

SPV2 Limited

Financial statements

52 weeks ended 22 April 2021

SPV2 Limited

Annual report and financial statements

For the 52 weeks ended 22 April 2021

Company registration number: 07620891



Financial statements

52 weeks ended 22 April 2021

| Contents | Page |
|---|-------------|
| Strategic report | 1 |
| Directors' report | 3 |
| Independent auditor's report to the members | 5 |
| Income Statement | 8 |
| Statement of Changes in Equity | 9 |
| Balance Sheet | 10 |
| Cash Flow Statement | 11 |
| Notes to the financial statements | 12 |

Strategic report For the 52 weeks ended 22 April 2021

The Directors present their strategic report on the Company for the 52 weeks ended 22 April 2021 (2020: 52 weeks ended 23 April 2020).

Review of the Business

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

The Company continues to hold an interest in an operating lease agreement in respect of land used by Longleat Property Limited, a related party.

The results of the Company for the period show a result of £nil (2020: £nil).

Impact of the Covid-19 pandemic

Following UK Government advice in the light of the Covid-19 pandemic, the Center Parcs (Holdings 1) Limited Group's five holiday villages were closed to guests for a significant proportion of the financial year. The villages were able to re-open on 12 April 2021, albeit with reduced accommodation capacity and guest activities.

During the year, the Group has taken advantage of Government support measures and reduced operating costs where possible. The Group also took action to ensure a strong liquidity position was maintained by securing funding from Brookfield, the Group's owner. As at 16 July 2021, £189.9 million of funds had been provided, of which £148.4 million was received during the year ended 22 April 2021. A further £40.0 million of funding has been approved if required, and Brookfield have indicated that additional funding could be made available should the need arise.

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

Principal risks and uncertainties

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

Brexit

As the principal activity of the Company is that of an investment company in the United Kingdom, we do not expect Brexit to have a direct impact on the business.

Key performance indicators

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

Strategic report

For the 52 weeks ended 22 April 2021 (continued)

Section 172 Statement and our stakeholders

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

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

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

The Company does not have customers, employees, suppliers and does not directly engage with the community or directly impact on how the Group monitors and manages the Group's operations and their impact on the environment. There is only one shareholder SPV1 Limited and the Directors are the same for both companies.

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

Approved by the board and signed on its behalf by



C G McKinlay
Director
16 July 2021

Directors' report

For the 52 weeks ended 22 April 2021

The Directors present their report and the audited financial statements for the 52 weeks ended 22 April 2021 (2020: 52 weeks ended 23 April 2020). The registration number of the Company is 07620891.

Future developments

No changes to the nature of the business are anticipated.

Financial risk management objectives

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

Dividends

The Directors have not proposed the payment of a dividend (2020: no dividends proposed or paid).

Going concern

The Directors of Center Parcs (Holdings 1) Limited have confirmed that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the balance sheet.

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

Directors

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

| | |
|--------------|------------------------------|
| M P Dalby | |
| C G McKinlay | |
| Z B Vaughan | |
| K O McCrain | (resigned 11 May 2020) |
| N J Adomait | (resigned 31 December 2020) |
| B T Annable | (appointed 11 May 2020) |
| A Colasanti | (appointed 31 December 2020) |

The Group headed by Center Parcs (Holdings 1) Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors' and Officers' that may be incurred as a result of their position within the Company and the companies within the Group. The Directors' and Officers' have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the period ended 22 April 2021 and as at the date of the report.

Directors' report

For the 52 weeks ended 22 April 2021 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditor

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


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

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

Independent auditor

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

Approved by the board and signed on its behalf by



C G McKinlay
Director
16 July 2021

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

Independent auditor's report to the members of SPV2 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SPV2 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 22 April 2021 and of its result for the 52 weeks then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 15. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 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.

Independent auditor's report to the members of SPV2 Limited (continued)

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.

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. 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.

Independent auditor's report to the members of SPV2 Limited (continued)

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

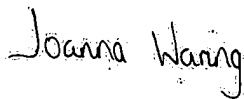
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

16 July 2021

Income Statement

For the 52 weeks ended 22 April 2021

| | Note | 52 weeks ended 22 April 2021 £m | 52 weeks ended 23 April 2020 £m |
|--|------|--|--|
| Revenue | | 0.9 | 0.9 |
| Administrative expenses | | (0.9) | (0.9) |
| Operating result | 2 | - | - |
| Finance income | 3 | 0.8 | 0.8 |
| Finance expense | 3 | (0.8) | (0.8) |
| Result before taxation | | - | - |
| Taxation | 5 | - | - |
| Result for the period attributable to equity shareholders | | - | - |

All amounts relate to continuing activities.

