

Registered number: 09346246

SYKES COTTAGES HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



SYKES COTTAGES HOLDINGS LIMITED

COMPANY INFORMATION

Director	Graham Donoghue Michael Steven Graham
Registered number	09346246
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Independent auditors	Ernst & Young LLP 2 St Peters Square Manchester M2 3EY

SYKES COTTAGES HOLDINGS LIMITED

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SYKES COTTAGES HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The Directors present their strategic report for the year ended 30th September 2020.

Business review

The statement of comprehensive income is set out on page 13, showing an operating loss for the year ended 30th September 2020 of £1,013,000 (2019 - £nil) (inclusive of £1,023,000 of exceptionals (2019 - £682,000)). The profit before tax is £1,559,000 (2019 - £1,280,000).

The Directors are satisfied with the trading performance and will continue to develop the existing activities of the Company.

On 28th October 2019, 100% of the share capital of Sykes Cottages Holdings Limited was acquired by Priestholm Bidco Ltd.

Due to the acquisition by Priestholm Bidco Ltd during the year the Ultimate Parent Company of Sykes Cottages Holdings Limited is Priestholm TopCo Ltd registered in Jersey and the Ultimate Controlling Party of the Company is Vitruvian Partners LLP.

Sykes Cottages Holdings Limited presented group accounts for the year ended 30 September 2019. For the year ended 30 September 2020 the Company is no longer required to prepare the group accounts As the results of the Company are included in the consolidated financial statements of Priestholm Midco Limited. The Company has thus taken the consolidation exemption available under s401 of the Companies Act 2006.

Company strategy

The principal activity of the Company is a holding company and it provides management services to the trading entities in the group.

Financial key performance indicators

The Company's key financial and other performance indicator during the year was as follows:

	Unit	2020	2019
Gross profit	%	20.83	61.11
Total asset	£000	42,614	40,262
Current ratio	1.00	1.11	1.45

SYKES COTTAGES HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including liquidity risk, interest rate risk and cash flow risk.

Financial instruments

Objectives and policies

The Company does not use derivative financial instruments for speculative purposes. The Company enters into financial derivative contracts to mitigate financial risk and details are included below under the relevant risk heading.

Liquidity risk, interest rate risk, cash flow risk

Liquidity risk

The Company's cash balances and deposits are managed to provide a balance between maximising interest rate returns and maintaining access to working capital. We ensure our short term deposits are flexible and accessible if required. Working capital requirements are monitored on an ongoing basis, so the Directors do not consider there to be a significant risk in this area.

Interest rate risk

Interest is credited on the Company's cash balances at variable rates. Loan note interest is charged as per the loan note agreements. The interest rate risk is monitored regularly. The Company's external loans have been repaid during the year reducing the interest rate risk.

Cash flow risk

The Directors consider that the main risk concerning cash flow relates to unexpected reductions in demand and change in interest rates. The Company maintains a flexible cost structure that the directors believe would mitigate the demand risk and interest rate risk is constantly monitored.

SYKES COTTAGES HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Directors' statement of compliance with duty to promote the success of the Company

The directors believe they have acted at all times to promote the success of the Group and Company for the benefit of its members as a whole. In doing so, the Board has considered the interest of a range of stakeholders impacted by the Group and Company, as well as having regard for the matters set out in section 172(1) of the UK Companies Act 2006, namely:

- the likely consequences of any decisions in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for the high standards of business conduct; and
- the need to act fairly between members of the Group

Board and decision making process

The Group operates under five fundamental principles, that are considered in all decision making processes at Board, strategic and operational levels

- We achieve together
- We communicate honestly
- We drive innovation and change
- We earn trust
- We grow and learn

Board meetings are held every month (excluding August and December) and the monthly reports include:

- Summary of key initiatives and their progress
- Merger & Acquisitions (M&A) update
- Operations update
- IT update, including operational and strategic objectives
- Monthly Financials including budgets/forecasts

Executive Board members meet on weekly basis, alongside key senior management to provide day to day oversight on strategic and operational objectives, with significant changes and decisions referred to the formal Board of Directors.

