Verdant Leisure 2 Limited

Annual Report and Financial Statements

Registered number 07697494

Year ended 28 February 2023

Contents

Strategic Report

About us

Verdant Leisure 2 Limited (the "Company") owns and operates 10 holiday parks in England and Scotland. The Company is part of the Verdant Leisure Group Limited group of companies, which was purchased by Verdant Leisure Topco Limited (formerly Violet Topco Limited) group of companies (the "Group") on 1 December 2021. The Group owns and operates 14 holiday parks within England and Scotland.

Business Review

On 18 February 2022 the Company purchased the entire share capital of River Lodge Holiday Park Limited for a cash consideration of £2.6m. River Lodge Holiday Park Limited owns a former quarry in Perthshire, Scotland with planning permission to build a holiday park. Following completion, the assets of River Lodge Holiday Park Limited were transferred to the Company. Since the acquisition we have started the development of a new holiday park for our portfolio, River Tay Leisure Park which we plan to open in a future year.

On 3 March 2022, the Company acquired the business assets of Ballintuim Leisure Park, a holiday park in Perthshire, Scotland for a cash consideration of £1.5m. This is a small holiday park but with capacity to grow and complements our presence in Perthshire. Since acquisition we have invested in the infrastructure and standards of the park to bring it in line with the Verdant brand.

FY22 was hugely influenced by the COVID-19 pandemic – having the following effects:

- The parks were closed at the beginning of the year due to lockdown. The English parks opened on 12 April 2021 and the Scottish parks opened on 26 April 2021.
- The year was significantly impacted by the restrictions on foreign travel and demand for UK holidays in the year was highly inflated.
- Demand for holiday homes was also very strong in the post lockdown period as consumers looked for a post-pandemic lifestyle change utilising cash reserves built up over the lockdowns.
- Government relief with lower rates of VAT, rates discounts and the Coronavirus Job Retention Scheme.

FY23 saw a return to normal levels of trading but then a decline below normal levels of trading for holiday homes towards the end of the year linked to a decline in consumer confidence surrounding the cost-of-living crisis.

The Company generated 9,097 (*FY22:* 9,082) holiday bookings.

The Company sold 260 (*FY22:* 375) holiday homes during the year which is a 31% year on year reduction. However, these sales numbers are only a 3% like for like decline on pre-pandemic FY20. The year started very strongly but then we experienced a marked drop in demand in the second half of the year linked to the cost-of-living crisis. We are optimistic that this reduction of demand will be short lived and we will see an improvement in volumes in FY25.

Despite the decline in holiday home sales numbers, the number of holiday home owners on our parks grew during the year. We finished the year with 1,581 owners (*FY22:* 1,435).

We saw an increase in secondary income in the holiday park facilities with the withdrawal of social distancing restrictions. However, we did see a small decline in food income which is likely to be linked to the cost-of-living crisis.

The Company's trading performance was impacted by rising costs of inputs. Reductions in the support for business rates and increased utility costs have had the largest impact. The Company consumes bottled and bulk LPG and heating oil which is largely on a floating prices – although we have taken out a twelve month hedge on bulk LPG to take us to Autumn 2023. Most of our natural gas and electricity contracts were renewed in 2023 for a mixture of three and four year contracts. The Company received support from the Government through the Energy Bills Relief Scheme during the year and is receiving further relief through the Energy Bills Discount Scheme in 2024.

Operating profit reduced from £9.1m in FY22 to £4.4m in FY23.

Strategic Report *(continued)*

Business review *(continued)*

During the year we continued to develop the Verdant Leisure brand to be synonymous with parks that offer good quality on-site facilities, outstanding customer service, excellent holiday accommodation and a superb range of holiday homes for sale. We won Best Medium Sized Company for UK Park and Lodge Holidays and were awarded Silver in Best Medium-Sized Company for UK Family Holidays at the 2021/22 British Travel awards. Verdant Leisure came 30th in the UK's 100 Best Large Company to Work For league (2022: 8th) and came 2nd in the Best Leisure and Hospitality Company to Work For league (2022: 2nd).

We have continued to invest in the parks, improving both their infrastructure and hire fleet. Capital expenditure net of disposals was £4.6m in FY23 (*FY22:* £2.9m). This investment includes £1.6m for the acquisition of Ballintuim Leisure Park and we have subsequently invested in this park as noted above. We started the development of a new complex building at Coldingham Bay which opened in June 2024 to replace the complex that was lost to a fire in 2021.We continued to invest in our holiday hire fleet to ensure we improved standards in our accommodation. We invested heavily in Wi-Fi at Erigmore to improve the connectivity of our owner and hire fleet holiday homes. We competed the development of pitches at Riverside and added a further pitch development at Queensberry Bay. We completed preliminary work for the development of River Tay Leisure Park.