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

The notes on pages 12 to 24 form part of these financial statements.

Statement of Changes in Equity

For the 52 weeks ended 22 April 2021

| | Attributable to owners of the parent | |
|------------------------------------|--------------------------------------|-------------|
| | Share capital £m | Total £m |
| At 23 April 2020 and 25 April 2019 | - | - |
| Comprehensive income | | |
| Result for the period | - | - |
| At 22 April 2021 | - | - |

The notes on pages 12 to 24 form part of these financial statements.

Balance Sheet

As at 22 April 2021

| | Note | 22 April 2021 £m | 23 April 2020 £m |
|--------------------------------|------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Finance lease receivables | 6 | 15.3 | 15.4 |
| | | 15.3 | 15.4 |
| Current assets | | | |
| Trade and other receivables | 7 | - | 1.5 |
| | | - | 1.5 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | - | (1.5) |
| Net current assets | | - | - |
| Non-current liabilities | | | |
| Lease liabilities | 9 | (15.3) | (15.4) |
| Net assets | | - | - |
| Equity | | | |
| Share capital | 10 | - | - |
| Total equity | | - | - |

The financial statements on pages 8 to 24 were approved by the board of Directors on 16 July 2021 and were signed on its behalf by:



C G McKinlay
Director

SPV2 Limited
Registered no. 07620891

The notes on pages 12 to 24 form part of these financial statements.

Cash Flow Statement

For the 52 weeks ended 22 April 2021

| | Note | 52 weeks ended 22 April 2021 £m | 52 weeks ended 23 April 2020 £m |
|---|------|--|--|
| Cash flows from operating activities | | | |
| Operating profit | | - | - |
| Working capital and non-cash movements | 11 | - | - |
| Finance rental income received | | 0.1 | 0.1 |
| Interest received | | 0.8 | 0.8 |
| Net cash from operating activities | | 0.9 | 0.9 |
| Cash flows used in financing activities | | | |
| Interest paid | 9 | (0.8) | (0.8) |
| Repayment of lease liabilities | 9 | (0.1) | (0.1) |
| Net cash used in financing activities | | (0.9) | (0.9) |
| Net movement in cash and cash equivalents | | - | - |
| Cash and cash equivalents at the start of the period | | - | - |
| Cash and cash equivalents at end of the period | | - | - |

The notes on pages 12 to 24 form part of these financial statements.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

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 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies disclosed have been applied consistently to both periods presented.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis. The Company's accounting reference date is 22 April.

Going concern

The Directors of Center Parcs (Holdings 1) Limited have confirmed that they will continue to make funds available to the Company to enable it to meet its debts as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the balance sheet, therefore the going concern of the Company is considered as part of the overall going concern of the Group. The Group financial statements and those of the Company have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

Coronavirus (Covid-19) pandemic

As at the date of approving these financial statements the impact of Covid-19 on the Group's trading has been assessed. The UK Government's response to the pandemic has evolved since the first national lockdown in March 2020 and current restrictions are expected to be lifted in July 2021. As at the date of these financial statements the Group's five villages are all open, albeit with certain restrictions in place.

Due to measures taken by the UK Government all UK villages were closed to guests for approximately eight months during the financial year (see note 5). This resulted in all affected guests in that period being offered either a full refund or the option to move their break to a later date. In the last lockdown period over 50% of affected guests took the option of moving their break. During the closure period, the Group reported no revenue and whilst there was a corresponding reduction in variable costs, the Group had to fund its fixed costs and, for those guests electing for a refund for cancelled breaks, return monies paid. Where possible, mitigating actions have been taken by management to minimise such costs.

On 12 April 2021 all UK villages re-opened to guests albeit with social distancing restrictions in place, including no access to the Sub Tropical Swimming Paradise area until 17 May 2021. These restrictions resulted in reduced available accommodation capacity and on-site activities which are likely to remain impacted until such restrictions are lifted. Whilst it is difficult to predict the future with any certainty, current forecasts assume that the lifting of restrictions will see a return to pre-Covid trading levels and occupancy within a matter of months and all capacity restrictions will be lifted by January 2022. Demand for the Group's breaks remain strong and current forward bookings for the remainder of the financial year ending 21 April 2022 are ahead of those seen for the equivalent period in the year to 23 April 2020 at the corresponding time.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)