Key Stakeholders

Directors utilise a full range of communication channels to engage with stakeholders; these include face-to-face meetings, events, reports and other written materials, as well as through public relations activity, targeted digital content and social media.

The directors have identified the following as key stakeholders of the Group, as they are either directly affected or benefit from the success of the Group.

- **Guests** – the Group provides a diverse range of quality holiday properties to over 1 million guests each year in the United Kingdom, Ireland and New Zealand. Guests are engaged initially through targeted marketing initiatives and via contact to our UK and New Zealand based call centres. During and post travel, customers have access to our customer services support online and via telephone and feedback is gathered through satisfaction surveys.
- **Property Owners** – The Group provides property management, marketing and booking services to approximately 18,000 owners who have c.20,000 holiday properties. A dedicated Owners team with the assistance of a nationwide network of Property Consultants service the needs of property Owners.

SYKES COTTAGES HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

- **Workforce** – the Group employs approximately 866 people across the UK and New Zealand. The Group places considerable value on the involvement of its employees, therefore it ensures information on matters of concern is provided and where appropriate the employees are consulted so their views are taken into account when making decisions. This is achieved through monthly floor briefings, intranet and e-mails to employees' work addresses. Employee involvement in the Group is encouraged through regular employee surveys.
- **Suppliers** – The Group engages with key suppliers and settles invoices in a timely manner and within the agreed credit terms.
- **Community and Environment** – The Group participates in several community-based initiatives through fund-raising events and commitment of resources. The Group selects a key Charity to work with each year and for FY20 the charity was the Teenage Cancer Trust. Given the pandemic during FY20 reducing the ability to fund raise the Group have decided to continue supporting this charity for another year. The Group looks to minimise its carbon footprint where possible, reducing the use of paper through technical developments and maximising recycling of paper/plastics/metals via numerous in office recycling collection points
- **Shareholders and lenders** – the ultimate controlling party of Priestholm TopCo Ltd and the Sykes Group is Vitruvian Partners LLP, which is a private equity investment company. The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders. Both Vitruvian Partners LLP and lenders receive monthly financial updates as standard, with ad-hoc initiatives and key developments reported as required..

Key decisions

The directors have identified the below as the key decisions made in the year. Key decisions have been determined as anything with strategic importance to the Group or that have taken a significant amount of management and Board time.

Decision 1

Acquisition of the Sykes Cottages Group by Priestholm BidCo Ltd

On 28th October 2019, Sykes Cottages Holdings Limited (Sykes Cottages Group) was acquired by Priestholm BidCo Limited registered in the United Kingdom whose Ultimate Parent Company is Priestholm TopCo Limited registered in Jersey and the Ultimate Controlling Party is Vitruvian Partners LLP.

As part of the acquisition, Sykes Cottages Group undertook a refinancing, which has provided the group with additional long-term funding to facilitate growth through both acquisition and organic means.

Outcomes and impact on key stakeholders (where applicable):

Workforce - Communication of the changes and how the new investment will impact the future of the business and support the Group's long-term strategy.

Shareholders & Lenders - New Investors and Capital Structure in place.

Decision 2

Acquisition of new businesses

On 4th October 2019 Sykes Cottages Limited acquired Coast and Country Holidays Limited, a holiday rental company located in Pembrokeshire, Wales.

On 28th November 2019 the Group acquired Printcater Limited (trading as Carbis Bay Holidays), a holiday cottage rental company located in Cornwall, UK.

On 18th December 2019 the Group acquired Potter TopCo Limited which owns the Pure Cottages Group, a holiday cottage rental group which is located in the Lake District, Cotswolds and Cornwall.

Outcomes and impact on key stakeholders (where applicable):

Guests - Able to offer a wider variety of property options to the whole group through the nationwide marketing capacity of the group, over multiple websites and marketing channels.

