Richmond UK Holdco Limited

Annual report and financial statements

Registered number 10537415

31 December 2019

COMPANY INFORMATION

Directors	Chrisanth Gradischnig Ian Kellett (Chief Financial Officer) Robert Le Blanc Simon Perry Steve Richards (Chief Executive Officer) Martin Robinson (Chairman)
Company Secretary	Judith Archibold
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Auditor	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX

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STRATEGIC REPORT

The directors present their strategic report for Richmond UK Holdco Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019.

About us

Richmond UK Holdco Limited is the UK parent undertaking of the Group which trades as Parkdean Resorts, a leading operator of holiday parks in the UK. The principal activity of the Company is that of a holding company. The Group owns and operates 67 award winning holiday parks in coastal locations and areas of natural beauty across the UK with a wide range of accommodation options including static caravans, lodges and glamping as well as touring and camping pitches. The Group is the largest operator by number of holiday parks within the caravan and lodge holiday market in the UK.

Business model

The Group operates holiday parks providing a wide range of accommodation, together with on-park facilities including bars, restaurants, amusement arcades and indoor and outdoor swimming pools for use by both holiday guests and holiday home owners.

The Group has over 31,000 pitches across its parks with a mix of Group-owned hire fleet, touring and camping pitches, other accommodation and owner-occupied pitches. The Group's portfolio is diverse; the smallest park has 129 pitches and the largest park 1,934. The Group has four complementary revenue streams: holiday sales; holiday home sales; owner income and on-park spend, which are explained below. The business strategy is to ensure a safe environment for our employees and customers, to deliver an appropriate balance of revenue streams for each park, reflecting the scale of the park, provide the optimal customer experience and to maximise yield. The parks have variable operating seasons with some being open all year round.

Holiday sales
Sale of holidays and short breaks in the Group-owned hire fleet consisting of caravans, lodges, apartments, cottages and chalets; sub-hiring of privately owned holiday homes; glamping in safari tents and camping pods; touring and camping revenue together with ancillary revenue from sales of holiday insurance and cancellation cover. Two of the holiday parks also offer hotel accommodation. Growth opportunities exist through extension of the holiday season, improving occupancy in off-peak periods, upgrading our fleet of caravans and lodges, changing the mix of the hire fleet by introducing higher yielding lodges and by increasing the number of pitches available for hire fleet. Transactions are maximised via further automation of the digital platform and increasing pricing as we invest in better or additional facilities which improve the attractiveness of our parks to holiday makers.

Holiday home sales
Sale of caravans and lodges to private owners for holiday use on our parks. Holiday homes are sold with a pitch licence agreement allowing the holiday home to be sited on the park for a fixed period of tenure (over a prescribed season length) in return for paying an annual pitch licence fee. Growth comes from selling more premium caravans and lodges and developing additional pitches across the estate.

The ability to flex between private owners and hire fleet at each park is a key tool available to the Group to react to any changes in consumer demand. A number of companies within the Group are FCA approved to introduce customers to third party finance companies who provide credit for the purchase of a holiday home.

Owner income
Recurring revenue from annual pitch licence fees, recharging utility costs and local authority non-domestic rates, and sales of services and insurance to holiday home owners. Pitch licence fees increase annually, typically in line with the increase in the Retail Prices Index, additional growth comes from additional pitches and increasing pitch occupancy through holiday home sales. Opportunity exists to greatly improve our owner experience and we will gradually build an offer which reflects the best membership schemes across hospitality and leisure.

On-park spend
Revenue from on-park facilities including bars, restaurants, amusement arcades, convenience stores and various sporting activities. Growth opportunities include: extending and improving facilities, improving the on-park offer and from increasing footfall of holiday guests and holiday home owners. One Group company holds an operating licence issued by the Gambling Commission which permits the playing of licensed bingo at the majority of the Group's holiday parks. A key focus for the Group is to expand the range and availability of paid for activities which represent real value for money for both our holiday guests and holiday home owners.

Chief Executive Officer's review

The main theme of 2019 was steady progress on many fronts and I'm pleased to report Group revenues increased by 4.9% and adjusted Group EBITDA increased by 7.3% to £103.7m. The business is taking its share within a growing market and the diversity of our revenue streams allows us to continue to demonstrate resilience. I remain cautiously optimistic for the new financial year where we expect to continue to further strengthen our employee brand, our product and business performance.

The 2019 macro picture for any UK leisure business was, and remains, challenging, with low GDP growth through the year and consumer confidence continuing to be fragile in the run up to the October Brexit deadline and the consequent uncertainty following the expiry of this deadline, compounded by the General Election in December. Given this environment, the attractiveness of our short stay self-catering value proposition remains compelling to holiday makers, and our park locations and well invested accommodation are in high demand. Underpinning these attributes, performance has been driven by our industry leading digital and commercial capabilities.

In common with other hospitality businesses, 2019 saw the business impacted by a range of cost increases – business rates, payroll costs (including National Living Wage and Auto-enrolment pension costs) and food price inflation have all increased ahead of RPI. This challenge continues into 2020 but investment in our platform together with our strategic procurement programme will provide strong mitigation.

Overall holiday sales in 2019 have performed well, despite pressure on pricing due to heavy discounting from our competitors across late-booking in peak season and we remain confident that our digital platform and marketing will continue to grow revenues and hold margin. Having increased on park guest volumes we have enhanced our retail and food and bar product, and driven on-park revenue growth and improved margin and cost control, all contributing to steady KPI improvements.

The uncertain consumer background in 2019 has undoubtedly affected holiday home sales in particular, as customers were reluctant to make 'big ticket' purchases and this impact remains prevalent across the market. In the second half of the year we chose to invest in price via a park-by-park targeted promotional campaign which we believe has paid off in various local markets. We expect to continue this activity into 2020 and again have targeted certain locations where we intend to disrupt the local competition and grow volume, whilst managing margin.

Our owner income was highly predictable in 2019 and will strengthen further as we transition from the more traditional 'Owners model' to a 'Membership scheme', with a goal of giving our members an added value and meaningful relationship with the park they have chosen to buy their holiday home on. Improving our member experience and consequently retention is a key part of our strategy into 2020, and we have announced a new dedicated team responsible for delivery of this.

2019 saw the business invest in the Group's leadership to complement Ian Kellett and myself in the executive management team and I am pleased that we have been able to attract such proven and deeply experienced talent. Over the summer we welcomed Mos Shamel, Catherine Lynn and John McKenzie to the business, with Lisa Charles-Jones joining us at the start of 2020.

Looking ahead, there remains much opportunity to create value organically and our strategy, whilst continuing to deleverage the business, will drive revenues and profit by; investing in our people, investing in price, investing in our product, investing in our platform and investing in our properties.

The business has parks in compelling locations and the standard of our accommodation is high. I am pleased to note that much progress was made in 2019 in the quality of our buildings and facilities, and most importantly we invested more than ever in maintenance, health and safety and our environmental obligations. The focus has been on raising the bar in delivering a safe environment for our employees and customers. Historically the majority of our annual capital expenditure has been spent on improving our accommodation and this has certainly been evident as I have travelled our estate. However the downside of this is that our facilities and leisure complexes have not kept pace. This presents us with an opportunity to listen to our holiday home owners and holiday guests and make targeted investment in our parks, underscoring our ambition to make the Parkdean Resorts brand the UK's leading holiday park operator.

Our strategy

The Group's strategic purpose is to create holiday parks that deliver inter-generational 'family, fun and freedom' for our holiday home owners and our holiday guests. The Group will achieve its purpose by delivering five strategic objectives:

- **Relentless customer led product innovation.** Having completed extensive customer research in 2019 we will place the customer at the centre of everything we do, from the design of our new park propositions, to the configuration of new back-end systems. Our desire is to continually innovate and re-set benchmarks by pushing the boundaries of our sector.

- **Targeted relevant propositions.** We will segment our offer to better address our customers' needs to deliver a more targeted, personalised customer experience.

- **Member service model.** We intend to transform our relationship with our holiday home owners by better understanding their needs and offering a coherent set of services that enhances their experience when they spend time with us. We will transition our 'Owners' to 'Members' by differentiating our offer and improving the on-park experience to significantly improve their enjoyment.

- **Experiential holidays.** We are expanding our current offer beyond self-catering with a limited food and beverage offer, to a coherent range of on and paid for park activities and enhanced retail and, food and beverage choices.

- **Centres of excellence.** Our number one priority is to keep our employees and customers safe and operate within the framework that legislation and health and safety guidance dictate. To this end we have invested heavily in training and development within our teams whether they be front of house, working in kitchens or central support office. We have also dramatically increased investment in our maintenance and standards and have recently strengthened our compliance and risk team and intend to be industry leading in this field. We are investing in a set of wider capabilities which are core to our ability to succeed at scale. This investment includes: digital services, digital operations, data analytics, procurement, people, finance and back-office systems. We are also continuing to invest in our industry-leading revenue management capability.

The above objectives will be delivered by the '5P Plan' to transform our product and our ways of working.

People
We will empower our people by ensuring our talent is nurtured, developed and rewarded appropriately giving everyone the opportunity to realise their potential. We aim to establish ourselves as the industry's employer of choice in order to attract and retain the talent necessary to achieve our objectives. In 2020, we have already committed to a national living wage of £9 per hour, ahead of the statutory minimum level. We will also invest further in training and development to support the Group's strategic objectives and we have already announced the roll-out of a new e-learning tool across the business.

Price
We have worked with Simon-Kucher & Partners on our retail and holiday sales pricing, seeking to maintain our value proposition while maximising margins. We will also be introducing an automated pricing system into the holiday sales process. This will be industry-leading, allowing us to change prices hourly based on demand.

Product
We will enhance the product through three complementary initiatives: addressing our customers' needs through targeted relevant propositions delivered by our highly engaged people; designing and delivering an industry-leading holiday home membership experience to drive customer satisfaction and demand for ownership on our parks; and offering a targeted suite of on-park activities provided by nationally recognised partners.

Platform
We are ensuring that our new processes and systems deliver a truly customer-centred experience as well as keeping our employees and customers safe. This will allow us to significantly improve holiday home owners and holiday guest experience, unlock efficiencies and realise the benefits of scale we inherently possess, as the UK's largest park operator by number of parks.

Property
We have a targeted programme of investment in our parks, facilities, and accommodation. Firstly this will focus on enhancing our health and safety and compliance credentials. It will also re-shape our estate to fit our customer propositions and offer relevant and appealing facilities aligned to our park segmentation, whilst continually improving our top-rated accommodation and optimising the commercial profile of our pitch footprint.

Whilst the Group has played a key role in consolidation within the UK holiday park market, this sector remains highly fragmented and the Group will continue to review opportunities to acquire complementary holiday parks consistent with its strategic direction.

The Group also recognises the importance of a positive social and environmental impact from its park and central support office operations and is committed to pursuing a responsible growth strategy. Our sustainability measures are discussed further within the Directors' Report.

The relevant risks applicable to the strategic priorities are included and explained in the Principal Risks and Uncertainties section of this annual report.