Net assets are strong at £32.0m (FY22: £28.1m).

Cash at the year-end was £1.9m (FY22: £5.1m). The Company has access to the Group's £5m Revolving Credit Facility should it need any short-term liquidity funding.

Five of the holiday parks are held under 150-year "ground rent" finance leases. Annual rent paid in FY23 was £0.5m (FY22: £0.5m). This rent increases annually in line with the retail prices index with a cap of 5% per annum.

Outlook

FY24 will see a further reduction in EBITDA and profit before tax over FY23 because of:

- The impact of inflation, interest rates and the cost-of living crisis on trading. The current trend of holiday home sales volume is between 15-20% below the demand seen in an average trading year. We expect this will return as consumer confidence grows but it will impact on the profitability of the year ahead. Holiday hire bookings remain strong and we are currently trading 6% up on FY23.
- An increase of utility costs. The Company is exposed to market rates for purchases of bulk and bottled LPG and also for heating oil. The Company entered fixed price contracts for electricity and natural gas supplies in summer 2022 for a combination of 3 and 4 years. However, these new contracts are at roughly 3 times the price of the previous contracts. Government support was available in FY23 through the Energy Bills Relief Scheme and further Government support is being received in FY24 under the Energy Bills Discount Scheme although this is significantly less generous.
- The return of VAT to 20% for owner pitch fee billing although owner number remain stable across the Company.
- The increase of business rates costs due to the new rating valuations and a reduction in the business rates relief.

The Company continues to invest in its parks but has taken a prudent view of investment for FY24. The Company is continuing to address general park and hire fleet maintenance and will complete the development of the complex facility at Coldingham Bay.

Strategic Report *(continued)*

Business review *(continued)*

Key Performance Indicators

We pay particular attention to certain key performance indicators to identify how specific segments of our business are performing. Given that our parks are predominantly owner based but also, increasingly, cater for holidaymakers we use a range of indicators to monitor the performance of each park which are:

- numbers of caravans and lodges sold to both new and existing owners
- gross profit achieved per holiday home unit sold
- numbers of owners and leavers and the site fees generated
- occupancy, number of bookings and average weekly revenue of our hire fleet units and touring pitches
- spending in complexes and shops on food and drink and the gross profit margins achieved
- expenditure including wages per sale and per arrival for holiday home sales and holiday hire respectively and wages as a percentage of turnover for food, bars and shop wages.

Principal risks and uncertainties

The risks of the Company are aligned with those of the Group.

Risk and impact	Mitigations
MARKET RISKS	
Competition The Group faces competition from other holiday parks and other holiday products within vicinity of the holiday parks. Failure to react to market pricing could result in business being lost to competitors. Failure to exceed customer expectations could result in reduced repeat business and loss of customers affecting income. This would increase marketing costs as the business would need to generate higher volumes of new business.	• The Group constantly monitors demand and pricing visible within the market and reacts as necessary. • The Group is continually working to improve the experience for holiday home owners and holidaymakers. • The Group monitors guest feedback and customer survey scores and reacts as required.
Inflation, commodity pricing and interest rates The Group is particularly exposed to commodity pricing in relation to raw materials used by the caravan manufacturers and utility prices.	• The Group attempts to pass on inflationary cost price increases to customers when fair and affordable. As an example, owner pitch fees normally follow RPI except where there has been additional investment on the park. Electricity used by private owners is charged out at cost to the business. • Fixed contracts are in place for natural gas and electricity for the next three to four years to remove risk of further market exposure.
Failure of supply chain The Group would face operational difficulties and increased costs if any part of the supply chain failed.	• The Group maintains relationships with multiple suppliers in each input stream to reduce the risk of collapse of any one supplier. This is particularly important for the caravan manufacturers. • The Group maintains relationships with key suppliers to try and pick up risks before they occur.

