

Parkdean Resorts Limited

Annual report and financial statements

Registered number 09697677

31 December 2019



Contents

Strategic report.....	1
Directors' report.....	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of Parkdean Resorts Limited	5
Profit and loss account and other comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes.....	10

Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of Parkdean Resorts Limited (the 'Company') is that of an investment holding company for the Richmond UK Holdco Limited group (the 'Group'). The Group owns and operates 67 award winning holiday parks, operating under the Parkdean Resorts brand.

Business review

The Company's result for the year comprised turnover of £3,247,000 (2018: £1,668,000), earnings before interest, tax, depreciation, amortisation and exceptional items ('EBITDA') of £nil (2018: £nil) and made a loss for the year of £4,352,000 (2018: £4,778,000). The Company had net assets of £771,727,000 as at 31 December 2019 (2018: £776,079,000).

Section 172(1) statement

The directors confirm their adherence to s172(1) of the Companies Act 2006. Given the inter-dependence of the entities within the Group, compliance was achieved by the Group and full details are set out in the consolidated financial statements of Richmond UK Holdco Limited.

Principal risks and uncertainties

The principal risks and uncertainties are integrated with those of the Group and are not managed separately. All of the key business risks and uncertainties disclosed in the consolidated financial statements of the Group are also applicable to the Company.

As the Company's principal activity is an investment holding company the key risk is the potential impairment of those investments. The Company monitors investments throughout the year and, in particular, at the year-end for potential impairment. The Company ensures that the investment values remain supportable by monitoring the net asset position of its subsidiaries and their expected future performance.

In addition to those risks and uncertainties disclosed in the signed Group financial statements, the Group has highlighted an epidemic/global pandemic risk, identified after the signing of the Group financial statements, in relation to recent events:

- **Future lockdowns**

As demonstrated in 2020, there is a risk that an epidemic or global pandemic can impact the travel and leisure industry, with the possibility of full park closure.

Although we cannot control the risk, we have shown that holiday parks can provide a safe, clean environment and our caravans and lodges offer a naturally social distanced experience. Should a similar situation arise in the future we would again take an active stance in promoting the inherent social distancing on the holiday parks and ensuring safety measures are in place on park, campaigning to ensure our parks could re-open as early as possible, in a safe way and following government guidelines and regulations closely to ensure full adherence for customer and team members' safety.

Through experience, we are able to adequately plan for closure, minimising costs while being able to work remotely if required, utilising the business continuity plan, ensuring customers are at the forefront of decision making, and managing and maintaining available liquidity. The Group's normal trading cycle includes the requirement to close and re-open parks at the end and beginning of the holiday seasons, so we have operational plans in place to conduct this in an orderly and efficient manner.

- **COVID outbreak on park**

There is a risk that a COVID-19 or other outbreak could take place on our parks, which would lead to financial impact due to closure and could cause reputational damage.

The Group has implemented all measures required to meet government guidelines to provide a safe holiday for customers and working environment for employees. This includes social distancing measures, deep cleans, PPE for employees, a contactless check-in and check-out system, as well as track and trace methodology on park.

Strategic report *(continued)*

Key performance indicators

The key performance indicators used by the Group are revenue and EBITDA.

Future developments

On 24 March 2020 all of the Group's holiday parks were closed as a result of the Government and devolved Governments ordered lockdown and remained closed until the re-opening of the parks in England on 6 July 2020 followed by re-opening of parks in Wales and Scotland. Following park re-opening, the Group has recovered with strength, showing a promising future bookings position and cash holding at the date of signing these financial statements. Looking ahead, there remains uncertainty regarding the ongoing impact of COVID-19, the wider economic repercussions and the potential for further lockdown measures. Despite the huge challenges faced, particularly in the travel and hospitality sectors, as a UK short stay holiday operator the Group is well-placed to benefit from the reluctance people may have to travel overseas at the moment.

By order of the Board

Steve Richards
Director



2nd Floor, One Gosforth Park Way
Gosforth Business Park
Newcastle upon Tyne
NE12 8ET

23 December 2020

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: £nil).

