

## **Financial statements**

52 weeks ended 21 April 2022

## **Center Parcs Finance Borrower Limited**

**Annual report and financial statements**

**52 weeks ended 21 April 2022**

**Company registration number: 11725898**



## **Financial statements**

52 weeks ended 21 April 2022

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## **Strategic report For the 52 weeks ended 21 April 2022**

The Directors present their strategic report on the Company for the 52 weeks ended 21 April 2022 (2021: 52 weeks ended 22 April 2021).

### **Review of the business**

The Company's principal activity is that of an intermediate holding company. Via its investments the Company owns the UK and Ireland Center Parcs businesses.

The Company did not trade during the current or prior period, its only income and expenses arising as a result of its investment in subsidiary undertakings and the holding of certain debt instruments.

The results of the Company for the period show a profit of £375.4 million (2021: profit of £26.7 million).

During the period two ordinary shares were issued at premiums of £2.5 million and £1.8 million (note 12).

During the prior period four ordinary shares were issued at premiums of £34.5 million, £10.4 million, £7.5 million and £50.9 million (note 12).

A valuation exercise was undertaken as at 21 April 2022 which resulted in a £379.5 million (2021: £35.6 million) reversal of previous impairments to the carrying value of the investment in Center Parcs Finance Holdings 2 Limited.

Post year-end on 22 June 2022, dividends of £0.11 million per share totalling £1.0 million were declared and paid to its parent company Center Parcs Finance Holdings 1 Limited.

### ***Covid-19 pandemic***

The Center Parcs (Holdings 1) Limited Group's holiday villages were open to guests throughout the 52 weeks ended 21 April 2022, albeit with self-imposed accommodation capacity caps in place. The Center Parcs Ireland Limited village was able to re-open on 4 June 2021, albeit with reduced accommodation capacity and guest activities. As at the date of approving these financial statements, all of the holiday villages remain open and have removed the remaining occupancy caps. Demand for a Center Parcs break remains strong and current forecasts assume occupancy levels consistent with those seen before Covid-19.

Given the absence of any Covid-19 related restrictions in the UK and Ireland the possibility of a closure of all the Center Parcs villages for a sustained period of time is considered to be remote, but the Directors continue to monitor the UK and Irish Government's stance to Covid-19 and would quickly implement operational changes if any restrictions were reintroduced.

As described in note 1, the Directors have prepared the financial statements on a going concern basis.

### **Principal risks and uncertainties**

The principal risks and uncertainties of the Company are integrated with the principal risks of the main trading group of companies headed by Center Parcs (Holdings 1) Limited and Center Parcs Ireland Limited and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business review of the Center Parcs (Holdings 1) Limited Annual Report and Center Parcs Ireland Limited Directors' report which do not form part of this report.

The Company holds an interest rate swap to minimise its exposure to floating interest rates. The Company does not apply hedge accounting and therefore the swap is held at fair value through profit or loss.

## **Strategic report**

### **For the 52 weeks ended 21 April 2022 (continued)**

#### **Principal risks and uncertainties (continued)**

##### *Covid-19 pandemic*

The Company previously relied upon dividend payments from its subsidiary undertaking in order to meet the interest payments on its borrowings. As a result of the Covid-19 pandemic, the subsidiary undertakings had been unable to make any dividend payments in the prior period. However, the Company received additional funding from its parent undertaking to ensure interest payments were met and dividend payments have been received in the current period. This support is expected to continue if necessary.

The impact of the pandemic on the Center Parcs Group is included in the strategic report of Center Parcs (Holdings 1) Limited.

#### **Key performance indicators**

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

#### **Section 172 Statement and our stakeholders**

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

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

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

The Company does not have customers, employees or suppliers and does not directly engage with the community or directly impact on how the Group monitors and manages the Group's operations and their impact on the environment. There is only one shareholder, Center Parcs Finance Holdings 1 Limited, and the Directors are the same for both companies.

## **Strategic report**

### **For the 52 weeks ended 21 April 2022 (continued)**

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

Approved by the board and signed on its behalf by



C G McKinlay  
**Director**  
1 July 2022

## **Directors' report**

### **For the 52 weeks ended 21 April 2022**

The Directors present their report and the audited financial statements for the 52 weeks ended 21 April 2022 (2021: 52 weeks ended 22 April 2021).