Risk and impact	Mitigations
PROPERTY RISKS	
Property damage If part or the whole of one or more of the holiday parks was severely damaged such as through a fire, flood, contamination, etc then there is the risk that parts of the business may not be able to trade for significant periods of time. This could result in refunds to customers and supressed income going forward together with the rectification costs to reopen the property.	• The Group has adequate general insurance in place to cover the rectification of damaged properties. • The Group has business interruption insurance to cover lost income.
OPERATIONAL RISKS	
Infectious diseases, epidemic or pandemic A further wave of the COVD-19 pandemic or the outbreak of another infectious disease could result in further closures of the business resulting in operational difficulties and lost income.	• Lessons learned from the COVID-19 lockdowns can be put in place quickly in the event of a re-occurrence. • The Group maintains sufficient cash to manage the business through a short closure period if required.
Breach of IT security or failure of IT systems An IT security breach could result in partial or complete loss of systems, inability to operate, breach of personal data, reputational damage, ransom payments and fines from regulators. Failure of IT systems could result in inability to operate and a loss of critical data. Both would result in rectification costs.	• The Group has standard physical and virtual access controls in place to protect the Group's network. The Group has 24/7/365 third party monitoring of the network to pick up breach risks live. • The Group is investing in IT infrastructure and systems to bring up to date to avoid risks of system downtime. • The Group has cyber insurance in place to assist in the event of a major breach.
Health and safety A major health and safety incident at one or more parks could result in closure of operations, supressed income, fines, reputational damage and cost to rectify	• The Group employs a health and safety manager to improve and monitor compliance with health and safety policies. • The Group uses holiday park specific third-party software for tracking completion of health and safety tasks and third-party health and safety holiday park specialists are utilised when required. • Completion of mandatory health and safety training is monitored by the board.
Data breach A loss of data to outside of the organisation could result in operational difficulties, reputational damage, rectification costs and regulatory fines.	• The Group minimises data storage to ensure only required information is retained. • All staff are trained in data protection. • IT and physical controls are in place to reduce the risk of a data breach.
Regulatory compliance The Group is exposed to FCA compliance for consumer finance. The Group is also exposed to compliance in other areas including for National Minimum Wage, Working Time, taxation, data protection, health and safety and Payment Card Industry. There is a risk of fines, operational difficulties, management distraction, rectification costs and reputation damage.	• The Group performs regular compliance reviews as part of risk management for key compliance areas and actions are monitored at board level. • KPIs for compliance are monitored at board level including completion of mandatory regulatory compliance training.
Staffing and recruitment The Group would suffer operational difficulties, reduced trading and reputational damage if it were unable to recruit and retain the best staff to run the business.	• The Group monitors market pay rates to ensure it is competitive in the recruitment market. • The Group invests in training, benefits and engagement activities to maintain a good level of staff retention. This is reflected in the recent Best Companies awards.

Risk and impact	**Mitigations**
	FINANCIAL RISKS
Interest rate exposure The LGT senior facility is exposed to floating rates of interest. Inflation of input costs, utility pricing and interest rates could result in reduced profitability and squeeze cashflows, putting pressure on liquidity.	• An interest rate cap is in place to reduce the risk of interest rate exposure up to June 2026.
Loan compliance Failure to comply with loan document requirements including financial covenant tests could result in the loans being called in or increased interest costs and/or fees	• The Group keeps track of all loan requirements and ensures compliance. • The financial covenant tests are forecasted quarterly.
Liquidity The business would not be able to operate if it ran out of cash and would risk creditor actions	• The Group has a £5m undrawn Revolving Credit Facility committed until December 2027 with Clydesdale Bank PLC. • The Group completes a quarterly reforecast which includes cashflows and maintains a monthly 13 week rolling cashflow forecast. • Expenditure limits are adjusted to ensure the minimum cash headroom is always in place.
Theft or fraud The Group is at risk of petty theft and fraud due to the stock and cash levels on the holiday parks. There is the risk that the Group is subject to a major fraud resulting in cash or asset loss and reputational damage.	• The Group has financial crime insurance to cover a fraud event. • The Group has access controls and financial controls in place to reduce the risk of a major fraud and minimise petty theft. • Key staff maintain a regular dialogue about the current trends in financial crime to try and minimise the risk of becoming a victim.

By order of the Board

Graham Robert Hodgson

Director

28 November 2023

Directors' Report

The Directors have pleasure in presenting their Directors' Report and audited financial statements for the year ended 28 February 2023.

Directors

The Directors who served the Company during the period were:

Beverley Jayne Dixon
Graham Robert Hodgson
George Hope
Michael John Wilmot

Principal activities

The principal activity of the Company is that of a leisure park operator. The Company is a wholly owned subsidiary of Verdant Leisure Holdings Limited.

Going concern

The Company is party to financing arrangements of the Verdant Leisure Topco Limited group of companies and such the going concern status of the Company is dependent on that of the wider Group. The Verdant Leisure Topco Limited financial statements includes the following disclosures in respect of going concern.

The Directors regularly monitor the financial condition of the business. This includes monthly review of management accounts and quarterly reforecasts which include trading performance, balance sheet and cash flow and always look a minimum of 12 months in advance. The Directors commission more regular forecasting when required to manage liquidity during seasonal low points. The Directors maintain a framework of internal controls designed to ensure compliance with laws and regulations - reducing the risk of fines and compensation payments. The Directors use the forecasts to make key decisions in the commercial management of the business.. The Directors can change the mix of the business between holiday sales and owners, can reduce discretionary expenditure and delay capital expenditure as required to address trading and liquidity challenges.