Directors

The directors who held office during the year, and up to the date of signing, were as follows:

Ian Gill	Resigned 1 August 2019
Ian Kellett	
John Waterworth	Resigned 31 March 2019
Steve Richards	Appointed 24 May 2019

Steve Richards and Ian Kellett were also directors of the ultimate UK parent undertaking at the balance sheet date, Richmond UK Top Holdco Limited:

Another Group company effected and maintained insurance for the directors against liabilities as officers in relation to the Company.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2018: £nil).

Disclosure of information to auditor

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.

Corporate governance

The Group have formally adopted the Wates Principles as their Corporate Governance Code in the year. In line with adherence to s172(2) of Companies Act 2006, the Group have continued to actively engage with employees and consider their interests in the year, have had regard to the Company's business relationships with suppliers, customers and others, and made key decisions in the year with these stakeholders' interests in mind. All information regarding the Wates Principles and further information regarding s172(2) is available in the consolidated financial statements of the Group.

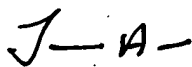
Going concern and the impact of COVID-19 on the business

The COVID-19 global pandemic is a non-adjusting post balance sheet event. The financial impact on the Group and future expectations of the market and associated risks and opportunities are discussed within the strategic report under future developments. The Directors are satisfied at the date of signing that the company is a going concern and further details are provided in the going concern note on page 11.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Judith Archibold
Secretary

2nd Floor, One Gosforth Park Way
Gosforth Business Park
Newcastle upon Tyne
NE12 8ET

23 December 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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.

Independent auditor's report to the members of Parkdean Resorts Limited

Opinion

We have audited the financial statements of Parkdean Resorts Limited ("the company") for the year ended 31 December 2019 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 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 those reports 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 Parkdean Resorts 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 4, 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.

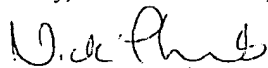
Auditor's responsibilities

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.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

23 December 2020

Profit and loss account and other comprehensive income
for the year ended 31 December 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	3,247	1,668
Administrative expenses		<u>(3,247)</u>	<u>(1,668)</u>
Operating profit	3	-	-
Profit before tax		-	-
Tax	5	<u>(4,352)</u>	<u>(4,778)</u>
Loss for the financial year		<u>(4,352)</u>	<u>(4,778)</u>

The Company has no items of comprehensive income other than the results for the current year or prior year disclosed above; accordingly a separate statement of other comprehensive income has not been included. All of the activities of the Company are classified as continuing.

Balance sheet
at 31 December 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	6		544,700		544,700
Current assets					
Debtors	7	569,047		572,067	
		<u>569,047</u>		<u>572,067</u>	
Creditors: amounts falling due within one year	8	<u>(342,020)</u>		<u>(340,687)</u>	
Net current assets			<u>227,027</u>		<u>231,380</u>
Total assets less current liabilities			<u>771,727</u>		<u>776,080</u>
Net assets			<u><u>771,727</u></u>		<u><u>776,079</u></u>
Capital and reserves					
Called up share capital	10		427,783		427,783
Share premium account	10		6,802		6,802
Profit and loss account			<u>337,142</u>		<u>341,494</u>
Shareholder's funds			<u><u>771,727</u></u>		<u><u>776,079</u></u>

These financial statements were approved by the Board of directors on ~~23 December 2020~~ and were signed on its behalf by:



Ian Kellett
Director

Company registered number: 09697677

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	427,783	6,802	346,272	780,857
Total comprehensive loss for the year				
Loss for the year	-	-	(4,778)	(4,778)
Balance at 31 December 2018	<u>427,783</u>	<u>6,802</u>	<u>341,494</u>	<u>776,079</u>
Balance at 1 January 2019	427,783	6,802	341,494	776,079
Total comprehensive income for the year				
Loss for the year	-	-	(4,352)	(4,352)
Balance at 31 December 2019	<u>427,783</u>	<u>6,802</u>	<u>337,142</u>	<u>771,727</u>

Notes

(forming part of the financial statements)

1. Accounting policies

Parkdean Resorts Limited (the 'Company') is a private company registered in England and Wales and domiciled in the UK. The registered number is 09697677 and the registered office is 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET.

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101').