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

- Secured additional funding from the Group's owner, Brookfield. As at 16 July 2021 they had provided funding of £189.9 million to ensure the liquidity of the Group. Further committed funds of £40.0 million are approved for use if required by the UK, Ireland and other Group Companies, and Brookfield have indicated that additional funding could be made available should the need arise.
- A significant element of the Group's cost base relates to wages and salaries. The majority of the Group's staff were furloughed during the period of closure with the Group benefitting from the Government's job retention scheme – a total of £37.7 million was received during the year. The hours of remaining staff undertaking essential activities were reviewed to further reduce costs where possible.
- Reviewed all remaining areas of operating cost to eliminate all non-essential expenditure.
- Agreed deferrals of certain tax payments and benefitted from Business rates relief of approximately £24 million.
- 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. Under the terms of the agreed amendments the need to comply with covenant measures was removed for interest payments dates up to and including August 2021. In addition, the Group is able to make certain adjustments to its free cash flow calculation in February 2022 should the business have been affected by closures relating to Covid-19. This allows the Group to add equity proceeds received during the testing period to free cash flow in order to pass the Financial Covenant tests. Whilst the covenant waiver is in place the Group has agreed not to make any distributions.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, under the assumptions all restrictions are lifted in July 2021, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Under this scenario there would be no breach of lending facilities. There are no capital repayments of debt falling due within the forecast period.

With regard to this forecast, and other factors which may impact the Group's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. In arriving at this conclusion the Directors have also considered:

- As at 15 July 2021 the Group had a cash balance of £166.7 million.
- The UK Government's expressed statement that the current legal restrictions will be lifted in July 2021.
- The vaccination program in place in the UK where over 66% of adults are now fully vaccinated.
- Evidence that the vaccinations given are also effective against new variants of Covid-19.

The Directors believe the cash flow forecast outlined above is reasonable in light of the re-opening of the villages and the current UK Government risk levels. However, there remains a possibility that Covid-19's continued presence may see a change in Government advice and/or further periods of lockdown or restricted activity in the future. Such lockdowns could result in further village closures on a national or regional level or affect the ability of guests and employees to travel to site. These uncertainties clearly introduce a level of subjectivity in assessing assumptions to be used in a downside case. The Directors have, therefore, prepared downside forecasts which assume the closure of all villages for an eight-week period within the next 12 months, being a reasonably possible downside, and have also looked at a stress test case to determine what length of time the business could survive with all villages being closed without either breaching banking covenants or needing further injections of equity.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)

Under these scenarios the Group has assumed that similar levels of Government support would be available to those in the closure periods during 2020 and early 2021. Under the base case, the downside scenario and the stress test the Group has assumed that the £70.0 million working capital facility provided as part of the overall funding package from Brookfield will not be repaid in the forecast period.

As with the base case scenario this downside case would not result in the Group breaching lending covenants or suffering a liquidity shortage. The stress test analysis shows that a full closure of approximately 20 weeks would be required before banking covenants were broken and between three and six months before additional liquidity was required depending on the timing of closures. The Directors note that the stress test covenant calculation at February 2022 includes equity already received from Brookfield during the testing period as allowed in the covenant amendments.

The Directors recognise that there are additional risks as restrictions continue to lift as the number of COVID-19 cases are rising in the UK. In the short term, this includes the potential for increasing cancellations as the number of individuals who are required to isolate continues to increase. Cancellation experience to date, as well as the current high demand for domestic breaks, mean that this is unlikely to materially impact on the short term forecasts, and the government has indicated that isolation rules will change in August 2021, which will reduce the number of people requiring to isolate.

Were the Group to require access to further liquidity this could be sought from the Group's owner. The Directors believe that this support would be available and forthcoming for a number of reasons, including:

- Previous actions and commitments in supporting the Group with £189.9 million already provided and a further £40.0 million approved for use across the UK, Ireland and other Group companies if required.
- Center Parcs' potential value to Brookfield is very significant and hence injection of further cash to protect this value could reasonably be expected.
- BSREP II is one of Brookfield Asset Management's flagship funds which closed with total equity commitments of \$9 billion. BSREP II still has equity commitments available to satisfy any needed follow-on capital calls from existing investments and expenses or other liabilities.
- Brookfield have provided a letter of support to the Directors of the Group indicating they intend to provide such funding in the event that it is required.
- Three of the Group's Directors are "Investor Directors" appointed by the Group's owners. They are uniquely placed to understand both the Group's business and potential actions by the owners. They have indicated that they believe it reasonable to believe support would be made available.