Amongst other factors, the directors have considered international conflicts and UK economic forecasts and while these place risks on trading performance and liquidity, the Directors have concluded that none of these issues are expected to present a material uncertainty to the going concern status of the Group.

The Group is funded through a £55m secured senior loan facility until December 2028 and finance leases secured on certain Group properties until 2169. The senior loan facility includes a financial leverage covenant where the drawn debt as a multiple of annual EBITDA must be below set thresholds calculated quarterly. The finance leases do not contain a financial covenant but do require set levels of reinvestment in the properties calculated on a rolling 3-year basis. The Group has a £5m overdraft facility as a utilisation of the £5m Revolving Credit Facility up to December 2027 in the Senior Facilities Agreement. The Group has an interest rate cap from 1 June 2023 at 4% for 3 years that hedges 65% of the senior loan facility. The finance lease annual payments are subject to annual RPI increases but these increases are capped at 5%.

The Group was compliant with financial covenants throughout the financial year. Since the year end and throughout the Summer of 2023, the trading environment became more challenging with a marked drop in demand linked to the increases in the cost of living and rising interest rates. As part of the ongoing reforecasting routinely undertaken by the business and informed by this downturn, the Directors anticipated that covenants applied to the Senior Facility would be breached from August 2023. As a result of this the Directors have negotiated a waiver of the August 2023 covenant and revision to the covenants which, based on forecasts the Directors expect the Group to remain within in both base case and down-side scenarios. An additional covenant has been introduced which requires minimum liquidity levels to be met which the Directors also expect to comply with in both scenarios.

Directors' Report *(continued)*

The Directors have prepared cashflow forecasts based on the August 2023 actual trading and balance sheet which cover a period of at least twelve months from the date of approval of these financial statements. The forecasts incorporate assumptions that trading performance will moderately improve in the Summer of 2024 compared to 2023 but continue to reflect a challenging trading environment. These forecasts have been shared with the Group's bank and form the basis of the revised covenants. These forecasts therefore demonstrate compliance with these revised financial covenants and exhibit sufficient available liquidity.

In addition to the base forecasts, the Directors have considered several potential risks to trading and liquidity caused by uncertainty in the economic climate in the United Kingdom. The Directors have modelled sensitivities based on these risks and before considering upside mitigating actions from the Directors as described above. These sensitivities incorporate:

- *A 15% reduction on all holiday home sales that reflects the risk that the levels of demand won't meet the forecasted levels.*
- *A 7.5% reduction on all holiday hire sales that reflects the risk that the levels of demand won't meet the forecasted levels.*
- *An increase in the interest rate across the period from 5.5% to 7% to reflect possible increases in interest rates.*
- *An increase in the inflation rate from 4% to 6.7% to reflect additional downside to the current rate of UK inflation of 4.6% (CPI – ONS).*

These models demonstrate that the Group can continue to meet its liabilities as they fall due for the going concern assessment period and maintain headroom on the reset financial covenants.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Results and dividends

The profit for the period after taxation amounts to £3.9m *(2022: £7.4m)*

Disclosure of information

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

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political or charitable expenditure during the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the directors will appoint RSM UK Audit LLP as auditor going forward. KPMG LLP will cease to act as auditor following the signing of these accounts.

By order of the Board

Michael John Wilmot
Director

10 Mannin Way
Lancaster Business Park
Lancaster
England
LA1 3SW
28 November 2023

Statement of Directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

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

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

KPMG

Independent auditor's report to the members of Verdant Leisure 2 Limited

Opinion

We have audited the financial statements of Verdant Leisure 2 Limited ("the company") for the year ended 28 February 2023, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors/ sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we did not identify a significant risk of fraud in relation to revenue recognition given limited opportunities arising from low levels of revenue recognised around the year end.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

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

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

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

Independent auditor's report to the members of Verdant Leisure 2 Limited
(continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Liam Finnigan

Liam Finnigan (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

29 November 2023

Profit and Loss Account
for the year ended 28 February 2023

	Note	2023 £000	2022 £000
Turnover	2	**25,615**	28,979
Cost of sales		**(10,623)**	(11,519)
Gross profit		**14,992**	17,460
Administrative expenses		**(10,544)**	(9,396)
Other operating income	3	**-**	1,048
Operating profit	4	**4,448**	9,112
Income from shares in group undertakings	7	**-**	1,715
Interest receivable and similar income	8	**53**	-
Amounts written off investments	13	**-**	(1,715)
Interest payable and similar charges	9	**(520)**	(464)
Profit before taxation		**3,981**	8,648
Taxation on profit on ordinary activities	10	**(104)**	(1,284)
Profit for the financial year		**3,877**	7,364

All amounts relate to continuing operations.