Corporate governance

The Group has formally adopted the Wates Corporate Governance Principles for large private companies in the year and we summarise our compliance below.

The Group's values, strategy and culture are driven by the Board and centred on our purpose, as demonstrated throughout the Strategic Report and Directors' Report. The Principal Risks and Uncertainties section of this annual report specifically shows our assessment of present and future risk. Board composition and responsibilities are disclosed on pages 13, 14 and 18, in addition to the roles of the Remuneration Committee and the Audit and Risk Committee, which both directly support the Board, discussed on page 15. A key focus of the Group has always been stakeholder relationships and engagement, discussed on pages 15 and 16. We specifically highlight our ongoing adherence to s172(1) of the Companies Act 2006 and the directors' duty to promote the success of the Group for the benefit of its members as a whole. The Chief Executive Officer's Review demonstrates our consideration of likely long-term consequences of decisions on all stakeholders and the Directors' Report shows our desire to maintain our high standards of business conduct, with specific interests and engagement of stakeholders discussed on pages 15 to 17.

Steve Richards
Chief Executive Officer

KEY PERFORMANCE INDICATORS

	2019	2018	Change %
Revenue (£m)	453.2	432.2	4.9
Adjusted EBITDA (£m) [1] [3]	103.7	96.6	7.3
Holiday sales volume (No. holidays) [2]	598,554	572,047	4.6
Holiday home sales volume (No. units) [2]	4,124	3,962	4.1
Holiday home owners at 31 December (No.) [2]	19,884	20,057	(0.9)

(1) Excluding IFRS 16 in both years for consistency. The adjustment in 2019 is made up of £3.6m reclassification of rent and £1.3m reclassification of other lease costs.

(2) Excluding figures for disposed parks in 2018 for consistency.

(3) Excluding ground rent payments.

Revenue

Revenue for the year was £453.2m (*2018: £432.2m*).

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share-based payment expense and exceptional items. Adjusted EBITDA is an important measure for the Group of the profitability and cash generation of our trading operations. Adjusted EBITDA was £103.7m for the year (*2018: £96.6m*) excluding IFRS 16 *Leases* and ground rent payments in both years for consistency.

Holiday sales volume

Holiday sales volume is the number of holidays taken in Group-owned fleet, touring and camping pitches and other accommodation and holiday home owner sub-hire accommodation. Holiday sales volume in 2019 was 598,554 (*2018: 572,047*) excluding figures for disposed parks in 2018 for consistency.

Holiday home sales volume

This is the number of sales of caravans, lodges and chalets that completed in the year. Holiday home sales volume in the year was 4,124 (*2018: 3,962*) excluding figures for disposed parks in 2018 for consistency.

Number of holiday home owners

The number of holiday home owners at 31 December 2019 was 19,884 (*2018: 20,057*) excluding figures for disposed parks in 2018 for consistency.

GROUP FINANCIAL REVIEW

Overview

	2019 £m	2018 £m	Change %
Revenue	**453.2**	432.2	4.9
Adjusted EBITDA (1) (4)	**103.7**	96.6	7.3
Operating exceptional items (3)	**9.4**	2.2	327.3
Operating profit excluding exceptional items and impairment of goodwill (1)	**58.9**	57.3	2.8
Operating profit/(loss) (1)	**49.5**	(75.6)	165.5
Net finance expense (1)	**(59.5)**	(53.5)	(11.2)
Loss before tax (1)	**(10.0)**	(129.1)	92.3
Tax credit (5)	-	1.0	(100)
Retained loss (1)(5)	**(10.0)**	(128.1)	92.2
Adjusted non-current assets (2)	**1,372.4**	1,374.6	(0.1)
Adjusted interest bearing loans and borrowings (2')	**(893.7)**	(914.2)	2.2
Cash and cash equivalents	**9.3**	48.6	(80.9)
Leverage(3)	**7.2**	7.4	2.7

(1) Excluding IFRS 16 in both years for consistency. The total increase to EBITDA in the 2019 consolidated statement of profit and loss is made up of £3.6m reclassification of rent and £1.3m reclassification of other lease costs representing a total adjustment of £4.9m. The increase to 2019 Operating profit excluding exceptional items and impairment of goodwill and 2019 Operating profit/(loss) of £1.2m results from the difference between rental payments under IAS 17 and depreciation of the Right of use assets under IFRS 16. The decrease to 2019 Net finance expense of £0.3m is a reflection of the interest payable under IAS 17 being calculated on a revised basis under IFRS 16.

(2)

	Right of use Assets		Lease liabilities	
Note 11: Property, plant and equipment, and Right of use assets	38.5	Transition adjustment	43.9	Note 2: Lease liabilities
Note 11: movements in the year	7.7		11.8	Note 19: movements in the year
	-		(2.8)	Note 18: Short term lease liabilities in transition adj.
	-		3.8	Note 2: Recognition of lease liability in respect of intangible assets
Difference between depreciation charge under IFRS 16 and IAS 17	0.3		(0.3)	Interest on a revised basis under IFRS 16
Adjustment to non-current assets	**46.5**	**IFRS 16 adjustment**	**56.4**	**Adjustment to interest bearing borrowings**

(3) Exceptional items are items that are unusual in size and incidence such that their separate disclosure is important when assessing underlying performance. See below and in note 4 for further details.

(4) Leverage is defined as net debt (external debt including lease liabilities but excluding ground rent lease liabilities under IFRS 16 less cash and cash equivalents) divided by EBITDA including IFRS 16. This has been adjusted for 12 month equivalent ground rent payments of £7.6m deducting this amount from EBITDA. There is no significant difference between the leverage including and excluding IFRS 16 at 31 December 2019.

(5) Excluding ground rent payments.

(6) The 2018 charge has been restated for a change in accounting policy on deferred tax, see note 2(b).

Revenue

Revenue in the year was £453.2m (*2018: £432.2m*), an increase of 4.9%. All areas of the business saw revenue growth with holiday sales in particular growing strongly at 5.3%, driven both by volume and mix of sales. Holiday home sales also increased significantly with revenue, growing by 6.8% although market conditions remained challenging in this area. On-park spend had a strong year with revenue growing by 5.4% with a positive reaction to a new menu and improvements in service metrics. Owner income was consistent with pitch licence fees increased in line with the Retail Price Index at most parks offsetting the impact of an overall reduction in holiday home owners.

Adjusted EBITDA

Adjusted EBITDA was £103.7m (*2018: £96.6m*) excluding IFRS 16 *Leases* in both years for consistency, an increase of 7.3%. Both holiday sales and on-park spend contribution improved significantly year on year reflecting the growth in revenue. On-park spend also benefitted from improved cost controls. Holiday home sales had a small reduction in contribution reflecting the difficult market conditions with Brexit uncertainty and general economic pessimism causing a reluctance to commit from new customers. We also invested in promotions to ensure we were competitive in the market. Owner income contribution has improved since the prior year due to lower owner overheads, despite lower owner numbers during the year.

Exceptional items

Exceptional items were £9.4m in the year (*2018: £2.2m*) and were mainly costs in relation to the restructuring of the executive management team and costs in relation to strategic projects. Exceptional costs are shown below:

	2019	2018
	£m	£m
Integration, transition and restructuring costs following merger	**-**	1.6
Executive team restructure	**3.6**	-
Strategic project costs	**5.8**	0.6
Total	**9.4**	2.2

Further details on exceptional costs are given in note 4.

Operating profit

Operating profit was £50.7m for the year (*2018: loss of £75.6m*). The improvement compared to prior year is due to the factors summarised in the table below:

	Movement £m	**Notes**
EBITDA	12.0	• Significant improvement in contribution from holiday sales and on-park spend along with a reduction in overheads
Depreciation	(7.1)	• Increase in capital investment in the current and prior year and depreciation of assets transferred to right-of-use assets on adoption of IFRS 16 *Leases*
Amortisation	0.9	• Lower amortisation as a result of intangible assets transferred to right-of-use assets on adoption of IFRS 16 *Leases*
Impairment	130.7	• No further impairment to goodwill due to improved trading performance
Exceptional items	(7.2)	• Costs relating to restructuring of the Executive team and strategic projects started in the year
Profit on disposal	(2.7)	• Prior year included profit from sales of parks
Share-based payment expense	(0.3)	• In the year there have been share based payment transactions for senior management members
Increase in operating profit	126.3	

Operating profit excluding exceptional items and impairment was £60.1m (*2018: £57.3m*).

Net finance expense

Net finance expense is higher primarily due to the adoption of IFRS 16 and the reduction in the mark-to-market value of the interest rate swaps over the course of the year. This was particularly prevalent in the second half of the year due to the general economic uncertainty in the UK.

Tax

Our tax charge reflects the improved performance in the current year, fewer non-deductible expenses than in the prior year, and a change in accounting policy for deferred tax (see note 2(b)).

Non-current assets

Non-current assets adjusted for IFRS 16 *Leases* of £1,372.4m (*2018: £1,374.6m*) include tangible assets of £1,280.2m (*2018: £1,281.8m*), and intangible assets adjusted for IFRS 16 *Leases* of £92.2m (*2018: £92.8m*). Intangible assets are made up of £63.2m (*2018: £63.2m*) of goodwill arising on the purchase of the Parkdean Resorts group, £21.2m (*2018: £24.1m*) of other intangibles relating to the Parkdean Resorts brand and £4.0m (*2018: £1.7m*) of software costs. There are also £3.8m (*2018: £3.8m*) of intangible assets relating to some leases with beneficial or disadvantageous terms, which were reclassified as right-of-use assets under IFRS 16 *Leases*. See note 2(a) for further details on the right-of-use assets recognised on implementation of IFRS 16 *Leases*.

Total debt and leverage

At the year end, debt[1] comprised two secured term loan facilities totalling £688.5m (*2018: £708.5m*), the first lien facility of £538.5m expiring in 2024 and the second lien facility of £150.0m expiring in 2025. On 28 February 2019 a £20.0m voluntary repayment was made against the first lien term loan facility. On 31 January 2018, a £16.5m prepayment was made against the first lien term loan facility.

The main financial covenant which the Group must comply with is net leverage and this covenant is included in both secured term loan facilities. Leverage is defined as net debt (external debt less cash and cash equivalents) divided by EBITDA adjusted for ground rent payments. Certain adjustments are allowed to be made to EBITDA for exceptional and non-recurring expenses and pro-forma adjustments where these are specifically identified by management and agreed with the Board. This gives leverage of 7.2x for 2019 which is within the level required by the covenant in 2020 of 9.5x. Based on sensitised forecasts there is no reasonably foreseeable scenario which would result in a covenant breach.

The Group has a revolving credit facility of £100.0m of which £10.0m is allocated as an ancillary overdraft facility. The remaining £90.0m can be drawn with 1 day's notice and expires in 2023.

A £75.0m loan note was issued by Richmond UK Top Holdco Limited, the Company's parent company, as part of the acquisition of the Parkdean Resorts group. On 2 February 2018 £50.0m of this loan note was repaid.

Full details of the Group's debt can be found in note 18 of the financial statements.