The registration number of the Company is 11725898.

#### **Future developments**

No changes to the nature of the business are anticipated.

#### **Financial risk management objectives**

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

#### **Dividends**

During the current period, the Company declared and paid dividends totalling £2.4 million (2021: £0.8 million) to its parent company, Center Parcs Finance Holdings 1 Limited. The breakdown of these dividends is as follows:

On 19 August 2021, the Company declared and paid dividends per share of £0.07 million, totalling £0.5 million. On 23 March 2022, the Company declared and paid dividends per share of £0.21 million, totalling £1.9 million.

The Directors have not proposed the payment of a final dividend (2021: no final dividend declared). Details of dividends subsequently declared and paid after the period-end are set out in note 17.

#### **Going concern**

The Company had net current assets at the balance sheet date. In assessing the going concern of the business the Directors have considered the projected future dividends receivable from subsidiary undertakings and equity contributions from its parent undertaking and concluded that they will exceed the interest payable on the borrowings. In the event of the Company's inability to repay the interest on the debt facility, the interest would be rolled up into the principal amount and interest then charged on that balance.

As described in note 1, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date by the Group of companies headed by Center Parcs (Holdings 1) Limited, its current liquidity position, and contingency plans to secure additional funding, will allow the Company to continue its activities.

#### **Events after the balance sheet date**

Details of events after the balance sheet date are given as part of the review of the business in the strategic report and form part of this report by cross reference.

#### **Directors**

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

M P Dalby (resigned 22 April 2022)  
C G McKinlay  
Z B Vaughan  
B T Annable  
A Colasanti

The Group headed by Center Parcs Finance Holdings 1 Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors and Officers that may be incurred as a result of their position within the Company and the companies within the Group. The Directors and Officers have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the 52 weeks ended 21 April 2022 and as at the date of the report.

## **Directors' report**

### **For the 52 weeks ended 21 April 2022 (continued)**

#### **Energy and Carbon Regulations**

As the principal activity of the Company is to act as a holding company for other entities in the Center Parcs Group, the Company has had no commercial business, employees or premises, and as such has consumed less than 40,000kWh of energy during the year and therefore information on SECR is not disclosed.

#### **Business Relationships**

The Company's only business relationships are those within the Center Parcs Group.

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Statement of disclosure of information to auditor**

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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Independent auditor**

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

Approved by the board and signed on its behalf by



C G McKinlay  
Director  
1 July 2022

The registered address of the Company is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

# Independent auditor's report to the members of Center Parcs Finance Borrower Limited

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Center Parcs Finance Borrower Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 21 April 2022 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Responsibilities of Directors

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



# **Independent auditor's report to the members of Center Parcs Finance Borrower Limited (continued)**

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosure in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

# **Independent auditor's report to the members of Center Parcs Finance Borrower Limited (continued)**

## **Matters on which we are required to report by exception**

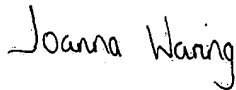
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

## **Use of our report**

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



Joanna Waring FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom

1 July 2022

## Income Statement

For the 52 weeks ended 21 April 2022

	Note	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
Administrative expenses		(0.1)	(0.1)
Reversal of impairment of investments	2	379.5	35.6
<b>Operating profit</b>	2	<b>379.4</b>	<b>35.5</b>
Interest expense	4	(8.1)	(8.8)
Income from Group undertakings	5	2.5	-
<b>Profit before taxation</b>		<b>373.8</b>	<b>26.7</b>
Taxation	6	1.6	-
<b>Profit for the period attributable to equity shareholders</b>	13	<b>375.4</b>	<b>26.7</b>

All amounts relate to continuing activities.

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

The notes on pages 13 to 23 form part of these financial statements.