Statement of Other Comprehensive Income
There is no other comprehensive income in the current year or prior year, therefore total comprehensive income is equal to the profit for the period above.

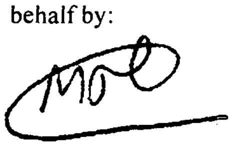
The notes on pages 15 to 27 form part of these financial statements.

Balance Sheet
at 28 February 2023

	Note	2023		2022	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*11*		**459**		584
Tangible assets	*12*		**46,905**		44,348
Investments	*13*		**1,642**		1,642
			49,006		46,574
Current assets					
Stocks	*14*	**3,738**		1,937	
Debtors	*15*	**11,010**		8,006	
Cash at bank and in hand		**1,906**		5,132	
		16,654		15,075	
Creditors: amounts falling due within one year	*16*	**(16,880)**		(16,787)	
Net current liabilities			**(226)**		(1,712)
Total assets less current liabilities			**48,780**		44,862
Creditors: amounts falling due after more than one year	*17*		**(15,306)**		(15,238)
Provisions for liabilities					
Deferred tax liability	*18*		**(1,469)**		(1,496)
Net assets			**32,005**		28,128
Capital and reserves					
Called up share capital	*19*		**11,889**		11,889
Profit and loss account			**20,116**		16,239
Equity shareholders' funds			**32,005**		28,128

The notes on pages 15 to 27 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 November 2023 and were signed on its behalf by:



Michael John Wilmot
Director
28 November 2023

Registered number 07697494

Statement of Changes in Equity

	Called up Share capital £000	Profit & Loss account £000	Total Equity £000
Balance at 1 March 2021	11,889	8,875	20,764
Total comprehensive income for the year			
Profit	-	7,364	7,364
Total comprehensive income for the year	-	7,364	7,364
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 28 February 2022	**11,889**	**16,239**	**28,128**

	Called up Share capital £000	Profit & Loss account £000	Total Equity £000
Balance at 1 March 2022	**11,889**	**16,239**	**28,128**
Total comprehensive income for the year			
Profit or loss	-	**3,877**	**3,877**
Total comprehensive income for the year	-	**3,877**	**3,877**
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 28 February 2023	**11,889**	**20,116**	**32,005**

The notes on pages 15 to 27 form part of these financial statements.

Notes *(forming part of the financial statements)*

1 Accounting policies

Verdant Leisure 2 Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07697494 and the registered address is 10 Mannin Way, Lancaster Business Park, Lancaster, LA1 3SW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The amendments to FRS 102 issued in July 2018 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

The Company's intermediate parent undertaking, Verdant Leisure Topco Limited, includes the Company in its consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Verdant Leisure Group Limited are prepared in accordance with FRS102 and may be obtained from 10 Mannin Way, Lancaster Business Park, Lancaster, England, LA1 3SW. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention and within the requirements of the Companies Act 2006.

Going concern

The Company is party to financing arrangements of the Verdant Leisure Topco Limited group of companies and such the going concern status of the Company is dependent on that of the wider Group. The Verdant Leisure Topco Limited financial statements includes the following disclosures in respect of going concern.

The Directors regularly monitor the financial condition of the business. This includes monthly review of management accounts and quarterly reforecasts which include trading performance, balance sheet and cash flow and always look a minimum of 12 months in advance. The Directors commission more regular forecasting when required to manage liquidity during seasonal low points. The Directors maintain a framework of internal controls designed to ensure compliance with laws and regulations - reducing the risk of fines and compensation payments. The Directors use the forecasts to make key decisions in the commercial management of the business. The Directors can change the mix of the business between holiday sales and owners and can reduce discretionary expenditure and delay capital expenditure as required to address trading and liquidity challenges.

Amongst other factors, the directors have considered international conflicts and UK economic forecasts and while these place risks on trading performance and liquidity, the Directors have concluded that none of these issues are expected to present a material uncertainty to the going concern status of the Group.

Notes *(continued)*

1 Accounting policies *(continued)*

The Group is funded through a £55m secured senior loan facility until December 2028 and finance leases secured on certain Group properties until 2169. The senior loan facility includes a financial leverage covenant where the drawn debt as a multiple of annual EBITDA must be below set thresholds calculated quarterly. The finance leases do not contain a financial covenant but do require set levels of reinvestment in the properties calculated on a rolling 3-year basis. The Group has a £5m overdraft facility as a utilisation of the £5m Revolving Credit Facility up to December 2027 in the Senior Facilities Agreement. The Group has an interest rate cap from 1 June 2023 at 4% for 3 years that hedges 65% of the senior loan facility. The finance lease annual payments are subject to annual RPI increases but these increases are capped at 5%.