The presentation currency of these financial statements is pounds sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's UK parent undertaking at the balance sheet date, Richmond UK Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with adopted IFRSs and are available to the public and may be obtained from 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Richmond UK Holdco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1. Accounting policies (continued)

1.3 Going concern

The Company is a cross guarantor for the Group's banking facility and cash flow is managed on a Group basis. As such the going concern status of the Company is reliant on both the going concern status of the Group and the continued support of Richmond UK Holdco Limited ("the Parent").

As explained in the strategic report on page 1 the Group has recovered strongly from the lockdown, cash at the end of November 2020 was £71.0m and bookings for 2021 indicate that trading will continue to be strong when parks re-open. The Group's bankers have revised the Group financial covenant such that it is based on minimum liquidity levels up to and including the quarter ended 30 September 2021, reverting to a financial covenant based on a rolling 12-month trading performance from the quarter ending 31 December 2021. The Group has also benefited from a £25.0m investment from the Group's principal shareholder subsequent to the year end. The directors have prepared Group cash flow forecasts for a period of 15 months to 31 March 2022, incorporating management's latest assumptions on trading performance and capital expenditure, and taking account of the revised banking covenant arrangements. These forecasts indicate that the Group will be able to operate within its banking facilities and accordingly the directors have prepared the financial statements on the going concern basis.

The Group has sensitised the forecasts to take account of the continued uncertainty in respect of COVID-19 and has modelled a full UK lockdown lasting 4 weeks within the period ending 31 March 2021. In this severe but plausible scenario the cash flow forecasts indicate that the Group would still have sufficient liquidity to meet its liabilities as they fall due for that period and the Group would also have sufficient headroom on its banking covenants.

In addition the Parent has indicated that it will provide such support as is needed by the Company to meet its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements. Having made enquiries of the directors of the Parent and assessed the financial position of the Parent, the directors are satisfied the Parent has the ability, intent and economic rationale to continue to support the Company. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes (continued)

1. Accounting policies (continued)

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

Investments in equity and debt securities

Investments in subsidiaries are carried at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured 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.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee (see note 12).

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Notes (continued)

1. Accounting policies (continued)

1.7 Impairment excluding stocks and deferred tax assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGUs'). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Expenses

Other interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities, unwinding of the discount on provisions that are recognised in the profit and loss account and finance leases recognised in profit or loss using the effective interest method. 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 dividend income.

Interest receivable 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 Company's right to receive payments is established.

1.9 Tax

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 in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit 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 periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax 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. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Turnover

All turnover was derived from management fees charged to other Group entities. All operations occurred within the UK.

Notes (continued)

3. Expenses and auditor's remuneration

The current year audit fee was borne by another Group undertaking and was not recharged to the Company in the current or prior years.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent undertaking at the balance sheet date, Richmond UK Holdco Limited.

4. Directors' remuneration and employee disclosure

Remuneration was paid to the directors in respect of their services to the Company and its subsidiaries in the current year as follows:

	2019 £000	2018 £000
Directors' remuneration (paid by other Group companies)	3,214	1,114
Company contributions to defined contribution plans	5	5
Amounts receivable under long-term incentive schemes	282	-
	<u>3,501</u>	<u>1,119</u>

The aggregate amount of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £1,169,000 (2018: £458,932) and no pension contributions (2018: £nil) were made by the Group on their behalf.

Retirement benefits are accruing to 1 director (2018: 1) under a defined contribution personal pension plan.

The Company had 3 employees other than the directors in the current or prior year.

5. Tax

Recognised in the profit and loss account

	2019 £000	2018 £000
Current tax		
Current year	4,242	4,780
Adjustments in respect of prior periods	110	(2)
Current tax expense	<u>4,352</u>	<u>4,778</u>
Total tax expense	<u>4,352</u>	<u>4,778</u>

Notes (continued)

5. Tax (continued)

Reconciliation of effective tax rate

	2019	2018
	£000	£000
Loss for the year	(4,352)	(4,778)
Total tax expense	4,352	4,778
Profit excluding tax	-	-
Effects of:		
Transfer pricing adjustments	4,242	4,780
Adjustments to current tax charge in respect of previous periods	110	(2)
Total tax expense	4,352	4,778

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This was expected to reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2019 have been calculated based on these rates as they remain in force at the balance sheet date. However, it was announced in the Budget on 11 March 2020 that the reduction to 17% will not in fact occur on 1 April 2020 and that the UK corporation tax rate will remain at the rate of 19% but as legislation to enact that change has not yet been presented to Parliament or substantively enacted, no amendment to the rate at which deferred tax is recognised has been made.