## Statement of Changes in Equity

For the 52 weeks ended 21 April 2022

	Attributable to owners of the parent			
	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 22 April 2021	-	144.8	683.1	827.9
<b>Comprehensive income</b>				
Profit for the period	-	-	375.4	375.4
<b>Transactions with owners</b>				
Equity contributions	-	4.3	-	4.3
Dividends	-	-	(2.4)	(2.4)
<b>At 21 April 2022</b>	-	149.1	1,056.1	1,205.2

	Attributable to owners of the parent			
	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 23 April 2020	-	41.5	657.2	698.7
<b>Comprehensive income</b>				
Profit for the period	-	-	26.7	26.7
<b>Transactions with owners</b>				
Equity contributions	-	103.3	-	103.3
Dividends	-	-	(0.8)	(0.8)
At 22 April 2021	-	144.8	683.1	827.9

The notes on pages 13 to 23 form part of these financial statements.

**Balance Sheet**

As at 21 April 2022

	Note	21 April 2022 £m	22 April 2021 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	1,387.5	1,007.8
		<b>1,387.5</b>	<b>1,007.8</b>
<b>Current assets</b>			
Trade and other receivables	8	1.6	1.9
Cash and cash equivalents		0.2	2.9
Derivative financial instruments		1.0	-
		<b>2.8</b>	<b>4.8</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	(0.6)	(0.5)
		<b>(0.6)</b>	<b>(0.5)</b>
<b>Net current assets</b>		<b>2.2</b>	<b>4.3</b>
<b>Non-current liabilities</b>			
Borrowings	10	(184.5)	(184.2)
		<b>(184.5)</b>	<b>(184.2)</b>
<b>Net assets</b>		<b>1,205.2</b>	<b>827.9</b>
<b>Equity</b>			
Ordinary shares	12	-	-
Share premium	13	149.1	144.8
Retained earnings	13	1,056.1	683.1
<b>Total equity</b>		<b>1,205.2</b>	<b>827.9</b>

The financial statements on pages 9 to 23 were approved by the board of Directors on 1 July 2022 and were signed on its behalf by:



C G McKinlay  
Director

Center Parcs Finance Borrower Limited  
Registered no. 11725898

The notes on pages 13 to 23 form part of these financial statements.

## Cash Flow Statement

For the 52 weeks ended 21 April 2022

	Note	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
<b>Cash flows from/(used in) operating activities</b>			
Operating profit		379.4	35.5
Reversal of impairment of investments	2	(379.5)	(35.6)
Tax losses surrendered for Group relief	6	1.9	-
<b>Net cash from/(used in) operating activities</b>		<b>1.8</b>	<b>(0.1)</b>
<b>Cash flows from/(used in) investing activities</b>			
Dividends received	5	2.5	-
Investment in subsidiary undertaking	7	(0.2)	(90.8)
<b>Net cash from/(used in) investing activities</b>		<b>2.3</b>	<b>(90.8)</b>
<b>Cash flows (used in)/from financing activities</b>			
Dividends paid	13	(2.4)	(0.8)
Interest paid		(8.7)	(8.7)
Equity contributions	13	4.3	103.3
<b>Net cash (used in)/from financing activities</b>		<b>(6.8)</b>	<b>93.8</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2.7)</b>	<b>2.9</b>
Cash and cash equivalents at the start of the period		2.9	-
<b>Cash and cash equivalents at the end of the period</b>		<b>0.2</b>	<b>2.9</b>

The notes on pages 13 to 23 form part of these financial statements.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022

### 1. Accounting policies

#### General information

The Company is a private company limited by shares, which is incorporated and domiciled in the UK, and is registered in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP. The principal activity of the Company is set out in the strategic report. The Company's functional currency is £ Sterling.

#### Statement of compliance

These financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards. The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies are consistent with the prior period.

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, and on a going concern basis. The Company's accounting reference date is 22 April.

The Company was, at the end of the period, a wholly-owned subsidiary of another company not incorporated in the EEA and included in the audited consolidated financial statements of Brookfield Property Partners L.P., as disclosed in note 16 to the financial statements. As such, and in accordance with Section 401 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated financial statements.

#### Going concern

The Group's (companies headed by Center Parcs Finance Holdings 1 Limited, the "Group"), financial statements and those of the Company have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

#### Coronavirus (Covid-19) pandemic

The Group's holiday villages were open to guests throughout the 52 weeks ended 21 April 2022, albeit with self-imposed accommodation capacity caps in place. As at the date of approving these financial statements, all of the Group's holiday villages remain open and have removed the remaining occupancy caps. Demand for a Center Parcs break remains strong and current forecasts assume occupancy levels consistent with those seen before Covid-19.