The Group was compliant with financial covenants throughout the financial year. Since the year end and throughout the Summer of 2023, the trading environment became more challenging with a marked drop in demand linked to the increases in the cost of living and rising interest rates. As part of the ongoing reforecasting routinely undertaken by the business and informed by this downturn, the Directors anticipated that covenants applied to the Senior Facility would be breached from August 2023. As a result of this the Directors have negotiated a waiver of the August 2023 covenant and revision to the covenants which, based on forecasts the Directors expect the Group to remain within in both base case and down-side scenarios. An additional covenant has been introduced which requires minimum liquidity levels to be met which the Directors also expect to comply with in both scenarios.

The Directors have prepared cashflow forecasts based on the August 2023 actual trading and balance sheet which cover a period of at least twelve months from the date of approval of these financial statements. The forecasts incorporate assumptions that trading performance will moderately improve in the Summer of 2024

compared to 2023 but continue to reflect a challenging trading environment. These forecasts have been shared with the Group's bank and form the basis of the revised covenants. These forecasts therefore demonstrate compliance with these revised financial covenants and exhibit sufficient available liquidity.

In addition to the base forecasts, the Directors have considered several potential risks to trading and liquidity caused by uncertainty in the economic climate in the United Kingdom. The Directors have modelled sensitivities based on these risks and before considering upside mitigating actions from the Directors as described above. These sensitivities incorporate:

- *A 15% reduction on all holiday home sales that reflects the risk that the levels of demand won't meet the forecasted levels.*
- *A 7.5% reduction on all holiday hire sales that reflects the risk that the levels of demand won't meet the forecasted levels.*
- *An increase in the interest rate across the period from 5.5% to 7% to reflect possible increases in interest rates.*
- *An increase in the inflation rate from 4% to 6.7% to reflect additional downside to the current rate of UK inflation of 4.6% (CPI – ONS).*

These models demonstrate that the Group can continue to meet its liabilities as they fall due for the going concern assessment period and maintain headroom on the reset financial covenants.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting estimates and judgements

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on estimated market values. Actual outcomes could vary from these estimates.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment of goodwill

The Group annually considers whether there are indicators of impairment to goodwill. Where there are indicators impairment reviews are completed for affected CGUs. The recoverable amount of the CGU is based on the higher of value in use or fair value less costs to sell.

Impairment of inventories

Holiday home stock is compared to Glass's Guide, which is the industry guide for retail and trade values for holiday home stock. Impairments between carrying value and Glass's Guide 'trade' values are taken to the profit and loss account.

Impairment of trade and other receivables

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

Business combinations

The Company identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value, particularly for property, plant and equipment acquired, is undertaken with reference to current market conditions.

Depreciation

The annual charge for recorded for depreciation requires the Directors to estimate the useful economic lives and residual values for assets. In some cases where parks have been acquired it is necessary to estimate the proportion of the price paid to the cost of buildings and land.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings		2% straight line
Plant and machinery	-	20-25% straight line
Motor vehicles	-	25% straight line
Hire fleet caravans and lodges	-	15% straight line

No depreciation is provided on freehold land and buildings where the estimated residual value exceeds net book value. The directors are of the opinion that the depreciation charge and accumulated depreciation on properties is immaterial owing to these assets having very long useful lives and high residual values, and also due to the Company having a practice of regular maintenance.

Leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and recognised as finance leases in accordance with FRS 102. The assets are included in fixed assets and the amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments payable to the lessor are shown as finance lease obligations.

Finance lease payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations payable to the lessor. The interest element of the payment is charged against profit in proportion to the reducing capital element outstanding. Assets held under Finance lease agreements are depreciated over their estimated useful life as detailed above.

Notes *(continued)*

1 Accounting policies *(continued)*

All other leases are treated as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Company does not operate an overdraft facility.

Business combinations accounting policy

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

- At the acquisition date, the Company recognises goodwill at the acquisition date as:
- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill. Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "Other operating income".

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Holiday home sales income is based on the contracted price excluding VAT with the customer and is recognised when all payments from the customer and their finance house are settled in full, the holiday home is sited and the keys handed over to the customer.

Owner pitch fees cover the calendar year and income is based on the fee for each customer excluding VAT and is recognised on a straight-line basis over the calendar year with amounts unrecognised included within deferred income.

Holiday sales are based on the booking prices less VAT and recognised on commencement of the holiday. Cash received for bookings in advance is recorded within deferred income.

Secondary spend items such as bar, restaurant, arcade and shop sales together with owner sundry sales and insurance commissions are recognised at point of sale.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method.

