center Parcs (Operating Company) Limited, a company registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3 (the registered office of that company).

The smallest group in which the results of the Company are consolidated is that headed by Center Parcs (Holdings 1) Limited. A copy of the Center Parcs (Holdings 1) Limited financial statements can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP (the registered office of that company).

18. Events after the reporting period

The Group's owner, Brookfield, has provided additional funding of £97.5 million to the Group in the period between the financial period-end and the date of signing these financial statements.

On 17 July Center Parcs launched a consent solicitation requesting bond holders to agree to certain amendments of the current terms and conditions on the loan notes. This included a request for a waiver of the FCF DSCR covenant calculation for the next three calculation dates (August 2020, February 2021 and August 2021). As at the date of signing of these financial statements sufficient support had been received from holders of B-notes to pass the waiver whilst the final results of the A-note holders vote is not expected until 10 August.