SYKES COTTAGES HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Property owners - Communication is made to new owners early, so they understand how they will be impacted. The dedicated Owners team clearly describe any changes and how this will affect the owner. They will also advise the owner of the benefits of being part of the Sykes Cottages Group.

Workforce - Clear plans are put into place and communicated through updates and written notices, to the existing and new staff base. Expected synergies related to the acquisitions are highlighted alongside career opportunities that may result.

Community - Press releases to promote awareness within the local communities.

Shareholders & Lenders - Notification to both parties explaining the rationale for the acquisition and expected benefits, which is part of the formal board communication.

Decision 3

Covid-19 Operational response

During FY20 the world was impacted by the global pandemic. The governments in the UK and New Zealand imposed various lockdown measures and restrictions affecting people's ability to travel around the United Kingdom, Ireland and New Zealand for holidays and work purposes.

Where travel was legally impossible due to the contract between the consumer and the property owner being frustrated, Sykes Cottages has chosen to support both customers and property owners by facilitating the refunds of the full amount paid by customers. This includes the income generated by trading entities in the Sykes Group. The contractual services provided to generate the income has been delivered, so the Sykes Group has accounted for the refunds as a goodwill gesture to both our owners and customers.

Sykes continues to market and take bookings where it is legally possible to do so, to minimise the profitability and liquidity impact of Covid-19, on our trading partners.

Outcomes and impact on key stakeholders (where applicable):

Guests - The various Covid-19 restrictions have affected guests ability to travel and therefore for numerous guests, their holidays have been cancelled/curtailed, when the booking has become legally frustrated. For these guests, we have offered a full refund (which includes ex-gratia goodwill refund for commission and booking fee and ancillary income the Group has previously earned) or the offer of a change the date of their holiday. When there have been restrictions on household mixing and the number of people who could meet, guests were contacted with the option to continue with their holiday within Government guidelines, or receive a full refund or change of dates.

Property owners - The Sykes Group facilitated the refund of gross rentals on behalf of owners, where holiday contracts have been legally frustrated. Commissions earned by Sykes have been effectively refunded to property owners as a goodwill gesture from the group. This minimises the economic impact on the owners to the net rentals they would have earned, rather than the gross rental the consumer has paid.

Employees - To ensure the health and safety of its employees the Group has closed all its offices during full lockdowns and has ensured the Group has the infrastructure to enable employees to work from home. During the various tiered systems, the offices have been reopened on a requirement basis as the Group is aware working from home may not suit all employees. The group is constantly monitoring employee health, safety, and wellbeing and to ensure it has sufficient measures in place, facilitated by regular reviews through video meeting platforms.

Suppliers - Sykes has been working with key suppliers on an ongoing basis, such as insurance brokers and marketing partners, to ensure the respective businesses are aligned in providing refunds to customers where applicable. Sykes continues to pay all suppliers within agreed terms.

SYKES COTTAGES HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Shareholders & Lenders - Given the uncertainty caused by the pandemic, liquidity and profitability were, and continue to be, under frequent review. This high level of rigour enables the business to have pro-active responses to governmental guidance with various scenario plans and actions to preserve cash and profits having been agreed with the Board and Shareholders notified where appropriate. The Scenario planning and mitigating actions undertaken have ensured the Group is in the best position to continue its long-term strategy.

This report was approved by the board and signed on its behalf.

Michael S Graham

Michael Steven Graham
Director

Date: 25 March 2021

SYKES COTTAGES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Principal activity

The principal activity of the Company is a holding company and it provides management services to the trading entities in the group.

Results and dividends

The profit for the year, after taxation, amounted to £1,559,000 (2019 - £1,280,000).

The Directors do not recommend a payment of a dividend (2019 - £nil).