(1) Debt comprised bank debt and loan note owed to parent, including lease liabilities but excluding ground rent lease liabilities under IFRS 16 *Leases*.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Group have been identified and assessed for potential impact and probability of occurrence and the relevant implementation and monitoring of risk mitigation strategies have been reviewed and agreed by the Board. The risk analysis was formed through considering various factors, including environmental, market, workforce relationships and supply chains.

All of the key business risks and uncertainties disclosed in the Group financial statements are also applicable to the Company.

There are a number of potential risks and uncertainties which could have a material impact on the Group's operations, financial position and execution of its strategic objectives. The principal risks are as follows:

Risk description and impact	**How we mitigate our risks**
MARKET RISKS	
Brexit Risk of consumer uncertainty and adverse economic outcomes as a result of Brexit, especially in holiday home sales. Consumer uncertainty and adverse exchange rate movements following the Brexit decision have created considerable uncertainty in the UK. The Group has experienced input price increases above the Retail Price Index, particularly foods and build costs for holiday homes.	We will change the mix of holiday sales and holiday home sales on park where appropriate to adapt to the impact of Brexit on consumer confidence. Alternative sourcing arrangements have been put in place to help mitigate price increases. The Group continues to closely monitor the impact of Brexit and adapt its supply strategy accordingly.
Competition and customer expectation The Group faces competition both within the UK holiday park sector and from a broad range of UK and overseas holiday offers. The Group's business and growth potential could be impacted if product and service standards do not meet customer expectations.	While the Group is the largest UK holiday park operator (by number of parks in the UK), this sector is highly fragmented and the Group is exposed to multiple competitors on a local basis. The Group adopts both local and national marketing and pricing strategies to ensure it remains competitive. Holiday guest and holiday home owner feedback is monitored continuously and appropriate actions taken. The Group has a strategy of investment in our holiday parks and improving service and standards with the aim of increasing customer retention.
OPERATIONAL RISKS	
People availability and expertise The need to attract and retain appropriately motivated and experienced customer-focused people is increasing with the scale and ambition of the business.	Personal impact plans supported by periodic reviews are in place for all the Group's people. An annual engagement survey is carried out which provide inputs to the development of HR policies. Training programmes are continually under review and development. The Group constantly reviews remuneration levels in the market to ensure that we remain competitive.

Risk description and impact	How we mitigate our risks
OPERATIONAL RISKS	
Health and safety The Group employs over 7,000 people during peak season (including those on seasonal contracts) and welcomes over 2m holiday guests to our parks every year. There is therefore an ongoing risk of health and safety incidents. This includes risks relating specifically to food safety, intolerances and allergens. We understand our duty of care to protect the safety and security of our people, customers and other visitors to our parks.	The Group is committed to maintaining high standards of health and safety, food safety and environmental management across our parks and offices. The Group employs an in-house health and safety team, supplemented where required by specialist consultants to undertake risk assessments and ensure that appropriate health and safety and food safety policies and procedures are in place. Our people are trained on a regular basis and all parks receive a comprehensive health and safety audit on an annual basis. The Group has now established a separate Board committee for health, safety, and security which is chaired by Simon Perry, one of our Non-Executive Directors.
Business continuity The Group is at risk of a business continuity incident affecting parks, offices or critical systems.	The Group has undertaken a business impact analysis exercise to understand its business continuity requirements. The Group has reviewed and updated its crisis communications procedures and undertaken training across the operational management teams. In addition, the business continuity planning for its central support offices has been reviewed and enhancements are in progress.
Technology and cyber security The Group operates a dispersed IT infrastructure, covering its network of parks and offices and makes use of a variety of proprietary and third party systems. There is a risk of system or network failure and of a cyber-security breach.	The Group's critical IT infrastructure is held in Tier one data centres, with live replication. All critical network lines have back-up paths in place. The Group regularly upgrades hardware and software to improve network and application performance. The Group has committed to an 18 month investment in information security to deliver ISO27001 compliance by early 2021. The Group is also investing heavily in enhancing the IT platform and improving and integrating systems. The Group performs regular risk reviews and tests for network performance and has increased both data and cyber security for internal purposes and as required under the Payment Card Industry Data Security Standards.
Regulatory compliance The Group is subject to regulation across a number of areas including credit broking and the sale of insurance under FCA authorisations, gaming activities pursuant to an operating licence issued by the Gambling Commission and holding and processing personal information under the Data Protection Act 2018 and associated regulations. There is an increasing compliance burden around payroll compliance including the Working Time Directive, National Living Wage and Auto-Enrolment Pension requirements.	The Group employs a dedicated compliance team and has a comprehensive FCA and Gambling Commission compliance programme as well as a dedicated resource in respect of data protection. This includes training to all of the Group's sales and on-park management teams and monitoring ongoing compliance. The HR team is responsible for the establishment of policy in these areas and delivery of training to the operational teams. The Compliance and Payroll teams assist with the monitoring of the application of and compliance with these policies.

Risk description and impact	How we mitigate our risks
FINANCIAL RISKS	
Supply chain The Group relies on a wide range of suppliers, on both a national and local basis and is subject to the risk of failure within this complex supply chain.	The Group has adopted a supplier segmentation approach. Suppliers have been categorised based on criticality and spend. The initial focus has been on tier one suppliers (high spend and criticality). Senior management relationship holders have been identified and regular reviews implemented to monitor supplier performance, build relationships and ensure strategic alignment. The financial profile of all suppliers has been assessed and plans developed to address particular areas of risk.
Liquidity The holiday park business is seasonal but predictable. Cash flows are positive through the main holiday season but negative during the winter months. Cash management is a key focus for the Group to mitigate the liquidity risk caused by this seasonal trading.	The Group has no requirements until 3 March 2024 to make any repayment on either the £538.5m first lien loan facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien facility providers. There is a £100.0m revolving credit facility available up to March 2023 which provides sufficient cash resources to meet the working capital requirements of the business going forward. Current forecasts and projections, taking into account reasonable changes in trading performance, are reviewed regularly to ensure that the Group is able to operate within its working capital facilities and banking covenants for the foreseeable future.
Credit The Group's operations mean that there is a relatively low credit risk. The vast majority of holidays cannot be taken and holiday homes are not released, until payment is received in full. Annual pitch licence fees are paid in advance by holiday home owners or via an agreed direct debit payment plan. Almost all of on-park spend revenue is paid for at the point of sale.	The Group's objective is to reduce the risk of financial loss due to a customer not honouring their financial obligations and the debt profile is actively managed. The Group has a central credit control team which supports the on-park teams with their collection of amounts from holiday home owners. There is a clear debt management process, this can result in removal of an owner from park when the debt remains unpaid. Credit terms for holidays are only offered to credit-worthy corporate agents, again with the vast majority of the payments from these agents received prior to commencement of the guest's holiday.
Interest rate The first lien and second lien facilities are subject to floating rates of interest as detailed in note 18.	The Group has hedged £500.0m of debt with interest rate swaps that run to May 2021. This provides coverage on 73% of the floating rate debt held by the Group.

This Strategic Report was approved by the Board of directors on 18 February 2020 and signed on its behalf by:

Steve Richards
Chief Executive Officer

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

DIRECTORS' REPORT

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

Results for the year

The loss for the year after tax amounted to £9.1m *(2018 restated: £128.1m)*. Further discussion of the results and performance of the Group is provided in the Group Financial Review on pages 6 to 8.

Future developments

A discussion of future developments of the Group and Company has been included in the Chief Executive Officer's Review within the Strategic Report, on page 2.

Going concern

The directors have assessed the financial position of the Group and Company at the end of the year. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business and the financing facilities available. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a going concern basis, as they consider that the Group and Company will continue as a going concern for a period of at least 12 months from the date of signing the financial statements.

Events since the balance sheet date

No events have occurred since the balance sheet date which require disclosure.

Proposed dividend

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

Private equity ownership

The Company's immediate parent undertaking is Richmond UK Top Holdco Limited which is owned by Richmond Holdings (Jersey) Limited, which is incorporated in Jersey. Richmond Holdings (Jersey) Limited is indirectly controlled by Onex Partners IV, a private equity fund which is ultimately controlled by Onex Corporation ('Onex'). Onex is a Canadian headquartered private equity investment firm listed on the Toronto Stock Exchange with over $38 billion of assets under management.

Founded in 1984, Onex is one of the oldest and most successful private equity firms in North America. Onex maintains a consistent approach to investing and pursues global businesses headquartered in North America or Europe with world-class core capabilities and strong free cash flow characteristics. Onex creates long-term value by building these high-quality businesses in partnership with outstanding management teams. This successful strategy has produced a track record that spans more than three decades and multiple economic and industry cycles.

Compliance with Private Equity Reporting Group Guidelines

The Group is committed to achieving high standards of corporate governance and reporting including the Guidelines for Disclosure and Transparency in Private Equity.

Corporate governance

The Chairman and Company Secretary review the governance of the Group annually. In the year the Group has adopted the Wates Corporate Governance Principles, which are deemed fit for purpose due to the size and complexity of the Group as a whole.

Directors

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

Chrisanth Gradischnig	
Ian Kellett	
Robert Le Blanc	Appointed 5 March 2019
Anthony Morgan	Resigned 18 February 2019
Simon Perry	
Steve Richards	Appointed 24 May 2019
Martin Robinson	
John Waterworth	Resigned 31 March 2019

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

Group Board of Directors

The Board comprises the non-executive chairman, two executive directors and three non-executive directors. The Board benefits from the diversity of each director's experience, independence of character and judgement, in providing strategic leadership and oversight.

Steve Richards – Chief Executive Officer
Steve has spent 30 years' in the leisure and hospitality sector and has worked for a number of well-known public and private equity backed companies.

Prior to joining Parkdean Resorts, Steve was Chief Executive Officer of KKR owned Casual Dining Group Ltd where he acquired a number of well-known brands and developed the white label concessions division which operates in the UK's major airports, IHG hotels and Center Parcs.

Steve has also served as Chief Executive Officer of Novus Leisure Ltd which he founded in 2006 and successfully sold in 2012 to private equity investors, as well as Managing Director of the Blackstone backed Spirit Group Ltd which was acquired by Punch plc in 2006 for £2.8 billion. Prior to Spirit he held a similar role for Scottish & Newcastle plc as Managing Director of their pub division.

Steve spent the first 10 years of his career at Allied Domecq plc where he undertook various senior marketing and operational roles.

Steve is also a non-executive director of a pan-European budget accommodation business and a UK based premium bar operator. He is also Deputy Chairman of UKH – the hospitality sector's lead trade body which lobbies Government on the strategic issues affecting its 700 member companies who between them employ some 3m people.

Ian Kellett – Chief Financial Officer
Ian Kellett was appointed Chief Financial Officer in June 2018.

Ian was previously Chief Executive Officer at Pets at Home, which he joined as Chief Financial Officer in 2006 and was instrumental in growing the business from 185 to 450 stores whilst also helping build Vets4Pets as the largest chain of first opinion vet practices in the UK. Ian also played a key role in the sale of Pets at Home to KKR in 2010 and its subsequent IPO in 2014.