6. Investments

	Shares in Group undertakings
	2019 £000
Cost	
Balance at 1 January and 31 December 2019	815,388
Impairment	
Balance at 1 January and 31 December 2019	270,688
Net book value	
Balance at 1 January and 31 December 2019	544,700

Notes (continued)

6. Investments (continued)

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2019 and 2018
Church Point (Leisure) Limited*	England and Wales ¹	Ordinary	100%
Dome Propco Limited	England and Wales ¹	Ordinary	100%
GB Holiday Parks Limited*	England and Wales ¹	Ordinary	100%
Hayling Island Holiday Park Limited*	England and Wales ¹	Ordinary	100%
Lake District Leisure Pursuits Limited*	England and Wales ¹	Ordinary	100%
Manor Park Holiday Park Limited*	England and Wales ¹	Ordinary	100%
Midland Road Finance Limited*	England and Wales ¹	Ordinary	100%
Newquay Holiday Parks Limited*	England and Wales ¹	Ordinary	100%
Parkdean Caravan Parks Limited*	England and Wales ¹	Ordinary	100%
Parkdean Holidays Limited*	England and Wales ¹	Ordinary	100%
Parkdean Holiday Parks Limited*	England and Wales ¹	Ordinary and preference	100%
Parkdean Properties Limited*	England and Wales ¹	Ordinary	100%
Parkdean Resorts UK Limited	England and Wales ¹	Ordinary	100%
Park Resorts Limited*	England and Wales ¹	Ordinary	100%
Park Resorts Transport Limited*	England and Wales ¹	Ordinary	100%
PD Parks Limited*	England and Wales ¹	Ordinary	100%
Premier Dawn Properties Limited*	England and Wales ¹	Ordinary	100%
South Lakeland Group Limited*	England and Wales ¹	Ordinary	100%
South Lakeland Parks Limited*	England and Wales ¹	Ordinary	100%
Southerness Holiday Village Limited*	Scotland ²	Ordinary	100%
Southview Leisure Park Limited*	England and Wales ¹	Ordinary	100%
Upperbay Limited*	England and Wales ¹	Ordinary	100%
Vauxhall Holiday Park Limited	England and Wales ¹	Ordinary	100%
Wemyss Bay Caravan Park Limited*	England and Wales ¹	Ordinary	100%
Weststar Holidays Limited*	England and Wales ¹	Ordinary	100%

*Shares not held directly by Parkdean Resorts Limited.

The registered offices of the subsidiary undertakings disclosed above are as follows:

¹ 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET;

² C/O Womble Bond Dickinson (UK) LLP, 2 Sempie Street, Edinburgh, United Kingdom, EH3 8BL.

7. Debtors

	2019 £000	2018 £000
Amounts owed by Group undertakings	569,047	571,714
Other taxes and social security	-	326
Other debtors	-	27
	<u>569,047</u>	<u>572,067</u>

Amounts owed by Group undertakings are repayable on demand.

Notes (continued)

8. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to Group undertakings	341,108	339,385
Corporation tax payable	912	1,302
	<u>342,020</u>	<u>340,687</u>

Amounts owed to Group undertakings are interest free and repayable on demand.

9. Employee benefits

Defined contribution pension plans

The company contributes to a number of defined contribution personal pension plans.

The total expense relating to these plans in the current year was £5,000 (2018: £5,000).

10. Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	427,782,926	427,782,926
6,802,086 Preference shares of £0.0000001 each	1	1
	<u>427,782,927</u>	<u>427,782,927</u>
<i>Fully paid share premium</i>		
6,802,086 6% Preference shares	<u>6,802,086</u>	<u>6,802,086</u>
	2019 £000	2018 £000
Shares classified in shareholder's funds	<u>434,585</u>	<u>434,585</u>

Ordinary shares

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.

Preference shares

Preference shareholders are not entitled to receive notice of, to attend or speak at, general meetings of the Company, or to receive a copy of any written resolution circulated to eligible members on the circulation date in accordance with the Companies Act. Preference shareholders may not vote at general meetings of the Company, and shall not be eligible members entitled to vote on a written resolution pursuant to section 289 of the Companies Act 2006.