Directors

The directors who served during the year were:

Graham Donoghue
Paul John Thomas Gilbert (resigned 28 October 2019)
Michael Steven Graham
Adam Stuart Holloway (resigned 28 October 2019)
Matthew Woolfe Jacobs (resigned 28 October 2019)
Laurence Roy Marlor (resigned 28 October 2019)
Michael Charles Ravis (resigned 24 July 2020)
James Martin Shaw (resigned 24 September 2020)
Clive Peter Sykes (resigned 28 October 2019)

Going concern

As a result of the uncertainties caused by Covid-19, the Directors of the Company during their going-concern assessment have confirmed the ability of its parent company to provide continued support access to cash to ensure its day-to-day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Limited who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31 March 2022.

Political contributions

The Company made no political donations or incurred any political expenditure in the year.

Matters covered in the strategic report

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on page 1.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SYKES COTTAGES HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Post balance sheet events

There have been no significant events affecting the Company since the year end. The Directors have considered the impact of Covid-19 on the Investments in subsidiaries, however given the impairment review performed the Directors believe the investment value has not been impacted.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Michael Steven Graham
Director

Date: 25 March 2021

SYKES COTTAGES HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 to 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.

SYKES COTTAGES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYKES COTTAGES HOLDINGS LIMITED

Opinion

We have audited the financial statements of SYKES COTTAGES HOLDINGS LIMITED (the 'Company') for the year ended 30 September 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SYKES COTTAGES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYKES COTTAGES HOLDINGS LIMITED (CONTINUED)

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 Auditors' 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 this regard.

Opinion 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 year 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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

SYKES COTTAGES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYKES COTTAGES HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 9, 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.

Auditors' responsibilities for the audit of the financial statements

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

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 Auditors' report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Tehseen Ali

Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

26 March 2021

SYKES COTTAGES HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	5	48	1,116
Cost of sales		(38)	(434)
Gross profit		10	682
Exceptional administrative expenses	13	(1,023)	(682)
Operating loss	6	(1,013)	-
Interest receivable and similar income	10	2,722	2,377
Interest payable and expenses	11	(150)	(1,097)
Profit on ordinary activities before tax		1,559	1,280
Tax on profit	12	-	-
Profit for the year		1,559	1,280

There was no other comprehensive income for 2020 (2019:£000NIL).

The notes on pages 16 to 33 form part of these financial statements.

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

SYKES COTTAGES HOLDINGS LIMITED
REGISTERED NUMBER: 09346246

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	14	-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors: amounts falling due within one year	15	42,496	40,144
Cash and cash equivalents	16	118	118
		<u>42,614</u>	<u>40,262</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(38,467)	(27,798)
		<u>4,147</u>	<u>12,464</u>
Net current assets		<u>4,147</u>	<u>12,464</u>
Total assets less current liabilities		<u>4,147</u>	<u>12,464</u>
Creditors: amounts falling due after more than one year	18	-	(9,876)
		<u>4,147</u>	<u>2,588</u>
Net assets		<u>4,147</u>	<u>2,588</u>
Capital and reserves			
Called up share capital	20	106	106
Share premium account	21	1,088	1,088
Profit and loss account		2,953	1,394
		<u>4,147</u>	<u>2,588</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2021.

Michael S Graham

Michael Steven Graham
Director

The notes on pages 16 to 33 form part of these financial statements.

SYKES COTTAGES HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 October 2018	111	1,127	(124)	1,114
Profit for the year	-	-	1,280	1,280
Total comprehensive income for the year	-	-	1,280	1,280
Issue of share	1	208	-	209
Share buyback	(6)	(9)	-	(15)
Share premium conversion	-	(238)	238	-
Total transactions with owners	(5)	(39)	238	194
At 1 October 2019	106	1,088	1,394	2,588
Profit for the year	-	-	1,559	1,559
Total comprehensive income for the year	-	-	1,559	1,559
At 30 September 2020	106	1,088	2,953	4,147

The notes on pages 16 to 33 form part of these financial statements.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

Sykes Cottages Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK.

The principal activity of the Company is a holding company and it provides management services to the trading entities in the group.

2. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 4).

Going concern

As a result of the uncertainties caused by Covid-19, the Directors of the Company during their going-concern assessment have confirmed the ability of its parent company to provide continued support access to cash to ensure its day-to-day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Limited who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31 March 2022.