Defined contribution plans and other long-term employee benefits

The Group pays auto-enrolment pension contributions for employees to NEST. The Group pays fixed contributions to NEST and has no legal or constructive obligation to pay further amounts. Obligations for contributions to auto-enrolment pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Related Party Transactions

In accordance with FRS 102, as the Company is a wholly-owned indirect subsidiary of Verdant Leisure Topco Limited, it has therefore not disclosed transactions or balances with wholly-owned subsidiaries which form part of the Group.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

2 Turnover

The whole of the turnover is attributable to the principal activity of the Company. All turnover arose within the United Kingdom in both the current and prior years.

3 Other operating income

	2023 £000	2022 £000
Government grants	-	144
Insurance accrued income	-	904
	-	1,048

Government Grants relate entirely to grants received in respect of restrictions imposed during the Coronavirus pandemic lockdowns.

Of the total receipts of nil (2022: £1,048,000), nil (2022: £144,000) is in respect of the Coronavirus Job Retention Scheme ("CJRS").

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit or loss are the following:

	2023	2022
	£000	£000
Depreciation of tangible assets – owned	1,418	1,179
Depreciation of tangible assets – leased	630	613
Auditor's remuneration:		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these annual financial statements	29	42
Other fees, taxation services	10	11

5 Staff numbers and costs

	2023	2022
	£000	£000
Wages and salaries	3,317	3,207
Social security costs	296	234
Pension costs – defined contribution plans	56	50
	3,669	3,491

The average monthly number of employees, excluding the Directors, during the year was as follows:

	2023	2022
	No.	No.
Management and administration	37	41
Site development and club	156	112
	193	153

6 Directors' remuneration and key management personnel

The Directors' emoluments in respect of services provided to the Company were paid by Verdant Leisure Group Limited which recharged the cost to other group companies. The value of Directors' emoluments in respect of services provided that was attributable to the Company amounted to £153,000 (*2022: £294,000*). The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director attributable to the Company was £52,000 *(2022:£100,000)*.

Key management personnel includes the Directors and directors of other companies in the Group. The remuneration of key management personnel attributable to the Company is £215,000 *(2022: £427,000)*.

Notes *(continued)*

7 Income from shares in group undertakings

	2023	2022
	£000	£000
Dividends received	-	1,715

On 22 February 2022, the Company received a dividend from River Lodge Holiday Park Limited of £1,715,000.

8 Interest receivable and similar income

	2023	2022
	£000	£000
Other interest receivable	**53**	-

9 Interest payable and similar charges

	2023	2022
	£000	£000
Interest payable on financial liabilities at amortised cost	**520**	464

Notes *(continued)*

10 Taxation

	2023 £000	2022 £000
Current tax		
Current tax on income for the year	**230**	1,150
Adjustment in respect of prior periods	**(99)**	(168)
Total Current tax	**131**	982
Deferred tax (see note 18)		
Origination and reversal of timing differences	**(73)**	(181)
Effect of tax rate change on opening balance	**(23)**	261
Adjustment in respect of prior periods	**69**	222
Total deferred tax	**(27)**	302
Total tax	**104**	1,284

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	**3,877**	7,364
Total tax charge	**104**	1,284
Profit on ordinary activities before tax	**3,981**	8,648
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19.00%)	**756**	1,643
Fixed asset differences	**143**	197
Expenses not deductible for tax purposes	**2**	3
Income not taxable for tax purposes	**(21)**	(45)
Adjustments to brought forward values	**-**	(26)
Other tax adjustments, reliefs, transfers	**6**	-
Group relief received for nil consideration	**(729)**	(803)
Adjustments to tax charge in respect of previous periods	**(99)**	(168)
Remeasurement of deferred tax for changes in tax rates	**(23)**	261
Adjustment in deferred tax in respect of prior periods	**69**	222
Total tax expense included in profit and loss	**104**	1,284

Factors that may affect future current and total tax charges

UK Corporation tax is calculated at 19% (2022: 19%) of the estimated assessable profit for the period. In the 3 March 2021 Budget it was announced that the UK tax rate will remain at the current 19% and increase to 25% from 1 April 2023. The deferred tax liability as at 28 February 2023 has been calculated based on the expected rate of 25%. This will have an impact on future taxation charges.