A fixed, cumulative, preferential dividend shall accrue on each Preference share on a daily basis from the date of issue of the Preference share and shall compound on the date falling 6 months after the date of issue and on every date falling 6 months thereafter (but shall not be payable). The accrued preference dividend shall be paid on redemption of the Preference shares.

Notes (continued)

10. Share capital (continued)

On a return of capital on liquidation or otherwise (but excluding any redemption or purchase by the Company of the Preference shares), the Preference shareholders have absolute priority over the assets of the Company available for distribution between the shareholders. Preference shareholders shall be given in respect of each Preference share held, an amount equal to 100 per cent of the issue price thereof, together with an amount equal to any accrued preference dividend (to be calculated up to and including the date of the return of capital) to be paid irrespective of whether such dividend would be unlawful by reason of there being insufficient profits available for distribution or whether the accrued preference dividend has become due and payable.

The Preference shares do not confer any further rights of participation in the profits or assets of the Company.

The Company may, with the consent of the holders of a majority of the Preference shares, redeem some or all of the Preference shares. When only some of the Preference shares are being redeemed, the redemption shall (unless the Company, with the written consent of the holders of the majority of Preference shareholders, notifies each of the Preference shareholders to the contrary) take place pro-rata between the Preference shareholders in proportion to their holdings of Preference shares.

At the balance sheet date cumulative preference dividends of £1,888,248 were not recognised (2018: £1,389,387).

11. Guarantees and contingent liabilities

The Company is a party to a cross guarantee in respect of the bank borrowings of certain members of the Group. The aggregate unprovided potential liability of the Company at the balance sheet date was £688,500,000 (2018: £708,500,000). The borrowings of certain members of the Group are secured on substantially all of the assets of Richmond UK Holdco Limited and its direct and indirect subsidiaries, including those of the Company.

12. Ultimate parent undertaking

The Company's immediate parent undertaking is Richmond UK Bidco Limited, whose ultimate UK parent undertaking is Richmond UK Top Holdco Limited. Richmond UK Top Holdco Limited is indirectly controlled by Onex Partners IV LP, a private equity fund which is indirectly controlled by Onex Corporation. Onex Corporation is a Canadian headquartered private equity investment firm listed on the Toronto Stock Exchange.

The largest group the Company's balances are consolidated in is Richmond UK Top Holdco Limited, and these financial statements are available at 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

The smallest group the Company's balances are consolidated in is Richmond UK Holdco Limited, and these financial statements are available at 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

13. Accounting estimates and judgements

Fair value of investments

Investments are 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.

Impairment of trade and other debtors

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

14. Post balance sheet events

On 24 March 2020 all of the Group's parks were closed as a result of the Government and devolved Governments ordered lockdown and remained closed until the re-opening of the parks in England on 6 July 2020 followed by re-opening of parks in Wales and Scotland.

As a consequence of the financial impact of the Government enforced closure, in June 2020 the Group received £25.0m in cash from its principal shareholder in the form of loan notes, as well as agreement of revised covenants with the Group's bankers as described in note 1.3.

Notes *(continued)*

14. Post balance sheet events *(continued)*

The Group recovered strongly from the initial lockdown, benefitting from the attractiveness of staycations in self-contained spaces in the post lockdown market from July through to September. Further localised park closures in Wales were required by Government in October, before all parks were closed for holiday guests on 5 November 2020. This closure timing is slightly ahead of our usual trading patterns, where all but a small number of parks close for holiday guests for the winter period. The impact of restrictions during the winter months on our normal trading is therefore extremely limited, as we have planned for full closure of our parks to holiday guests until the end of March 2021 which is broadly in-line with our normal trading pattern. Under normal circumstances only a very small number of parks would open for the period between Christmas and New Year, this not being the case will have minimal impact on the Group's results for 2020. We would also expect to open a small number of parks for the February half-term holidays, however we have been cautious in our financial forecasts for 2021 and excluded this activity, albeit if we can open we will. As the Group has demonstrated in 2020, the business model is flexible enough to maximise the opportunities available under a range of COVID restrictions, and operationally we are planning to open where possible subject to the restrictions in place at the time.