3. Accounting policies

3.1 General

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

3.2 New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements, as they do not have a material effect on the Company's financial statements.

The following amended standards are not expected to have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of material - amendments to IAS 1 and IAS 8

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.3 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

3.4 Exemption from preparing consolidated financial statements

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

The Company's ultimate parent undertaking in the UK is Priestholm MidCo Ltd. Priestholm MidCo Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Priestholm MidCo Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

3.5 Turnover

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Revenue is for management services provided and is charged to the trading entities annually.

3.6 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, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.8 Taxation

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

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.9 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3.10 Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.11 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

3.12 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

• Initial recognition and measurement

Financial assets are recognised on the trade date which is the date it commits to purchase the instruments. Loans are recognised when the funds are advanced. All other financial instruments are recognised on the date that they are originated. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, with the exception of trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one year of receiving them. For financial assets which are not held at fair value through the income statement, transaction costs are also added to the initial fair value. Trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one year of receiving them are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.14 Financial instruments (continued)

The Company's financial assets at amortised cost includes trade receivables, and amounts owed by group undertakings.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when;

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset

Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

ii. Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.14 Financial instruments (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and amounts owed to group undertakings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Accounting policies (continued)

3.15 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Investments Note 13

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements and estimation. These relate to the recoverability of investments (see 3.12 and 3.14 and note 13). Due to the inherent uncertainty involved in forecasting and discounting future cash flows this is considered a critical estimate. The estimates used in the valuation of the recoverability of investments are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the use of the most appropriate valuation methodology and the selection of a suitable discount rate.

5. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Intercompany revenue (management charge)	48	1,116
	<u>48</u>	<u>1,116</u>

All turnover arose within the United Kingdom.

Timing of revenue recognition

	2020 £000	2019 £000
Goods and services transferred at a point in time	48	1,116
Goods and services transferred over time	-	-
	<u>48</u>	<u>1,116</u>

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Exceptional administrative expenses	1,023	682
Defined contribution pension cost	23	10
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10	58
	<u> </u>	<u> </u>

Auditors' remuneration is borne by other companies within the Sykes Cottages group and not specifically recharged. The proportion of auditors' time spent on this Company is considered immaterial to their time spent working in the overall Group. Therefore, their remuneration has not been recharged to the Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	19	229
Social and security costs	2	26
Recharge to group undertakings	(21)	(255)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

8. Employees (continued)

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

	2020 £000	2019 £000
Administration and support	1	4
	<u> </u>	<u> </u>
	1	4
	<u> </u>	<u> </u>

SYKES COTTAGES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	315	529
Company contributions to defined contribution pension schemes	23	10
	<u>338</u>	<u>539</u>

The highest paid director received remuneration of £168,000 (2019 - £145,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £22,000 (2019 - £9,000).

The total accrued pension provision of the highest paid director at 30 September 2020 amounted to £NIL (2019 - £NIL).

In the current year the Directors' remuneration has been borne by other group entities, Sykes Cottages Limited and Priestholm BidCo Ltd and not specifically recharged. The proportion of directors' time spent on this Company is considered immaterial to their time spent working in the overall Group. Therefore, their remuneration has not been recharged to the Company.

10. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	2,722	2,377
	<u>2,722</u>	<u>2,377</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	49	-
Other loan interest payable	101	1,097
	<u>150</u>	<u>1,097</u>

SYKES COTTAGES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tax on profit

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	1,559	1,280
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	296	243
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	289	320
Group relief received for nil consideration	(501)	(563)
Remeasurement of deferred tax for changes in tax rates	(9)	-
Deferred tax not recognised	(75)	-
Total tax charge for the year	-	-

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Tax on profit (continued)

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1st April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1st April 2020 (as enacted by Finance Act 2016 on 15th September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22nd July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3rd March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1st April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

13. Exceptional administrative expenses

	2020 £000	2019 £000
Share acquisition fees	1,023	83
One-off consulting fees	-	588
Restructuring costs	-	11
	<u>1,023</u>	<u>682</u>

Share acquisition fees consist of legal and one-off consultancy fees relating to the acquisition of Sykes Cottages Holdings Limited by Priestholm BidCo Ltd.