Ian has held a number of senior finance positions including Finance Director at Staples, Deputy Finance Director at JD Wetherspoon and Finance Director at Phones4U.

Chrisanth Gradischnig – Non-Executive Investor Director
Chrisanth has been an investment professional at Onex since 2014 and was appointed to the Group Board of directors in 2018.

Prior to joining Onex, Chrisanth was with the Investment Banking Division of Morgan Stanley in London, Zurich and Frankfurt.

Robert Le Blanc – Non-Executive Investor Director
Robert is co-head of Onex Partners, a member of its investment committee and a member of Onex Corporation's executive committee. He is responsible for Onex Partners' origination efforts and leadership of its investment professionals.

Robert is also a director of PowerSchool Group, Ryan Specialty Group, Convex, First Berkshire Hathaway Life and DREAM Charter School.

Prior to joining Onex in 1999, Robert was with Berkshire Hathaway for seven years after starting his career at General Electric.

Robert holds an MBA from New York University and a BS from Bucknell University.

Simon Perry – Non-Executive Director
Simon is a chartered accountant and was an EY senior partner for 28 years until 2016. Previous roles include Managing Partner of EY's UK Transaction Advisory Services division and EY's Global Head of Private Equity. With a background in audit, finance and transactions, Simon has extensive UK and international experience advising businesses on transformation, mergers and acquisitions, changing business models and performance improvement.

Simon is currently a Governor at the University of Plymouth and a member of the advisory boards of Anmut Limited and Arowana International Limited.

Martin Robinson – Non-Executive Chairman
Martin has spent much of his career in the leisure sector. As well as serving as Chief Executive Officer and Chairman of Center Parcs Europe and Chairman of Center Parcs UK between 1997 and 2015, he was also a director of Disneyland Paris between 2009 and 2018 and has chaired the boards of Casual Dining Group, Wagamama and Holmes Place Health Clubs.

Martin also currently chairs Burger King UK and Inspiring Learning (an outdoor education business) and is a director of MAF Ventures in Dubai.

Responsibilities

The Board has responsibility for the Group's overall approach to strategic decision making and effective risk management. The Board is assisted in this by the Audit and Risk Committee. The principal risks and uncertainties are detailed on pages 9 to 11.

Effectiveness and evaluation

The Board's effectiveness in the year has been driven through its composition and individual member's attributes, leading to a positive year for the Group. The Board constantly measures its effectiveness through review of the overall Board as well as individual Board member and key employee performance.

The Board lead through transparent policies including anti-bribery and corruption, business conduct and whistle-blowing. Policies are available on the Group's intranet and are embedded in our culture and training.

Diversity

The Board supports diversity throughout the business, and understands the value of a diverse Board. We strive for our team to be made up of the best people based on skills, experience, qualifications, values and character. Hence roles are filled based on these attributes first and foremost, and appointments are not concentrated on complying with diversity ratios. We continue to seek diversity within the Board recognising the insights and benefits it brings.

Remuneration Committee

The Board rely on the Remuneration Committee to ensure a transparent and fair remuneration approach is taken across the Group. This includes the setting of key employee remuneration, monitoring the gender pay gap, and implementation of fair policies regarding remuneration structures and practices.

The Remuneration Committee assists the Board in ensuring that the remuneration policy and practices of the Group reward fairly and responsibly with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements. The Remuneration Committee determines all matters concerning the Group's general remuneration policy and the emoluments and fees of key employees, including salary reviews, bonus levels and targets, any employee incentive plan and issue or transfer of securities under any such scheme. Key employee remuneration is aligned with level of achievement of specific objectives which are based on the Group's purpose, values and strategic objectives, as set at the start of the year.

Audit and Risk Committee

The Audit and Risk Committee oversees the integrity of the Group's financial statements, the independence and performance of the independent auditor, the Group's internal controls environment regarding finance, accounting and ethics, the Group's compliance with conduct standards and legal and regulatory matters and the Group's risk strategy, assessment and management.

Health, Safety and Security Committee

The Health, Safety and Security Committee oversees the Group's compliance with health and safety law and standards, food safety standards and environmental management across the business, including establishing and monitoring of policies and procedures to ensure that the highest standards are in place and consistently applied.

Disclosure of information to auditor

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

Auditor

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

Political contributions

Neither the Company nor any of its subsidiaries made any political donations nor incurred any political expenditure during the year ended 31 December 2019 *(2018: £nil).*

Stakeholder engagement

The Board have identified and recognise the key stakeholders as customers, our people, suppliers and the communities and environment surrounding our parks. The Group has supported charities and events throughout the year. The Group has a strong commitment to having a sustainable business and acting responsibly in all our relationships and interactions with our key stakeholders.

Customers

The Group is focused on ensuring that each of our parks achieves and maintains a high level of customer experience. During the year ended 31 December 2019 we sold 598,554 *(2018: 572,047)* holidays. The Group collects data via our online holiday guest feedback application supported by Reevoo. In 2019 the overall score across our parks out of 10 was 8.1 *(2018: 8.1).*

Our people

Our people are driven by a collective commitment to create amazing memories for our customers. They are the heart of Parkdean Resorts and the key to our future success, which is why we continue to prioritise investment in recruitment, training, development and engagement across the business.

Engagement

Ensuring our people are highly engaged is a key part of Parkdean Resort's ongoing strategy. Our annual engagement survey had a 78% response rate, with the words 'fun', 'challenging' and 'rewarding' being used the most to describe the experience of working as part of our team.

As part of our strategy, we recognise how powerful it is when we collectively come together to celebrate when our people have gone above and beyond to deliver exceptional customer service. In 2019 we held 197 Recognition Cafes, hosted at local level, to recognise the very individual input that goes into delivering the Parkdean Resorts experience for our customers. At these Cafes, we presented 229 'Star Performer' awards to those who brought our Company values to life by demonstrating an outstanding contribution to our success. We also presented 1,630 LOUD awards to those who have gone above and beyond in their day-to-day jobs. Our Celebrating YOU! programme recognised 815 individual career milestones.

People development

The breadth of learning and development programmes studied over the past year demonstrates how committed we are to supporting professional development at every stage of a Parkdean Resorts career.

We have been recognised as a gold-standard Investor In People (IIP) and wherever possible work closely with training organisations, such as ILM to ensure our people have highly valued, industry-recognised qualifications.

Parkdean Resorts has attained apprenticeship provider status and currently has over 150 apprentices placed across all our locations. Our apprentices gain a great deal from the programme as it is an opportunity to provide people with knowledge, skills and experience and give them a pathway to progression whilst they earn. We plan to further increase the number of apprenticeships available in the business by actively engaging with the Government's apprenticeship standards. We believe we can do more and in 2020 we will increase our investment in training as we launch our first wave of online training modules.

Equal opportunities and disabled employees

The Group endorses the application of equal opportunities policies to provide fair and equitable conditions for all our people regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation. The Group gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a disabled person. Where an existing member of our team becomes disabled, the Group's policy is to provide continuing employment under normal terms and conditions wherever possible. Wherever possible our people will continue to be employed in the same job or, if this is not practicable, every effort will be made to find an alternative job and provide appropriate training.

Gender information

Gender diversity within the Group as at 31 December 2019 is outlined in the table below. Due to the seasonal nature of the business, the total people numbers below are at the lowest point of the year.

Level	**Male**	**Male %**	**Female**	**Female %**	**Total**
Board directors	6	100%	-	0%	6
Team members	1,563	53%	1,363	47%	2,926
TOTAL	**1,569**	**54%**	**1,363**	**46%**	**2,932**

We are committed to gender equality and publish our Gender Pay Gap information on our website on an annual basis.

Suppliers

We ensure that all suppliers are treated fairly, and in turn require that they comply with trading standards and regulations such as the Modern Slavery Act. In addition we have committed to meet agreed payment terms in the year and details are published on the HMRC Payment Practices website every 6 months. We have had frequent interaction with suppliers, including the effects and impact of Brexit on supply and demand, in the year. We will continue to meet with suppliers and work together effectively going forwards.

Community

We encourage our people at each of our parks and central support offices to get involved in charitable activities for both local and national causes.

Environment

Many of the Group's parks are in areas of natural beauty and conservation areas. Conservation of the environment is of great importance to the Group and the Group looks to promote its environmental responsibility by:

- investing in low energy equipment and lighting to reduce carbon emissions. All of our central facilities have energy efficient LED lighting;
- ensuring all new hire fleet caravans and lodges are double glazed, have extra insulation and low energy lighting to maximise energy efficiency; and
- providing recycling facilities and encouraging our customers to recycle wherever possible.

All of our parks have the David Bellamy Conservation Award which shows our commitment to protecting and enhancing Britain's natural environment.

Human rights and modern slavery

We strive to ensure that all our internal policies remain consistent with the requirements of the Universal Declaration on Human Rights and the spirit of the International Labour Organisation core labour standards. We are committed to eradicating modern slavery and human trafficking in any part of our business and supply chain. We have published our statement on modern slavery on our website.

By order of the Board

Judith Archibold
Secretary

2nd Floor, One Gosforth Park Way
Gosforth Business Park
Newcastle upon Tyne
NE12 8ET
18 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHMOND UK HOLDCO LIMITED

Opinion

We have audited the financial statements of Richmond UK Holdco Limited ("the Company") for the year ended 31 December 2019 which comprise the Consolidated statement of profit and loss and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement, Company cash flow statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

18 February 2020

Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2019

	Note	2019 £m	2018 Restated £m
Revenue	3	**453.2**	432.2
Cost of sales		**(134.8)**	(120.3)
Gross profit		**318.4**	311.9
Administrative expenses		**(267.7)**	(387.5)
Operating profit/(loss)		**50.7**	(75.6)
Analysed as:			
EBITDA *		**108.6**	96.6
Depreciation	5	**(44.3)**	(37.2)
Amortisation	5	**(3.9)**	(4.8)
Impairment of goodwill	5	**-**	(130.7)
Exceptional items	4	**(9.4)**	(2.2)
Profit on disposal	10	**-**	2.7
Share-based payment expense	23	**(0.3)**	-
Operating profit/(loss)		**50.7**	(75.6)
Finance income	8	**0.2**	1.7
Finance expense	8	**(60.0)**	(55.2)
Net finance expense		**(59.8)**	(53.5)
Loss before tax		**(9.1)**	(129.1)
Tax	9	**-**	1.0
Loss for the year **		**(9.1)**	(128.1)

* EBITDA represents earnings before interest, tax, depreciation, amortisation, impairment, share-based payment expense and exceptional items.