Given the absence of any Covid-19 related restrictions the possibility of a return to national lockdown and hence a closure of all the UK Center Parcs villages for a sustained period of time is considered to be remote. However, were such a closure to be required the Group would immediately introduce measures to preserve liquidity. Measures taken during previous periods included:

- Securing additional funding from the Group's owner, Brookfield. Total funding of £189.9 million was received by the Group.
- A significant element of the Group's cost base relates to wages and salaries. The majority of the Group's staff were furloughed during the period of closure with the Group benefitting from the Government's job retention scheme. The hours of remaining staff undertaking essential activities were reviewed to further reduce costs where possible.
- Guests were incentivised to change the date of their break rather than to cancel and receive a full refund. During the lockdown over 50% of affected guests took the option of moving their break.
- Reviewed all remaining areas of operating cost to eliminate all non-essential expenditure.
- Agreed deferrals of certain tax payments.
- Reviewed capital expenditure and delayed certain non-essential projects.

In addition, the Directors negotiated covenant waivers with the holders of the Group's loan notes. The covenant waiver period has now ended.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 1. Accounting policies (continued)

#### Key assumptions and significant judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Directors do not consider that there are any critical accounting judgements.

#### Key sources of estimation uncertainty

##### *Impairment test for investment carrying values (note 7):*

An assessment of the investment carrying values has been undertaken by management. The value-in-use calculation requires management to estimate future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value. A third party expert was engaged to determine an appropriate discount rate range.

#### Investments in subsidiary undertakings

Investments are stated at cost, less any provision for permanent diminution in value. If there are indications of impairment, an assessment is made of the recoverable amount. An impairment loss is recognised in the income statement when the recoverable amount is lower than the carrying value. Any reversal of an impairment that is no longer required is recognised as a gain in the income statement.

Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

#### Cash and cash equivalents

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

#### Share capital

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

#### Dividend distribution

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

#### Financial instruments

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

Financial liabilities are classified as either fair value through profit and loss or other financial liabilities. The classification depends on the nature of the financial instrument acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date. Other financial liabilities are carried at amortised cost using the effective interest rate method.

#### Derivative financial instruments

All derivative financial instruments are measured at the balance sheet date at their fair value. The Company does not currently hedge account for any derivatives. As such, any gain or loss on remeasurement is taken to the income statement.

Details of the Company's financial risk management objectives are included in the strategic report.



## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 1. Accounting policies (continued)

#### Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

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

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest on borrowings is treated as an expense in the income statement, with the exception of interest costs incurred on the financing of major projects, which are capitalised within property, plant and equipment.

#### Early termination costs

Costs associated with the early repayment of borrowings are written off to the income statement as incurred.

#### New standards and interpretations

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

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

IFRS 3	Business Combinations	
	Amended by Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	
	New accounting standard	1 January 2023
IAS 1	Presentation of Financial Statements	
	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 12	Income Taxes	
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 16	Property, Plant and Equipment	
	Amended by Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	
	Amended by Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 1. Accounting policies (continued)

#### New standards and interpretations (continued)

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

### 2. Operating profit

Operating profit is stated after crediting the following:

	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
Reversal of impairment of investment (note 7)	379.5	35.6

Auditor's remuneration of £43,890 (2021: £67,200) is included within the financial statements of the Company including services relating to the audit of the parent and subsidiary companies. This includes £14,630 (2021: £22,400) in respect of the audit of the financial statements of Center Parcs Finance Borrower Limited and £nil (2021: £nil) in respect of non-audit fees for the Company.

### 3. Employees

The Company has no employees other than the Directors (2021: none). No salaries or wages have been paid to employees, including the Directors, during the period (2021: £nil).

### 4. Finance expense

	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
Interest payable on borrowings (note 10)	8.1	8.8

Interest payable on borrowings includes amortisation of deferred issue costs of £0.3 million (2021: £0.3 million).

### 5. Income from Group undertakings

	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
Dividends receivable	2.5	-

During the period the Company's subsidiary undertaking, Center Parcs Finance Holdings 2 Limited, declared and paid dividends on its ordinary shares totalling £2.5 million.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 6. Taxation

#### (a) Taxation

The tax credit for the period is £nil (2021: £nil).