SYKES COTTAGES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 October 2019	-
At 30 September 2020	-

The Directors believe that the carrying values of investments of £2 at 30 September 2020 is supported by their underlying net assets, or value in use. In measuring value in use, the discount rate used reflects current assessments of the time value of money and the risks specific to the asset.

The following were subsidiary undertakings of the Company:

Company	Country of incorporation	Registered number	Class of shares	Ownership
Directly held				
Go-Sykes Limited*	UK	9329266	Ordinary	100%
Sykes Cottages EBT Limited*	UK	10253138	Ordinary	100%
Indirectly held				
Sykes Cottages Limited**	UK	4469189	Ordinary	100%
Self Catering Travel Limited*	UK	7730563	Ordinary	100%
Potter TopCo Limited*	UK	11076957	Ordinary	100%
Heart of the Lakes Limited*	UK	11617441	Ordinary	100%
Traditional Lakeland Cottages Limited*	UK	4120468	Ordinary	100%
Character Cottages Holidays Limited*	UK	5519222	Ordinary	100%
Rock Estates (Cornwall) Limited*	UK	986821	Ordinary	100%
Maid In the Cotswolds Limited*	UK	7979374	Ordinary	100%
Fisherbeck Management Limited*	UK	1672804	Ordinary	100%
Lake District Lodge Holidays Limited*	UK	8451719	Ordinary	100%
Printcater Limited*	UK	2779888	Ordinary	100%
Coast & Country Holdidays Limited*	UK	6495419	Ordinary	100%
Cornish Cottage Holidays Limited*	UK	4717186	Ordinary	100%
Complete Cottage Holidays Limited*	UK	6980918	Ordinary	100%
Devonshire Cottage Holidays Limited*	UK	6980919	Ordinary	100%
Dorset Cottage Holidays Limited*	UK	7494512	Ordinary	100%
Holiday Cottage Housekeeping Limited*	UK	8859641	Ordinary	100%
Holiday Cottage Experts Limited*	UK	8870393	Ordinary	100%
Helpful Holidays (Holdings) Limited*	UK	8632456	Ordinary	100%
Helpful Holidays Limited*	UK	3741255	Ordinary	100%
West Country Cottages Limited*	UK	7463275	Ordinary	100%
Cornwall Holiday Cottages Limited *	UK	4924028	Ordinary	100%
Coast & Country Cottages (Holdings) Limited*	UK	8739127	Ordinary	100%
Coast & Country Cottages (South West) Limited *	UK	4073439	Ordinary	100%
Manor Cottages UK Company Limited*	UK	5750184	Ordinary	100%
Manor Cottages Laundry Services Limited *	UK	10315174	Ordinary	100%
Manor Cottages Property Services Limited*	UK	7675654	Ordinary	100%

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

14. Investments (continued)

Company	Country of incorporation	Registered number	Class of shares	Ownership
Indirectly held				
Manor Cottages Property Services (South) Limited*	UK	9084982	Ordinary	100%
Hideaway Holiday Cottages Limited*	UK	10439904	Ordinary	100%
La Manga Direct Limited*	UK	3727523	Ordinary	100%
DCL NewCo Limited*	UK	11421216	Ordinary	100%
Dream Cottages Limited*	UK	3665465	Ordinary	100%
Menai Holiday Cottages Limited*	UK	4947297	Ordinary	100%
NZ Bachcare HoldCo Limited***	NZ	7313436	Ordinary	100%
Bachcare Limited****	NZ	1466155	Ordinary	100%

Registered office

* 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT

** Sykes Cottages Ltd One City Place, Queens Road, Chester, Cheshire, United Kingdom, CH1 3BQ

*** Pricewaterhousecoopers, Level 26 PwC Tower, 15 Customs Street West, Auckland, 1010, New Zealand

**** Gilligan Sheppard, 4th Floor, 253 Queen Street, Auckland, 1010, New Zealand

15. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed by group undertakings	42,496	39,774
Director loan account	-	370
	<u>42,496</u>	<u>40,144</u>

Included within the prior year debtors due within one year are loans to the Directors. The director loans were repaid on the 28th October 2019 when Sykes Cottages Holdings Limited was acquired by Priestholm BidCo Ltd.