** attributable to equity holders of the parent.

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

Consolidated balance sheet
at 31 December 2019

	Note	2019 £m	2018 Restated £m
Non-current assets			
Property, plant and equipment	*10*	**730.1**	1,281.8
Right-of-use assets	*11*	**600.4**	-
Intangible assets	*12*	**88.4**	92.8
		1,418.9	1,374.6
Current assets			
Inventories	*16*	**29.7**	30.2
Other financial assets	*14*	**-**	4.4
Trade and other receivables	*17*	**58.6**	40.3
Cash and cash equivalents		**9.3**	48.6
		97.6	123.5
Total assets		**1,516.5**	1,498.1
Current liabilities			
Interest bearing loans and borrowings	*18*	**(2.8)**	-
Trade and other payables	*20*	**(163.1)**	(158.4)
Other financial liabilities	*21*	**(0.1)**	-
Tax payable		**(1.1)**	(1.2)
		(167.1)	(159.6)
Non-current liabilities			
Interest bearing loans and borrowings	*18*	**(950.1)**	(914.2)
Deferred tax liabilities	*15*	**(114.4)**	(120.9)
		(1,064.5)	(1,035.1)
Total liabilities		**(1,231.6)**	(1,194.7)
Net assets		**284.9**	303.4
Equity			
Share capital	*24*	**-**	-
Share premium	*24*	**466.2**	466.2
Capital contribution reserve	*23*	**0.3**	-
Retained losses		**(181.6)**	(162.8)
Total equity		**284.9**	303.4

These financial statements were approved by the Board of directors on 18 February 2020 and were signed on its behalf by:

Ian Kellett
Director

Company registered number: 10537415

Company balance sheet
at 31 December 2019

	Note	2019 £m	2018 £m
Non-current assets			
Investments in subsidiaries	*13*	**298.6**	298.6
Current assets			
Trade and other receivables	*17*	**29.7**	28.4
Total assets		**328.3**	327.0
Current liabilities			
Trade and other payables	*20*	**(29.7)**	(28.4)
Total liabilities		**(29.7)**	(28.4)
Net assets		**298.6**	298.6
Equity			
Share capital	*24*	**-**	-
Share premium	*24*	**466.2**	466.2
Capital contribution reserve	*23*	**0.3**	-
Retained losses		**(167.9)**	(167.6)
Total equity		**298.6**	298.6

These financial statements were approved by the Board of directors on 18 February 2020 and were signed on its behalf by:

Ian Kellett
Director

Company registered number: 10537415

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution reserve £m	Retained losses £m	Total equity £m
Balance at 1 January 2018	-	466.2	-	(34.7)	431.5
Total comprehensive loss for the year					
Loss for the year (restated)	-	-	-	(128.1)	(128.1)
Balance at 31 December 2018 (restated)	-	466.2	-	(162.8)	303.4
Balance at 1 January 2019	-	**466.2**	-	**(162.8)**	**303.4**
Opening balance sheet adjustment due to IFRS 16 implementation (note 2(a))	-	-	-	**(9.7)**	**(9.7)**
Total comprehensive loss for the year					
Loss for the year	-	-	-	**(9.1)**	**(9.1)**
Transactions with owners, recorded directly in equity					
Capital contribution (note 23)	-	-	**0.3**	-	**0.3**
Balance at 31 December 2019	-	**466.2**	**0.3**	**(181.6)**	**284.9**

Company statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution reserve £m	Retained losses £m	Total equity £m
Balance at 1 January 2018	-	466.2	-	-	466.2
Total comprehensive loss for the year					
Loss for the year	-	-	-	(167.6)	(167.6)
Balance at 31 December 2018	-	466.2	-	(167.6)	298.6
Balance at 1 January 2019	-	**466.2**	-	**(167.6)**	**298.6**
Total comprehensive loss for the year					
Loss for the year	-	-	-	**(0.3)**	**(0.3)**
Transactions with owners, recorded directly in equity					
Capital contribution (note 23)	-	-	**0.3**	-	**0.3**
Balance at 31 December 2019	-	**466.2**	**0.3**	**(167.9)**	**298.6**

Consolidated cash flow statement
for the year ended 31 December 2019

	Note	2019 £m	2018 Restated £m
Cash flows from operating activities			
Loss for the year		**(9.1)**	(128.1)
Adjustments for:			
Depreciation, amortisation and impairment	*5*	**48.2**	172.7
Finance income	*8*	**(0.2)**	(1.7)
Finance expense	*8*	**60.0**	55.2
Profit on sale of property, plant and equipment	*10*	**0.3**	(2.7)
Share-based payment expense	*23*	**0.3**	-
Tax	*9*	**-**	(1.0)
		99.5	94.4
Increase in trade and other receivables		**(20.8)**	(0.5)
(Increase)/decrease in inventories		**(1.2)**	3.7
Repayment of loan note with parent		**-**	(50.0)
Increase/(decrease) in trade and other payables		**6.1**	(0.9)
		83.6	46.7
Interest paid		**(43.9)**	(55.7)
Tax paid		**(4.6)**	(0.8)
Net cash from operating activities		**35.1**	(9.8)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**-**	24.1
Interest received		**0.1**	0.2
Acquisition of property, plant and equipment		**(38.4)**	(39.9)
Acquisition of intangible assets		**(3.3)**	(2.6)
Net cash from investing activities		**(41.6)**	(18.2)
Cash flows from financing activities			
Repayment of Term Loans including accrued interest	*18*	**(20.0)**	(16.5)
Repayment of lease liabilities	*19*	**(12.8)**	(0.1)
Net cash from financing activities		**(32.8)**	(16.6)
Net decrease in cash and cash equivalents		**(39.3)**	(44.6)
Cash and cash equivalents at 1 January		**48.6**	93.2
Cash and cash equivalents at 31 December		**9.3**	48.6

Company cash flow statement
for the year ended 31 December 2019

	Note	2019 £m	2018 £m
Cash flows from operating activities			
Loss for the year		**(0.3)**	(167.6)
Adjustments for:			
Depreciation, amortisation and impairment	*13*	**-**	167.6
Finance income		**(1.2)**	(1.4)
Finance expense		**1.2**	1.4
Share-based payment expense	*23*	**0.3**	-
		-	-
(Increase)/decrease in trade and other receivables		**(1.2)**	50.0
Increase/(decrease) in trade and other payables		**1.2**	(50.0)
		-	-
Interest paid		**(1.2)**	(0.9)
Tax paid		**-**	-
Net cash from operating activities		**(1.2)**	(0.9)
Cash flows from investing activities			
Interest received		**1.2**	0.9
Net cash from investing activities		**1.2**	0.9
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at 1 January		**-**	-
Cash and cash equivalents at 31 December		**-**	-

Notes

(forming part of the financial statements)

1. Accounting policies

Richmond UK Holdco Limited (the 'Company') is a private company registered in England and Wales and domiciled in the UK. The registered number is 10537415 and the registered address is 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET.

These consolidated financial statements are presented in pounds sterling, which is the Group's functional currency. All amounts have been rounded to the nearest £0.1million, unless otherwise indicated.

1.1 *Basis of preparation*

The Group financial statements consolidate those of the Company and its subsidiaries, together referred to as the 'Group'. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The parent company financial statements and the Group financial statements have both been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit and loss and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements (see note 2 for the impact of the new leasing standard, IFRS 16 *Leases,* and a change in accounting policy for deferred tax assets).

The judgements that have been made by the directors in the application of these accounting policies that have a significant effect on the financial statements or estimates that will have a significant risk of material adjustment in the following year are disclosed in note 29..

1.2 *Measurement convention*

The financial statements are prepared on the historical cost basis except that derivative financial instruments and financial instruments classified as fair value through profit or loss, are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 *Going concern*

The Group's business activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern these risks, which are described in the Principal Risks and Uncertainties section, have been considered by the directors.

The Group has no requirements until 3 March 2024 to make any repayment on either the £538.5m first lien loan facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien facility providers. There is a £100.0m revolving credit facility available up to March 2023 which provides sufficient cash resources to meet the working capital requirements of the business going forward.

Current forecasts and projections, taking into account reasonable changes in trading performance, are reviewed regularly to ensure that the Group is able to operate within its working capital facilities and banking covenants for the foreseeable future. Based on the current sensitised forecasts there is no reasonably foreseeable scenario which would result in a covenant breach.

Notes *(continued)*

1. Accounting policies *(continued)*

1.4 *Basis of consolidation*

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls any entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 *Foreign currency*

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

1.6 *Classification of financial instruments issued by the Group*

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

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instruments will or may be settled in the Company's (or Group's) own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's (or Group's) own equity instruments or is a derivative that will be settled by the Company's (or Group's) exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.7 *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, interest bearing borrowings and trade and other payables.

Investments in equity and debt securities
Investments in subsidiaries are stated at cost less impairment.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statements.

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

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

1.8 *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.9 *Intra-group financial instruments*

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.10 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

As of 1 January 2019 the Group adopted IFRS 16 *Leases* and as a result of the transition, any leases previously recognised within property, plant and equipment are now described as right-of-use assets. Further information on IFRS 16 *Leases* is disclosed in note 2(a).

Depreciation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	15-50 years
Leasehold land	Unexpired lease period
Leasehold buildings	Shorter of the unexpired period of the lease or 50 years
Plant and equipment	3-20 years
Fixtures and fittings	4-15 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.11 *Right-of-use assets*

As of 1 January 2019 the Group adopted IFRS 16 *Leases* and as a result of the transition, any leases previously recognised within property, plant and equipment are now described as right-of-use assets. Further information on IFRS 16 *Leases* is disclosed in note 2(a).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of right-of-use asset. The estimated useful lives are as follows:

Right-of-use assets	Shorter of their estimated useful lives or the lease term

1.12 *Business combinations*

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

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

In the event that adjustments are made to the fair value of net assets acquired in the 12 months following an acquisition, the prior period numbers are restated as if those adjustments had been recorded at the date of acquisition.

Notes *(continued)*

1. Accounting policies *(continued)*

1.13 *Intangible assets and goodwill*

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ('CGU') and is not amortised but is tested annually for impairment. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is allocated to one CGU being the operation of holiday parks, as the cash inflows of individual parks are not independent of each other and central functions, and this is the lowest level at which the goodwill is monitored for internal management purposes.

Other intangible assets
Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense when incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	10 years
Software	3-5 years

1.14 *Inventories*

Inventories are stated at the lower of cost and net realisable value and include caravans, lodges and chalets which are held for sale (similar assets held for holiday sales are included in property, plant and equipment). The cost of caravan, lodge and chalet holiday home stock is valued by using actual cost as the items are not ordinarily interchangeable. For other stock items the cost is based on the first-in first-out principle. Cost includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. Net realisable value of used caravan stock is determined with reference to published trade guides. A provision is made for obsolete, slow moving or defective items where required.

1.15 *Impairment excluding inventories and deferred tax assets*

Financial assets (including receivables)
The Group recognises loss allowances for expected credit losses ('ECLs'). The Group measures loss allowances at an amount equal to lifetime ECL.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.15 *Impairment excluding inventories and deferred tax assets (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ('CGUs'). Subject to an operating segment ceiling test, for the purpose of goodwill testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

1.16 *Share-based payments*

Shares in Richmond Holdings (Jersey) Limited are issued to certain group directors and senior management as part of a management incentive plan. The expense is recognised in Richmond UK Holdco Limited as this is deemed to be the entity benefitting from the services provided by the relevant senior management members receiving the shares.