#### (b) Factors affecting the tax charge

The tax assessed for the period is lower (2021: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19%. The difference is reconciled below:

	52 weeks ended 21 April 2022 £m	52 weeks ended 22 April 2021 £m
<b>Profit before taxation</b>	<b>373.8</b>	<b>26.7</b>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	71.0	5.1
Reversal of impairments - not subject to tax	(72.1)	(6.8)
Income from subsidiary undertakings – not subject to tax	(0.5)	-
Group relief	-	1.7
<b>Tax credit for the period (note 6(a))</b>	<b>(1.6)</b>	<b>-</b>

As at the balance sheet date the Company has an unrecognised deferred tax asset of £2.2 million (2021: £1.7 million). This relates to carried forward interest expenses restricted under the Corporate Interest Restriction regime which are not forecast to be utilised in the foreseeable future. Deferred tax is calculated at a rate of 25% (2021: 19%).

#### Change of corporation tax rate

It was announced in the 3 March 2021 Budget that the standard rate of corporation tax in the UK will increase from 19% to 25% with effect from April 2023. This was substantively enacted 24 May 2021.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 7. Investments

	Investments in subsidiary undertakings £m
<b>Cost</b>	
At 23 April 2020	1,296.5
Equity contributions	90.8
<b>At 22 April 2021</b>	<b>1,387.3</b>
Equity contribution	0.2
<b>At 21 April 2022</b>	<b>1,387.5</b>
<b>Impairment</b>	
At 23 April 2020	(415.1)
Reversal of impairment in the prior period	35.6
<b>At 22 April 2021</b>	<b>(379.5)</b>
Reversal of impairment in the current period	379.5
<b>At 21 April 2022</b>	<b>-</b>
<b>Net book value</b>	
At 23 April 2020	881.4
At 22 April 2021	1,007.8
<b>At 21 April 2022</b>	<b>1,387.5</b>

Investments at 21 April 2022 and 22 April 2021 represent 100% of the ordinary shares in Center Parcs Finance Holdings 2 Limited.

During the current period the Company invested a further £0.2 million in Center Parcs Finance Holdings 2 Limited via an equity contribution.

During the prior period the Company invested a further £90.8 million in Center Parcs Finance Holdings 2 Limited via equity contributions.

An impairment review was undertaken as at 21 April 2022 which identified a reversal of previous impairments of £379.5 million to the carrying value of the investment in Center Parcs Finance Holdings 2 Limited (22 April 2021: reversal of previous impairments of £35.6 million). This was determined using a value-in-use calculation. The key assumptions of the value-in-use calculation are Adjusted EBITDA margin, growth rates and the discount rate applicable to the Center Parcs (Holdings 1) Limited Group and Center Parcs Ireland Limited. In respect of the UK business the long-term growth rate applied is 3.0% (2021: 2.0%) and the post-tax discount rate is 8.6% (2021: 8.4%); for the Irish business the long-term growth rate applied is 3.0% (2021: 2.0%) and the post-tax discount rate is 8.1% (2021: 7.5%).

#### *Sensitivity analysis*

As at 21 April 2022 an increase in excess of 0.31% to the post-tax discount rates used in respect of both the UK and Ireland businesses would have resulted in the impairment reversal being less than the £379.5 million set out above.

The principal activity of Center Parcs Finance Holdings 2 Limited is an investment holding company. The company made a profit of £382.0 million in the 52 weeks ended 21 April 2022 (52 weeks ended 22 April 2021: profit of £35.6 million) and its net assets at that date were £1,387.5 million (2021: £1,007.8 million).

Center Parcs Finance Holdings 2 Limited is a company registered in England and Wales. The registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 8. Trade and other receivables

	2022 £m	2021 £m
Amounts owed by related parties	1.6	1.8
Other receivables	-	0.1
	1.6	1.9

Amounts owed by related parties were unsecured and repayable on demand, resulting from group relief surrendered off-set by costs paid on the Company's behalf by Center Parcs (Operating Company) Limited. The fair value of trade and other receivables is the same as book value.

### 9. Trade and other payables

	2022 £m	2021 £m
Accruals	0.6	0.5

Accruals represent interest accrued on the Company's Debt Facility.