In addition, were such a scenario to occur the Directors have a range of further measures which are within their control, to protect the Group's liquidity position even further, including:

- Further encouragement for customers to change their breaks to a future date in the event of a cancellation of their break rather than receiving a full refund.
- Additional changes to working arrangements to reduce staff costs further.
- Negotiations with HMRC to delay payroll and indirect tax payments.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)

- A £90.0 million committed liquidity facility that remains undrawn. This is available to pay certain senior expenses and Class A note interest.

After considering the base case scenario, downside possibilities and looking at the stress test, together with current UK Government restrictions and announcements on future actions, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

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 account judgements or key sources of estimation uncertainty.

Financial instruments

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

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

Investments

The cost of investments, including loans to associated companies, is their purchase cost. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In deciding whether an impairment is required, the Directors consider the underlying value inherent in the investment. Provision is made against the cost of investments where, in the opinion of the Directors, there is an impairment in the value of the individual investment.

Revenue recognition

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

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognises a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company calculates an appropriate incremental borrowing rate.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liabilities whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability. The related payments are recognised as an administrative expense in the consolidated income statement in the period in which the event or condition that triggers those payments occurs.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Leases (continued)

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to represent a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

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.

Current and deferred tax

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

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

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.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

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 4 | Insurance Contracts | |
| | Amended by Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| IFRS 7 | Financial Instruments: Disclosures | |
| | Amended by Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| IFRS 16 | Leases | |
| | Amended by Covid-19-Related Rent Concessions | 1 June 2020 |
| | Amended by Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| 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 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 |

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 result

Auditor's remuneration of £0.3 million (2020: £0.2 million) is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow Group undertaking. This includes £2,000 (2020: £2,000) in respect of the audit of the financial statements of SPV2 Limited and £nil (2020: £nil) in respect of non-audit work for the Company.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

3. Net finance costs

| | 52 weeks ended 22 April 2021 £m | 52 weeks ended 23 April 2020 £m |
|---------------------------------------|--|--|
| Finance expense | | |
| Interest expense on lease liabilities | (0.8) | (0.8) |
| Total finance expense | (0.8) | (0.8) |
| Finance income | | |
| Interest income on finance leases | 0.8 | 0.8 |
| Total finance income | 0.8 | 0.8 |
| Net finance costs | - | - |

4. Employees

The Company has no employees other than the Directors (2020: none). No salaries or wages have been paid to employees, including the Directors, during the period (2020: £nil).

5. Taxation

(a) Taxation

The tax charge for the period is £nil (2020: £nil).

(b) Factors affecting the tax charge

The current tax assessed for the period is the same as that resulting from applying the standard rate of corporation tax in the UK of 19% (2020: 19%) to the result for the period.

There is no deferred tax, either recognised or unrecognised, at the balance sheet date (2020: £nil).

Change of corporation tax rate and factors that may affect future tax charges

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 on 24 May 2021.

6. Finance lease receivables

| | 2021 £m | 2020 £m |
|---------------------------------------|------------|------------|
| Non-current finance lease receivables | 15.3 | 15.4 |

The Company acts as an intermediate lessor to lease land to Longleat Property Limited, a related party. The leases are required to be remeasured every five years due to incremental increases in the rent receipts.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

6. Finance lease receivables (continued)

Maturity analysis of finance lease payments

| | 2021 £m | 2020 £m |
|---|-------------|-------------|
| Less than one year | 0.9 | 0.9 |
| One to two years | 0.9 | 0.9 |
| Two to three years | 0.9 | 0.9 |
| Three to four years | 0.9 | 0.9 |
| Four to five years | 0.9 | 0.9 |
| More than five years | 42.9 | 43.7 |
| Total undiscounted lease payments receivable | 47.4 | 48.2 |
| Impact of discounting | (32.1) | (32.8) |
| Net investment in the lease | 15.3 | 15.4 |

7. Trade and other receivables

| | 2021 £m | 2020 £m |
|------------------------------------|------------|------------|
| Amounts owed by Group undertakings | - | 1.5 |

Amounts owed by Group undertakings were settled during the period as set out in note 12.

Amounts owed by Group undertakings were classified as those measured at amortised cost.

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

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

8. Trade and other payables

| | 2021 £m | 2020 £m |
|------------------------------------|------------|------------|
| Amounts owed to Group undertakings | - | 1.5 |

Amounts owed to Group undertakings were repaid during the period as set out in note 12.

Amounts owed to Group undertakings were interest-free, unsecured and repayable on demand.