Equity-settled share-based payments to certain directors and senior management of the Group are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group will revise its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised at the initial fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

1.17 *Employee benefits*

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into individual personal pension schemes and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods when the contributions fall due.

Notes *(continued)*

1. Accounting policies *(continued)*

1.18 *Provisions*

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.19 *Revenue*

Revenue represents the amounts (excluding VAT) received from the provision of goods and services to customers.

A holiday home sales contract has one performance obligation, the provision of the holiday home and associated accessories ready for use. The transaction price is based on the amounts agreed with the customer, and revenue is recognised at the point of full cash receipt or an approved signed finance provider agreement. Most holiday home sales are also required to pay pitch licence fees and these are accounted for as described below.

Owners pay their pitch licence fees in exchange for the use of the holiday park and facilities where the pitch is located and therefore the performance obligation is delivered over the life of the contract. Revenue is recognised on a straight-line basis over the contract period. Contract liabilities represent cash received in advance from owners for pitch licence fees.

On-park spend, which encompasses retail, catering and other income, is recognised at the point of sale. Items sold, such as food and beverages, are generally separable and the performance obligation is recognised immediately at the point of sale.

Holiday sales revenue performance obligation is satisfied as the holiday is taken. Ancillaries such as pet fees and furniture hire are considered as bundled goods and therefore all revenue is recognised as the holiday is taken. Contract liabilities represent cash received in respect of advance holiday bookings.

1.20 *Expenses*

Operating lease payments
Following the adoption of IFRS 16 *Leases* from 1 January 2019, almost all leases where the group is the lessee are recognised in the balance sheet, with the exception of short-term leases, low-value leases and leases of intangible assets. These leases continue to be accounted for as operating leases and are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received for such short term leases are recognised in profit or loss as an integral part of the total lease expense.

Finance income and expenses
Finance expenses comprise interest payable, finance charges on shares classified as liabilities and leases under IFRS 16 *Leases* (see note 2(a)) recognised in profit or loss using the effective interest method and unwinding of the discount on provisions that are recognised in profit or loss. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income comprises interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Exceptional items
Exceptional items are items of income or expenditure which the directors consider to be unusual in nature and/or size such that their separate presentation assists a reader of the financial statements in understanding the Group's performance.

Notes *(continued)*

1. Accounting policies *(continued)*

1.21 *Tax*

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

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

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

In accordance with the latest guidance, deferred tax assets arising from restricted interest deductions are recognised to the extent that they can be set off against deferred tax liabilities arising on temporary timing differences. This new guidance has been recognised as a change in accounting policy with a corresponding prior year restatement. Please see note 2(b) for details.

1.22 *Non-current assets held for sale*

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

1.23 *Standards and interpretations in issue but not yet effective*

At the date of authorisation of these financial statements there were a number of standards and interpretations which were in issue and endorsed by the EU but not yet effective. These have not been applied in these financial statements and are not expected to have a material effect when adopted.

Notes *(continued)*

2. Changes in significant accounting policies

2(a) Leases

IFRS 16 *Leases* became effective from 1 January 2019 and replaced IAS 17 *Leases* and related interpretations. It results in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, right-of-use asset and financial liabilities for future lease payments have been recognised. The only exceptions are short-term leases and low-value leases.

The Group has applied the modified retrospective transition approach and has not restated comparative amounts for the year ended 31 December 2018. For all leases the Group has elected to measure the right-of-use asset as if IFRS 16 *Leases* had been applied since the start of the lease, but using the incremental borrowing rate at 1 January 2019, with the difference between the right-of-use asset and the lease liability taken to retained losses.

The Group has elected to adopt the following practical expedients on transition:

- not to capitalise a right-of-use lease asset or related lease liability where the lease expires before 31 December 2019;
- not to reassess contracts to determine if the contract contains a lease and not to separate lease and non-lease elements;
- not to capitalise a right-of-use lease asset or related lease liability where the value of the asset when new is considered low; and
- to apply the portfolio approach where a group of leases has similar characteristics.

Balance sheet impact on adoption
At transition on 1 January 2019, the Group recognised right-of-use lease assets of £592.7m and lease liabilities of £265.3m, of which £1.0m was current and £264.3m was non-current, along with a deferred tax asset of £2.0m. A transition adjustment of £9.7m was recognised as a debit to retained losses. The Group has not capitalised low-value leases on transition, or those which expire before 31 December 2019, and has opted not to apply IFRS 16 Leases to leases relating to intangible assets. The right-of-use lease assets principally consist of property and vehicle leases. The weighted average incremental borrowing rate applied to lease liabilities was 6.73%.

Notes *(continued)*

2. Changes in significant accounting policies *(continued)*

2(a) Leases (continued)

	£m
Operating lease commitment at 31 December 2018 as disclosed in the Group's financial statements	64.0
Effects of discounting using the incremental borrowing rate at 1 January 2019	(19.7)
Operating lease commitment discounted using the incremental borrowing rate at 1 January 2019	44.3
Recognition exemption for:	
Short term leases and long term leases expiring before 31 December 2019	(0.3)
Leases of low value but not short term assets	(0.1)
Lease liabilities recognised at 1 January in respect of previous operating leases	43.9
Finance lease liabilities recognised as at 31 December 2018	221.4
Lease liabilities recognised at 1 January 2019	**265.3**

Sensitivity analysis

For the lease liabilities under IFRS 16 *Leases* as at 1 January 2019, a 100 basis point increase in the incremental borrowing rate would increase lease liabilities by £2.7m and a 50 basis point increase in the incremental borrowing rate would increase lease liabilities by £1.4m. If the incremental borrowing rate decreased by 50 basis points, lease liabilities would decrease by £1.6m and if the incremental borrowing rate decreased by 100 basis points lease liabilities would decrease by £3.3m.

Notes *(continued)*

2. Changes in significant accounting policies *(continued)*

2(a) Leases (continued)

The following amounts were reclassified on transition:

	Amounts without adoption of IFRS 16 £m	Adjustments £m	As reported £m
Property, plant and equipment			
Land and buildings	1,132.1	(537.8)	594.3
Plant and equipment	134.1	(12.0)	122.1
Fixtures and fittings	15.6	(4.4)	11.2
Right-of-use assets	-	592.7	592.7
Intangible assets			
Leases	3.8	(3.8)	-
Trade and other receivables			
Prepayments	13.4	(2.5)	10.9
Trade and other payables			
Lease liabilities	(221.4)	(43.9)	(265.3)
Deferred tax liabilities	(125.7)	2.0	(123.7)
Retained losses	(167.6)	(9.7)	(177.3)

As a result of the transition to IFRS 16 *Leases*, amounts which were previously described as lease intangible assets and property, plant & equipment in the financial statements are now described as right-of-use assets. There has been no change in the measurement of these amounts. Amounts previously described as lease intangible assets represent leases where there is a favourable difference between the current rent agreements and market rent derived from comparable market transactions. Property, plant and equipment balances represent the carrying value of such items falling under the ground rent sale and leaseback transactions. The remaining right-of-use assets on transition were created from recognising leases on the balance sheet which had been previously accounted for as operating leases, and from adjusting the ground rent liability to comply with IFRS 16 *Leases*.

Lessee accounting

Previously, under IAS 17 *Leases*, the Group held leases which were classified as operating leases and payments made (net of any incentives received from the lessor) were charged to the profit and loss account on a straight-line basis over the lease term.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between repayment of the lease liability and finance cost. The finance cost is charged to the profit and loss account over the lease term to produce a constant periodic rate of interest on the outstanding lease liability balance. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

A lease liability is initially measured as the present value of future lease payments, discounted using the interest rate implicit in the lease. Where this rate is not determinable, the Group's incremental borrowing rate is used, which is the interest rate the Group would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions.

Notes *(continued)*

2. Changes in significant accounting policies *(continued)*

2(a) Leases (continued)

A right-of-use asset is initially measured at cost, comprising the initial value of the lease liability, any lease payments made (net of any incentives received from the lessor) before the commencement of the lease, any initial direct costs and any restoration costs.

Payments in respect of short-term leases, low-value assets and leases of intangible assets continue to be charged to the profit and loss account on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mostly IT equipment, storage units and hand-held radios.

2(b) Deferred tax

During the year the directors reassessed the deferred tax asset recognised in relation to interest restrictions and have recognised an asset to the extent that sufficient taxable temporary differences exist at the balance sheet date. Previously a deferred tax asset was not recognised as the directors forecast that the Group would be unable to utilise the interest restrictions in future periods as was permitted under previous guidance. Therefore this has been accounted for as a change in accounting policy resulting in a restatement of the prior year, giving rise to a credit of £4.8m in the prior year tax charge in respect of the deferred tax asset arising.

	As previously reported £m	**Adjustments £m**	**As restated £m**
Loss before tax	(129.1)	-	(129.1)
Tax charge	(3.8)	4.8	1.0
Loss after tax	**(132.9)**	**4.8**	**(128.1)**
Deferred tax liabilities	(125.7)	4.8	(120.9)
Net assets	**298.6**	**4.8**	**303.4**

3. Revenue

	Group 2019 £m	Group 2018 £m
Revenue from UK holiday parks	**453.2**	432.2
Timing of revenue recognition		
Products transferred at a point in time	**223.9**	210.7
Products and services transferred over time	**229.3**	221.5
	453.2	432.2

Holiday home sales and on-park spend revenue is transferred at a point in time, the performance obligation for these revenue streams is satisfied on delivery of the product to the holiday home owner or holiday guest.

Holiday sales revenue and owner pitch licence fees are delivered over time, over the period of the holiday or the life of the licence fee agreement respectively.

All revenue was derived from the Group's principal activity, which is owning and operating holiday parks in the UK. All operations occurred within the UK.

Notes *(continued)*

4. Exceptional items

Included in the statement of profit and loss are the following:

	Group 2019 £m	Group 2018 £m
Integration, transition and restructuring costs following merger	-	1.6
Executive team restructure	3.6	-
Strategic project costs	5.8	0.6
Total exceptional items included in administrative expenses	9.4	2.2

Integration, transition and restructuring costs following merger
On 7 November 2017 the Group announced plans to close the Group's office at Hemel Hempstead and certain related costs have been treated as exceptional items. These include redundancy costs, lease costs for the period during which the office will no longer be used and dilapidations costs on the office.

Executive team restructure
These costs relate to the establishment of a new executive management team. This is commented on further within the Chief Executive Officer's review on page 2.

Strategic project costs
These costs relate to a number of strategic and transformational projects within the business.

5. Expenses and auditor's remuneration

Included in the statement of profit and loss are the following:

	Group 2019 £m	Group 2018 £m
Depreciation of property, plant and equipment	32.4	37.2
Depreciation of right-of-use assets	11.9	-
Amortisation of intangible assets	3.9	4.8
Impairment of goodwill	-	130.7
Operating lease rentals relating to short term leases and low value assets	0.7	4.8

Auditor's remuneration

	Group 2019 £000	Group 2018 £000
Audit of these financial statements	10	10
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries and parent of the Company	330	336
Tax advisory	18	14
All other services	23	23

The ratio of non-audit fees to audit fees for the current year was 0.12:1 (*2018: 0.11:1*).