### 10. Borrowings

	2022 £m	2021 £m
<b>Non-current</b>		
Debt facility	184.5	184.2

On 14 January 2019 the Company issued the Senior Debt Facility as part of an overall £185.0 million facility made available to the Company. The assets of the Company, Center Parcs Finance Holdings 1 Limited and Center Parcs Finance Holdings 2 Limited; the Company's immediate parent and subsidiary undertaking, were provided as security for the debt, and the funds raised were advanced to the Company. Total fees of £1.4 million were incurred in respect of the issuance of the debt. The loan has a maturity date of 7 February 2024 with interest charged at three-month SONIA plus 4.50% and is denominated in £ Sterling.

Interest of £8.1 million was incurred for the 52 weeks ended 21 April 2022 (52 weeks ended 22 April 2021: £8.8 million).

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

Debt facility	Less than 1 year £m	1 – 2 years £m	2 – 5 years £m	Greater than 5 years £m	Deferred issue costs £m	Total £m
As at 21 April 2022	-	185.0	-	-	(0.5)	184.5
As at 22 April 2021	-	-	185.0	-	(0.8)	184.2

#### Reconciliation of opening and closing secured debt

	2022 £m	2021 £m
Debt facility at the beginning of the period	184.2	183.9
Amortisation of deferred issue costs	0.3	0.3
Debt facility at the end of the period	184.5	184.2

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 11. Financial instruments

#### Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below. As at 21 April 2022 and 22 April 2021 all of the Company's financial assets were classified as those measured at amortised cost and all of the Company's financial liabilities were categorised as other financial liabilities and classified as those measured at amortised cost.

<b>Financial assets</b>	<b>2022 £m</b>	<b>2021 £m</b>
Other receivables	-	1.9
Cash and cash equivalents	0.2	2.9
	<b>0.2</b>	<b>4.8</b>

<b>Financial liabilities</b>	<b>2022 £m</b>	<b>2021 £m</b>
Borrowings	184.5	184.2
	<b>184.5</b>	<b>184.2</b>

#### Maturity of financial liabilities

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

	<b>At 21 April 2022 £m</b>	<b>At 22 April 2021 £m</b>
<b>Debt facility</b>		
In less than one year	8.3	8.3
In one to two years	191.2	8.3
In two to five years	-	191.2
	<b>199.5</b>	<b>207.8</b>

#### Fair value hierarchy

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

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Company's fair value measurements have been categorised as Level 3 (2021: Level 3).

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 12. Share capital

	2022 £m	2021 £m
<b>Allotted and fully paid</b>		
Nine (2021: seven) ordinary shares of £1 each	-	-

During the current period two ordinary shares were issued. One share was issued on 20 September 2021 at a premium of £2.5 million and one share was issued on 17 December 2021 at a premium of £1.8 million, to facilitate equity contributions (note 13).

During the prior period four ordinary shares were issued at premiums of £34.5 million, £10.4 million, £7.5 million and £50.9 million to facilitate equity contributions (note 13).

#### *Management of capital*

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

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

### 13. Share premium and retained earnings

	Share premium £m	Retained earnings £m
At 22 April 2021	144.8	683.1
Profit for the period	-	375.4
Equity contributions	4.3	-
Dividends	-	(2.4)
<b>At 21 April 2022</b>	<b>149.1</b>	<b>1,056.1</b>

During the current period, the Company declared and paid dividends totalling £2.4 million to its parent company, Center Parcs Finance Holdings 1 Limited. The breakdown of these dividends is as follows:

On 19 August 2021, the Company declared and paid dividends per share of £0.07 million, totalling £0.5 million. On 23 March 2022, the Company declared and paid dividends per share of £0.21 million, totalling £1.9 million.

	Share premium £m	Retained earnings £m
At 23 April 2020	41.5	657.2
Profit for the period	-	26.7
Equity contributions	103.3	-
Dividends	-	(0.8)
At 22 April 2021	144.8	683.1

During the prior period, the Company declared and paid dividends totalling £0.8 million to its parent company, Center Parcs Finance Holdings 1 Limited. The breakdown of these dividends was as follows:

On 14th December 2020, the Company declared and paid dividends per share of £0.02 million, totalling £0.1 million. On 25th February 2021, the Company declared and paid dividends per share of £0.1 million, totalling £0.7 million.

## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 14. Related parties

During the current and prior period, the Company entered into transactions, in the ordinary course of business, with related parties, Center Parcs (Operating Company) Limited and CP Woburn (Operating Company) Limited. Transactions entered into; and balances outstanding, were as follows:

	Balance at 23 April 2020 and 22 April 2021 £m	Movement in 52 weeks £m	Balance at 21 April 2022 £m
Center Parcs (Operating Company) Limited	(1.8)	1.8	-
CP Woburn (Operating Company) Limited	-	(1.6)	(1.6)

Both companies above are part of the Group headed by Center Parcs (Holdings 1) Limited.

The balance with Center Parcs (Operating Company) Limited represented group relief of £1.8 million, which was settled in cash in the current period.

The balance with CP Woburn (Operating Company) Limited represents group relief of £1.6 million.

### 15. Subsidiary undertakings

The share capitals of all subsidiary undertakings are designated as ordinary shares.

All shareholdings represent 100% of the equity and voting rights. All of the subsidiary undertakings listed are held by other subsidiary undertakings of the Company, with the exception of Center Parcs Finance Holdings 2 Limited.

	Activity	Country of incorporation
Center Parcs (Operating Company) Limited	Operation of four holiday villages	England and Wales
CP Woburn (Operating Company) Limited	Operation of one holiday village	England and Wales
Center Parcs Ireland Limited	Operation of one holiday village	Ireland
Center Parcs Limited	Employee services provider	England and Wales
Center Parcs Finance Holdings 2 Limited	Intermediate holding company	England and Wales
CP Mgmt Ltd	Intermediate holding company	England and Wales
CP Cayman Midco 1 Limited	Intermediate holding company	Cayman Islands
CP Cayman Midco 2 Limited	Intermediate holding company	Cayman Islands
CP Cayman Ltd	Intermediate holding company	Cayman Islands
A C Capital SPV Ltd	Dormant	Cayman Islands
Center Parcs (Holdings 1) Limited	Intermediate holding company	England and Wales
CP Sherwood Village Limited	Investment property company	England and Wales
CP Elveden Village Limited	Investment property company	England and Wales
Longleat Property Limited	Investment property company	England and Wales
CP Whinfell Village Limited	Investment property company	England and Wales
Center Parcs (Holdings 2) Limited	Intermediate holding company	England and Wales
Center Parcs (Holdings 3) Limited	Intermediate holding company	England and Wales
Center Parcs (UK) Group Limited	Intermediate holding company	England and Wales
SPV1 Limited	Intermediate holding company	England and Wales
CP Longleat Village Limited	Intermediate holding company	England and Wales
SPV2 Limited	Investment company	England and Wales
Comet Refco Limited	Non-trading	England and Wales
Center Parcs (Jersey) 1 Limited	Dormant	Jersey
Centrepark Limited	Dormant	England and Wales
Carp (UK) 1 Limited	Dormant	England and Wales

The registered office of all subsidiary undertakings registered in England and Wales, and Jersey, is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.



## Notes to the financial statements

for the 52 weeks ended 21 April 2022 (continued)

### 15. Subsidiary undertakings (continued)

The registered office of all subsidiary undertakings registered in the Cayman Islands is 190 Elgin Avenue, George Town, Grand Cayman KY1-9001.

The registered office of Center Parcs Ireland Limited is 10 Earlsfort Terrace, Dublin, D02 T380, Ireland.

### 16. Ultimate parent company and controlling parties

The immediate parent company is Center Parcs Finance Holdings 1 Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

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

The smallest group in which the results of the Company are consolidated is that headed by Brookfield Property Partners L.P. listed on the Nasdaq Stock Market and the Toronto Stock Exchange. The consolidated financial statements of Brookfield Property Partners L.P. are available to the public and may be obtained from 73 Front Street, 5th Floor, Hamilton, Bermuda HM 12.

### 17. Post balance sheet event

On 22 June 2022 dividends of £0.11 million per share, totalling £1.0 million were declared and paid to its parent company Center Parcs Finance Holdings 1 Limited.