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

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

9. Leases

Lease liabilities

Current and prior period disclosures for the Company, as required by IFRS 16 'Leases' are as follows:

| | At 22 April 2021 £m | At 23 April 2020 £m |
|---|---------------------------|---------------------------|
| Maturity analysis – contractual undiscounted cashflows | | |
| Within one year | 0.9 | 0.9 |
| In more than one year but less than five years | 3.7 | 3.6 |
| In more than five years | 42.8 | 43.7 |
| Total undiscounted lease liabilities | 47.4 | 48.2 |
| Lease liabilities included in the balance sheet | | |
| Current | - | - |
| Non-current | 15.3 | 15.4 |
| Total lease liabilities | 15.3 | 15.4 |
| Amounts recognised in the income statement | | |
| Interest on lease liabilities | 0.8 | 0.8 |
| Total recognised in the income statement | 0.8 | 0.8 |
| | | |
| | At 22 April 2021 £m | At 23 April 2020 £m |
| Amounts recognised in the cashflow statement | | |
| Repayment of lease liabilities | (0.1) | (0.1) |
| Interest on lease liabilities | (0.8) | (0.8) |
| Total recognised in the cashflow statement | (0.9) | (0.9) |

The Company holds leases for land that are required to be remeasured every five years due to incremental increases in the rent payments.

When measuring lease liabilities, the Company discounted lease payments using appropriate incremental borrowing rates. The weighted average rate applied is 5.80% (2020: 5.80%). The Company has no operating lease commitments.

10. Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below. As at 22 April 2021 and 23 April 2020, all of the Company's financial assets were classified as those measured at amortised cost. All of the Company's financial liabilities were categorised as other financial liabilities.

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

10. Financial instruments (continued)

| Financial assets | 2021 £m | 2020 £m |
|------------------------------------|--------------------|--------------------|
| Amounts owed by Group undertakings | - | 1.5 |
| Finance lease receivables | 15.3 | 15.4 |
| | 15.3 | 16.9 |
| | | |
| Financial liabilities | 2021 £m | 2020 £m |
| Amounts owed to Group undertakings | - | 1.5 |
| Lease liabilities | 15.3 | 15.4 |
| | 15.3 | 16.9 |

11. Share capital

| | 2021 £m | 2020 £m |
|--------------------------------|--------------------|--------------------|
| Allotted and fully paid | | |
| One ordinary share of £1 | - | - |

Management of capital

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

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

12. Working capital and non-cash movements

| | 52 weeks ended 22 April 2021 £m | 52 weeks ended 23 April 2020 £m |
|--|--|--|
| Decrease/(increase) in trade and other receivables | 1.5 | (0.9) |
| (Decrease)/increase in trade and other payables | (1.5) | 0.9 |
| | - | - |

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

13. Related party transactions

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

| | Balance at 23 April 2020 £m | Movement in 52 weeks £m | Balance at 22 April 2021 £m |
|--|--------------------------------------|-------------------------------|--------------------------------------|
| Longleat Property Limited | | | |
| - Trading balance | 1.5 | (1.5) | - |
| - Lease receivable | 15.4 | (0.1) | 15.3 |
| Center Parcs (Operating Company) Limited | (1.5) | 1.5 | - |

The movement on the trading balance with Longleat Property Limited in the 52 weeks ended 22 April 2021 represents rent invoiced of £0.4 million and a cash settlement of the remaining balance of £1.9 million. An additional £0.4 million of rent was invoiced and settled in the period.

The movement on the balance with Center Parcs (Operating Company) Limited in the 52 weeks ended 22 April 2021 represents funds advanced to the Company of £0.4 million and a cash settlement of the remaining balance of £1.9 million.

| | Balance at 25 April 2019 £m | Movement in 52 weeks £m | Balance at 23 April 2020 £m |
|--|--------------------------------------|-------------------------------|--------------------------------------|
| Longleat Property Limited | | | |
| - Trading balance | 0.6 | 0.9 | 1.5 |
| - Lease receivable | 12.9 | 2.5 | 15.4 |
| Center Parcs (Operating Company) Limited | (0.6) | (0.9) | (1.5) |

The movement on the trading balance with Longleat Property Limited in the 52 weeks ended 23 April 2020 represented rent invoiced.

The movement on the balance with Center Parcs (Operating Company) Limited in the 52 weeks ended 23 April 2020 represented funds advanced to the Company.

14. Contingent liabilities

The Company, along with other members of the group headed by Center Parcs (Holdings 1) Limited, is an obligor in securing the Group's external borrowings of £1,909.5 million (23 April 2020: £1,889.5 million).

Notes to the financial statements

For the 52 weeks ended 22 April 2021 (continued)

15. Ultimate parent company and controlling parties

The immediate parent company is SPV1 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 (registered office).

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