Notes *(continued)*

6. Employee numbers and costs

The average number of people employed by the Group (including directors) during the year, analysed by category, was as follows:

	Group 2019 Number	Group 2018 Number
Established	**1,966**	1,683
Seasonal	**3,741**	3,565
	5,707	5,248

The aggregate payroll costs of these people was as follows:

	Group 2019 £m	Group 2018 £m
Wages and salaries	**115.9**	107.4
Social security costs	**6.0**	6.4
Contributions to defined contribution plans (note 22)	**1.5**	1.0
Long-term incentive scheme expenses	**0.3**	-
	123.7	114.8

7. Directors' remuneration

	Company 2019 £m	Company 2018 £m
Directors' remuneration	**3.0**	1.1
Amounts receivable under long-term incentive schemes (note 23)	**0.3**	-
	3.3	1.1

The aggregate amount of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £1.2m (*2018: £0.5m*) and no pension contributions (*2018: £nil*) were made by the Group on their behalf.

There are no retirement benefits accruing to directors (*2018: £nil*).

Notes *(continued)*

8. Finance income and expense

	Group 2019 £m	Group 2018 £m
Finance income		
Net gain on financial instruments designated as fair value through profit or loss	-	1.4
Interest receivable on bank balances	**0.2**	0.1
Unwind of discount on lease intangibles	-	0.2
Total finance income	**0.2**	1.7
Finance expense		
Net loss on financial instruments designated as fair value through profit or loss	**4.5**	-
Interest payable to related parties (note 27)	**1.9**	2.1
Interest payable on bank loans	**41.9**	42.9
Interest payable on lease liabilities *(2018: finance leases)*	**8.7**	7.3
Amortisation of issue costs of bank loans	**3.0**	2.9
Total finance expense	**60.0**	55.2

9. Tax

Recognised in the statement of profit and loss

	Group 2019 £m	Group Restated 2018 £m
Current tax		
Current year	**4.3**	5.3
Adjustments in respect of prior periods	**0.2**	(2.1)
Current tax charge	**4.5**	3.2
Deferred tax		
Origination and reversal of temporary differences	**(4.2)**	(4.0)
Adjustments in respect of prior periods	**(0.9)**	(0.7)
Effect of changes in tax rates	**0.6**	0.5
Deferred tax credit (note 15)	**(4.5)**	(4.2)
Total tax credit	-	(1.0)

Notes *(continued)*

9. Tax *(continued)*

Reconciliation of effective tax rate

	Group 2019 £m	Group Restated 2018 £m
Loss for the year	**(9.1)**	(128.1)
Total tax credit	**-**	(1.0)
Loss excluding tax	**(9.1)**	(129.1)
Effects of:		
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	**(1.7)**	(24.5)
Non-deductible expenses	**1.1**	27.9
Non-taxable income	**-**	(0.6)
Tax attributes not recognised	**-**	3.3
Consolidation movements in respect of intangibles	**(1.3)**	-
Recognition of previously unrecognised deferred tax asset	**-**	(4.8)
Adjustments in respect of prior periods	**(0.7)**	(2.8)
IFRS 16 transitional adjustment2	**2.0**	-
Effect of changes in tax rates	**0.6**	0.5
Total tax credit	**-**	(1.0)

Factors affecting current and future tax charges
The Group has trade losses and non-trade losses of £6.6m and capital losses of £15.5m available to relieve against future profits and gains of the Group.

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

Notes *(continued)*

10. Property, plant and equipment

Group	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2019	**1,152.0**	**159.4**	**22.0**	**1,333.4**
Transferred to right-of use assets	**(557.7)**	**(34.6)**	**(9.5)**	**(601.8)**
Additions	**1.4**	**32.2**	**3.3**	**36.9**
Disposals	**(0.4)**	**(22.1)**	**(1.7)**	**(24.2)**
Balance at 31 December 2019	**595.3**	**134.9**	**14.1**	**744.3**
Depreciation				
Balance at 1 January 2019	**19.9**	**25.3**	**6.4**	**51.6**
Transferred to right-of-use assets	**(19.9)**	**(22.6)**	**(5.1)**	**(47.6)**
Depreciation charge for the year	**6.1**	**23.1**	**3.2**	**32.4**
Disposals	**(0.4)**	**(20.3)**	**(1.5)**	**(22.2)**
Balance at 31 December 2019	**5.7**	**5.5**	**3.0**	**14.2**
Net book value				
At 31 December 2019	**589.6**	**129.4**	**11.1**	**730.1**
At 1 January 2019	1,132.1	134.1	15.6	1,281.8
Cost				
Balance at 1 January 2018	1,170.8	140.4	18.4	1,329.6
Additions	-	33.4	4.3	37.7
Disposals	(18.8)	(14.4)	(0.7)	(33.9)
Balance at 31 December 2018	1,152.0	159.4	22.0	1,333.4
Depreciation				
Balance at 1 January 2018	10.5	13.3	3.1	26.9
Depreciation charge for the year	9.8	23.6	3.8	37.2
Disposals	(0.4)	(11.6)	(0.5)	(12.5)
Balance at 31 December 2018	19.9	25.3	6.4	51.6
Net book value				
At 31 December 2018	1,132.1	134.1	15.6	1,281.8
At 1 January 2018	1,160.3	127.1	15.3	1,302.7

There is a cross guarantee given by certain members of the Group in respect of the borrowings of Richmond UK Bidco Limited, a subsidiary undertaking, and certain other members of the Group. The bank borrowings are secured on substantially all of the assets of the Company and the majority of its direct and indirect subsidiaries.

Notes *(continued)*

10. Property, plant and equipment *(continued)*

During the prior year the Group disposed of the trade and assets of 5 holiday parks for a total consideration of £23.7m, with a net profit of £3.0m. No holiday park disposals have occurred in 2019. Other asset disposals in the current year generated a loss on disposal of £0.3m *(2018: £0.3m)*.

At 31 December 2019 the value of assets under construction was £4.2m *(2018: £8.1m)*, included within plant and equipment. Assets under construction relate to improvements to properties and site facilities not completed at the reporting date. These amounts are not depreciated.

Non-cash movement within acquisition of property, plant and equipment in the year includes net £1.7m *(2018: £nil)* reclassification of assets from inventories to plant and equipment, owing to the change in use of the asset.

The Company has no property, plant or equipment *(2018: £nil)*.

11. Right-of-use assets

Right-of-use assets

Group	**Land and buildings £m**	**Plant and equipment £m**	**Fixtures and fittings £m**	**Total £m**
Cost				
Balance at 1 January 2019	**34.6**	**3.9**	**-**	**38.5**
Transferred from property, plant and equipment	**557.7**	**34.6**	**9.5**	**601.8**
Immediate re-measurement on transition to IFRS 16	**6.1**	**-**	**-**	**6.1**
Additions	**0.7**	**3.7**	**1.1**	**5.5**
Disposals	**(0.1)**	**(0.3)**	**-**	**(0.4)**
Re-measurement	**8.3**	**-**	**-**	**8.3**
Balance at 31 December 2019	**607.3**	**41.9**	**10.6**	**659.8**
Depreciation				
Balance at 1 January 2019	**-**	**-**	**-**	**-**
Transferred from property, plant and equipment	**19.9**	**22.6**	**5.1**	**47.6**
Depreciation charge for the year	**7.9**	**3.1**	**0.9**	**11.9**
Disposals	**-**	**(0.1)**	**-**	**(0.1)**
Balance at 31 December 2019	**27.8**	**25.6**	**6.0**	**59.4**
Net book value				
At 31 December 2019	**579.5**	**16.3**	**4.6**	**600.4**
At 1 January 2019	34.6	3.9	-	38.5

Notes *(continued)*

11. Right-of-use assets *(continued)*

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	2019
	£m
Leases under IFRS 16	
Interest on lease liabilities	**8.7**
Expenses relating to short-term leases (included in administrative expenses	**0.5**
Expenses relating to low-value assets that are not short-term leases (included in administrative expenses)	**0.2**

	2018
	£m
Operating leases under IAS 17	
Interest on finance lease liabilities	7.3
Lease expense (included in administrative expenses)	4.8

Amounts recognised in statement of cash flows

	2019	2018
	£m	£m
Total cash outflow for leases	**12.8**	13.6

Notes *(continued)*

12. Intangible assets

Group	Goodwill £m	Brand £m	Leases £m	Software £m	Total £m
Cost					
Balance at 1 January 2019	**235.7**	**29.4**	-	**2.7**	**267.8**
Additions	-	-	-	**3.3**	**3.3**
Balance at 31 December 2019	**235.7**	**29.4**	-	**6.0**	**271.1**
Amortisation and impairment					
Balance at 1 January 2019	**172.5**	**5.3**	-	**1.0**	**178.8**
Amortisation charge	-	**2.9**	-	**1.0**	**3.9**
Balance at 31 December 2019	**172.5**	**8.2**	-	**2.0**	**182.7**
Net book value					
At 31 December 2019	**63.2**	**21.2**	-	**4.0**	**88.4**
At 1 January 2019	63.2	24.1	-	1.7	89.0
Cost					
Balance at 1 January 2018	235.7	29.4	5.3	-	270.4
Additions	-	-	-	2.7	2.7
Unwinding of discount	-	-	0.2	-	0.2
Balance at 31 December 2018	235.7	29.4	5.5	2.7	273.3
Amortisation and impairment					
Balance at 1 January 2018	41.8	2.4	0.8	-	45.0
Impairment	130.7	-	-	-	130.7
Amortisation charge	-	2.9	0.9	1.0	4.8
Balance at 31 December 2018	172.5	5.3	1.7	1.0	180.5
Net book value					
At 31 December 2018	63.2	24.1	3.8	1.7	92.8
At 1 January 2018	193.9	27.0	4.5	-	225.4

Goodwill
Goodwill arose on the acquisition of the Parkdean Resorts group.

Brand
The brand, including park names, children's characters and website domain names were valued as separately identified assets on a relief from royalty basis. The brand is being amortised over a period of 10 years. In the opinion of the directors this represents a prudent estimate of the period over which the Group will derive direct economic benefit from the brands acquired.

Leases
As of 1 January 2019, the Group has adopted IFRS 16 *Leases* and now accounts for leases under this standard. Accordingly leases were transferred to right-of-use assets as set out in note 2(a).

Notes *(continued)*

12. Intangible assets *(continued)*

Software
Software represents licences to use third party programmes and spending on software internally to improve productivity of the business.

Amortisation and impairment testing
Amortisation and impairment charge is recognised within administrative expenses in the profit and loss account. Goodwill is allocated to one CGU being the operation of holiday parks, as the cash inflows of individual parks are not independent of each other and central functions, and this is the lowest level at which the goodwill is monitored for internal management purposes. The Group tests goodwill for impairment on an annual basis, and otherwise when changes in events or situations indicate that the carrying value may not be recoverable. If such a test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of the fair value less costs to sell and the value in use.