Notes *(continued)*

11 Intangible fixed assets

	Goodwill £000
Cost	
At 28 February 2022	1,945
At 28 February 2023	1,945
Amortisation	
At 28 February 2022	1,361
Charge for the period	125
At 28 February 2023	1,486
Net book value	
At 28 February 2023	459
Net book value	
At 28 February 2022	584

12 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Hire fleet caravans £000	Total £000
Cost					
At beginning of year	39,802	4,351	98	5,409	49,660
Additions	3,000	1,204	9	508	4,721
Disposals	-	-	-	(233)	(233)
At end of year	42,802	5,555	107	5,684	54,148
Depreciation					
At beginning of year	518	2,786	61	1,947	5,312
Charge for year	613	603	16	816	2,048
Disposals	-	-	-	(117)	(117)
At end of year	1,131	3,389	77	2,646	7,243
Net book value					
At 28 February 2023	**41,671**	**2,166**	**30**	**3,038**	**46,905**
Net book value					
At 28 February 2022	39,284	1,565	37	3,462	44,348

Notes *(continued)*

12 Tangible fixed assets *(continued)*

Included in land and building additions is the business assets of Ballintuim Leisure Park, a holiday park in Perthshire, Scotland, acquired for a cash consideration of £1.5m. This is a small holiday park but with capacity to grow and complements our presence in Perthshire.

Ground rent transaction and other finance leases

On 6 September 2019, Verdant Leisure 2 Limited entered into lease agreements with Lloyds Bank SF Nominees Limited in respect of five of the Company's leisure parks. Under the terms of the agreements the entities are the subject to ongoing rental obligations ("ground rent") over the next 150 years. The assets are now recognised as leasehold land and buildings with a corresponding finance lease obligation recognised within finance lease liabilities. The total net book value of the assets held under the finance leases is £26,114,000 *(FY22: £23,140,000).*

13 Fixed asset investments

	£000
At 1 March 2022	**1,642**
Additions	**-**
At 28 February 2023	**1,642**
At 28 February 2022	1,642

The Company owns the following issued share capital of the companies listed below:

	Nature of business	**Country of Incorporation**	**Class of share**	**Holdings**
Queensberry Bay Caravan Park Limited	**Dormant**	Scotland	Ordinary £1	100%
President Leisure Limited*	**Leisure park operator**	Scotland	Ordinary £1	100%
Erigmore Estate Limited	**Dormant**	Scotland	Ordinary £1	100%
River Lodge Holiday Park Limited	**Previous land owner to become dormant**	Scotland	Ordinary £1	100%

*Shares not held directly by the Verdant Leisure 2 Limited

The registered office of all the subsidiaries is Thurston House, Thurston Manor Leisure Park, Dunbar, Scotland, EH42 1SA

Notes *(continued)*

14 Stocks

	2023	2022
	£000	£000
Raw Materials	**107**	55
Finished goods and goods for resale	**3,631**	1,882
	3,738	1,937

Goods for resale consist essentially of holiday homes.

Changes in finished goods recognised as cost of sales in the year amounted to £8,804,000 *(2022: £7,945,000)*.

15 Debtors

	2023	2022
	£000	£000
Trade debtors	**703**	-
Prepayments and accrued income	**257**	1,161
Amounts due from group undertakings	**9,305**	6,816
Other debtors	**2**	29
Corporation tax	**743**	-
	11,010	8,006

Amounts due from group undertakings are repayable on demand and do not carry interest.

16 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	**552**	1,749
Amounts due to group undertakings	**9,982**	9,216
Other taxes and social security	**731**	321
Other creditors	**156**	134
Accruals and deferred income	**5,424**	5,177
Obligations under finance leases	**35**	7
Corporation tax	**-**	183
	16,880	16,787

Amounts due to group undertakings are repayable on demand and do not carry interest.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	2023	2022
	£000	£000
Amounts owed to group undertakings	**-**	-
Obligations under finance lease	**15,306**	15,238
	15,306	15,238

Obligations under finance leases relate to the ground rent transaction (note 12), with the obligation secured against the property. Rent payments are payable quarterly.

18 Deferred tax

Deferred tax liabilities are attributable to the following:

	£000
At 1 March 2022	1,496
Charge for the year (Note 10)	(27)
	1,469

	2023	2022
	£000	£000
Accelerated capital allowances	**1,469**	1,496

19 Share Capital

	2023	2022
	£000	£000
Shares classified as capital		
Allotted, called up and fully paid		
11,889 Ordinary shares of £1 each	11,889	11,889

20 Related party transactions

During the year the Company expensed £16,000 of uniforms purchased from The Uniform & Leisure Wear Company Limited, of which Graham Hodgson is a director.

21 Ultimate parent undertaking and controlling party

The Company is a wholly-owned subsidiary of Verdant Leisure Holdings Limited, a company incorporated in England. The smallest group in which the Company is consolidated is Verdant Leisure Topco Limited. The ultimate parent company and ultimate controlling party is William Pears Group Limited. The results of the Company are consolidated into the financial statements of both Verdant Leisure Topco Limited and William Pears Group Limited.. The consolidated accounts of both companies are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.