Transactions between related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Amounts owed by group undertakings are repayable on demand.

16. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	118	118
	<u>118</u>	<u>118</u>

SYKES COTTAGES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

17. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	38,457	27,704
Accruals	10	94
	<u>38,467</u>	<u>27,798</u>

Transactions between related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Amounts owed to group undertakings are repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Loan notes	-	9,876
	<u>-</u>	<u>9,876</u>

Terms and debt repayment schedule

	Nominal interest rate	Year of maturity	Fair Value 2020 £000	Carrying amount 2020 £000	Fair Value 2019 £000	Carrying amount 2019 £000
B loan notes	8%-12%	2022	-	-	8,060	9,876
			<u>-</u>	<u>-</u>	<u>8,060</u>	<u>9,876</u>

B loan note interest of £1,918,000 and principal of £8,060,000 was repaid on 28th October 2019 as part of the acquisition of the Sykes Cottages Group by Vitruvian Partners LLP.

SYKES COTTAGES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

19. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Amounts falling due after more than 5 years		
Loan notes	-	9,876
	-	9,876
	-	9,876

20. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
5,846,667 (2019 - 5,846,667) Ordinary shares A shares of £0.0050 each	29.23	29.23
2,153,333 (2019 - 2,153,333) Ordinary shares B shares of £0.0100 each	21.53	21.53
1,000 (2019 - 1,000) Ordinary shares B1 shares of £0.0010 each	-	-
1,975,000 (2019 - 1,975,000) Ordinary shares C shares of £0.0100 each	19.75	19.75
500,000 (2019 - 500,000) Ordinary shares C1 shares of £0.0012 each	0.60	0.60
200,000 (2019 - 200,000) Ordinary shares C2 shares of £0.0177 each	3.54	3.54
300,000 (2019 - 300,000) Ordinary shares C3 shares of £0.0085 each	2.55	2.55
100,000 (2019 - 100,000) Ordinary shares C4 shares of £0.0460 each	4.60	4.60
4,347,000 (2019 - 4,347,000) Ordinary shares E shares of £0.0055 each	23.91	23.91
	105.71	105.71

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21. Reserves**Share premium account**

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in 'share premium'.

Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses.

SYKES COTTAGES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. Pension commitments

The company operates a defined contribution pension plans. The total expense relating to these plans in the current year was £23,000 (2019 - £10,000).

23. Post balance sheet events

There have been no significant events affecting the Company since the year end. The Directors have considered the impact of Covid-19 on the Investment in subsidiary, however given the impairment review performed the Directors believe the investment value has not been impacted.

24. Controlling party

At the beginning of the year Living Bridge LLP, was the ultimate controlling party incorporated in the UK. On 28 October 2019, Priestholm Bidco Ltd acquired 100% of Sykes Cottages Holdings Limited. Due to the acquisition by Priestholm Bidco Ltd the ultimate Parent Company of Sykes Cottages Holdings Limited is Priestholm TopCo Ltd at the year end 30 September 2020. At the year ended 30 September 2020 the Ultimate Controlling Party of the Company is Vitruvian Partners LLP.

The largest group in which the results of the Company are consolidated was that headed by Priestholm TopCo Ltd, incorporated in Jersey. The consolidated financial statements of this group may be obtained from 4th Floor, St Paul's Gate, 22-24 New Street, St Helier, Jersey JE1 4TR.

The smallest group in which the results of the Company are consolidate was headed by Priestholm MidCo Ltd incorporated in United Kingdom. The consolidated financial statements of this group may be obtained from 3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.