Following a review of the carrying value of goodwill carried out during 2018 the directors recognised an impairment of £130.7m reflecting underperformance of the business. A review carried out during 2019 indicated that no impairment indicators, as set out in IAS 36, had been triggered and accordingly no further impairment of the carrying value was required.

The recoverable amount of the CGU has been calculated with reference to its fair value less cost to sell, adjusted for assets and liabilities as is standard for sales of businesses in this sector. These adjustments reflect that the business is highly seasonal and therefore working capital will vary depending on the time of year that the business is sold. In addition certain deferred tax liabilities which arise purely as a result of the fair value adjustments recognised at the time of sale have been adjusted for. The fair value measurement falls within Level 3 of the fair value hierarchy outlined in note 25(a).

The Company has no intangible assets *(2018: nil)*.

13. Investments in subsidiaries

Company	**Shares in Group undertakings 2019 £m**	Shares in Group undertakings 2018 £m
Cost		
At 1 January and 31 December	**466.2**	466.2
Impairment		
At 1 January	**167.6**	-
Impairment	-	167.6
At 31 December	**167.6**	167.6
Net book value		
At 31 December	**298.6**	298.6
At 1 January	**298.6**	466.2

Notes *(continued)*

13. Investments in subsidiaries *(continued)*

The Group and the Company have the following investments in subsidiaries:

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

*Shares not held directly by Richmond UK Holdco Limited.

The registered offices of the subsidiary undertakings are as follows:
1. 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET; and
2. 2 Semple Street, Edinburgh, EH3 9BQ.

14. Other financial assets

	Group 2019 £m	Group 2018 £m
Current		
Interest rate swap designated as fair value through profit and loss.	-	4.4

Details of the interest rate swaps can be found in note 25(d).

The Company does not hold any other financial assets (*2018: £nil*).

Notes *(continued)*

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets	Liabilities	Net	Assets Restated	Liabilities Restated	Net Restated
	2019	**2019**	**2019**	2018	2018	2018
	£m	**£m**	**£m**	£m	£m	£m
Property, plant and equipment	**-**	**12.9**	**12.9**	-	12.5	12.5
Temporary trading differences	**-**	**-**	**-**	(0.1)	-	(0.1)
Fair value of assets less capital losses	**-**	**112.9**	**112.9**	-	112.9	112.9
Tax values of losses carried forward	**(3.5)**	**-**	**(3.5)**	(4.5)	-	(4.5)
Intangible assets	**-**	**3.6**	**3.6**	-	4.9	4.9
Right-of-use assets – IFRS 16 transition	**(2.0)**	**-**	**(2.0)**	-	-	-
Corporate interest restriction	**(9.5)**	**-**	**(9.5)**	(4.8)	-	(4.8)
Tax (assets)/liabilities	**(15.0)**	**129.4**	**114.4**	(9.4)	130.3	120.9

At 31 December 2019 the Group had no unrecognised deferred tax assets (*2018 restated: £nil*).

Movement in deferred tax during the current year

	1 January 2019 Restated	**Recognised in profit or loss**	**IFRS 16 transitional adjustment in equity**	**31 December 2019**
	£m	**£m**	**£m**	**£m**
Property, plant and equipment	**12.5**	**0.4**	**-**	**12.9**
Temporary trading differences	**(0.1)**	**0.1**	**-**	**-**
Fair value of assets less capital losses	**112.9**	**-**	**-**	**112.9**
Tax values of losses carried forward	**(4.5)**	**1.0**	**-**	**(3.5)**
Intangible assets	**4.9**	**(1.3)**	**-**	**3.6**
Right-of-use assets	**-**	**-**	**(2.0)**	**(2.0)**
Corporate interest restriction	**(4.8)**	**(4.7)**	**-**	**(9.5)**
	120.9	**(4.5)**	**(2.0)**	**114.4**

Notes *(continued)*

15. Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the prior year

	1 January 2018 £m	Recognised in profit or loss Restated £m	31 December 2018 Restated £m
Property, plant and equipment	11.2	1.3	12.5
Temporary trading differences	(0.1)	-	(0.1)
Fair value of assets less capital losses	113.2	(0.3)	112.9
Tax values of losses carried forward	(4.5)	-	(4.5)
Intangible assets	5.3	(0.4)	4.9
Corporate interest restriction	-	(4.8)	(4.8)
	125.1	(4.2)	120.9

The Company has no deferred tax assets and liabilities (*2018: £nil*).

16. Inventories

	Group 2019 £m	Group 2018 £m
Caravan, lodge and chalet holiday home stock	**27.0**	27.9
Other stock	**2.7**	2.3
	29.7	30.2

All inventories are expected to be recovered within 12 months. The write-down of inventories to net realisable value amounted to £5.2m (*2018: £7.8m*), which was included in cost of sales. This figure includes £0.5m (*2018: £1.2m*) of write downs of owned stock to reflect reductions in value, with the remaining amount relating to stock bought in on part exchange and immediately written down to the value per published trade guides. The total amount of inventory included in cost of sales is £98.8m (*2018: £91.7m*).

The Company does not hold any inventory (*2018: £nil*).

17. Trade and other receivables

	Group 2019 £m	**Company 2019 £m**	Group 2018 £m	Company 2018 £m
Trade receivables	**31.7**	**-**	25.8	-
Amounts owed by Group undertakings including interest receivable (note 27)	**13.7**	**29.7**	0.5	28.4
Prepayments and accrued income	**12.3**	**-**	13.4	-
Other taxes and social security	**0.6**	**-**	-	-
Other debtors	**0.3**	**-**	0.6	-
	58.6	**29.7**	40.3	28.4

All trade and other receivables held by the Group are expected to be received within 12 months. Amounts owed by Group undertakings are repayable on demand and attract interest at 4.75% per annum (*2018: 4.75% per annum*).

Notes *(continued)*

18. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 25(d).

	Group 2019 £m	Group 2018 £m
Non-current liabilities		
Secured bank loans	**675.8**	692.8
Lease liabilities *(2018: finance lease liabilities)*	**274.3**	221.4
	950.1	914.2
Current liabilities		
Lease liabilities	**2.8**	-
	2.8	-

Secured bank loans are shown net of issue costs.

The Company does not have any interest bearing loans or borrowings other than an intra group loan note (see note 20).

Terms and debt repayment schedule

Group

	Nominal interest rate	Year of maturity	Face value 2019 £m	Carrying amount 2019 £m	Face value 2018 £m	Carrying amount 2018 £m
First lien loan facility	4.25% + LIBOR (0% floor)	2024	**538.5**	**538.5**	558.5	558.5
Second lien loan facility	8.5% + LIBOR (1% floor)	2025	**150.0**	**150.0**	150.0	150.0
Other ground rent lease liabilities	3.24%	2192	**190.2**	**190.2**	181.1	181.1
Trecco Bay ground rent lease liability	3.19%	2147	**42.4**	**42.4**	40.3	40.3
Other finance lease liabilities	6.82%	2039	**44.5**	**44.5**	-	-
			965.6	**965.6**	929.9	929.9
Issue costs			**(12.7)**	**(12.7)**	(15.7)	(15.7)
			952.9	**952.9**	914.2	914.2

Notes *(continued)*

18. Interest bearing loans and borrowings *(continued)*

Barclays Bank PLC is the agent of the first lien secured syndicated facility which is repayable on 3 March 2024. The interest rate payable is made up of LIBOR (with a 0% floor) plus margin. The relevant 1 month LIBOR at 31 December 2019 was 0.70% (*2018: 0.73%*). The margin payable is dependent on leverage ratios and is 4.25% at 31 December 2019. £16.5m of the first lien facility was prepaid on 31 January 2018, as required following the second tranche of the ground rent sale and leaseback transaction. A further £20.0m was voluntarily prepaid on 28 February 2019.

Ares Management Limited is the agent of the second lien secured syndicated facility which is repayable on 3 March 2025. The interest rate payable is made up of LIBOR (with a 1% floor) plus a margin of 8.5%. The relevant 1 month LIBOR at 31 December 2019 was 1.00% (2018: 1.00%) after taking account of the floor.

Landa Asset Management PLC is the lessor of the ground rent lease agreement. The agreement relates to the sale and leaseback transaction of a total of 19 parks in the Group, with the first tranche on 3 March 2017 and the second tranche on 3 August 2017. The lease is repayable on three separate dates, with the lease for Trecco Bay on the 3 March 2147, the remainder of the first tranche on 3 March 2192 and the whole of the second tranche on 3 August 2192. The interest rates payable of 3.19% and 3.24% are derived from the value of the assets at the start of the lease and are implicit within the agreement.

The borrower of the first lien and second lien term loans ("Term Loans") is Richmond Cayman LP, a subsidiary of Onex. The proceeds of the Term Loans have been, in turn, loaned to Richmond CanadaCo, and then to Richmond TowerCo and ultimately to Richmond UK Bidco Limited in loans with identical principal amounts and identical repayment terms. The loan from Richmond TowerCo to the Group is in the form of a Eurobond which is listed on the International Stock Exchange. Richmond Cayman LP's loan is secured by substantially all the Group's assets. Richmond CanadaCo and Richmond TowerCo are guarantors of the Term Loans.

Issue costs were £13.9m for the first lien debt, and £5.2m for the second lien debt. A further £1.9m of issue costs were incurred in relation to a revolving credit facility ("RCF") of £100.0m agreed at 3 March 2017; this has an expiry date of 3 March 2023. The unamortised value at 31 December 2019 was £12.7m (*2018: £15.7m*) and the debt net of issue costs was £675.8m (*2018: £692.8m*).

The bank debt is secured by a fixed and floating charge over substantially all the assets of the Group.

Details of interest rate swaps can be found in note 25(d).

19. Reconciliation of liabilities arising from financing activities

Group	**Lease liabilities 2019 £m**	**Secured bank loans 2019 £m**	**Total 2019 £m**
At 1 January	**221.4**	**692.8**	**914.2**
Discounted operating lease commitment as at 1 January	**43.9**	**-**	**43.9**
Restated opening balance at 1 January	**265.3**	**692.8**	**958.1**
Immediate re-measurement on transition to IFRS 16	**6.1**	**-**	**6.1**
Cash flows	**(12.8)**	**(20.0)**	**(32.8)**
Lease additions	**1.8**	**-**	**1.8**
Disposed leases	**(0.3)**	**-**	**(0.3)**
Re-measurement	**8.3**	**-**	**8.3**
Interest payable	**8.7**	**-**	**8.7**
Amortisation of finance costs	**-**	**3.0**	**3.0**
At 31 December	**277.1**	**675.8**	**952.9**

Notes *(continued)*

19. Reconciliation of liabilities arising from financing activities *(continued)*

Group	Finance lease liabilities 2018	Secured bank loans 2018	Total 2018
Under IAS 17	£m	£m	£m
At 1 January	221.5	706.3	927.8
Cash flows	(0.1)	(16.5)	(16.6)
Amortisation of finance costs	-	3.0	3.0
At 31 December	221.4	692.8	914.2

The Company has no leases or secured bank loans in the current or prior year.

20. Trade and other payables

	Group 2019 £m	**Company 2019 £m**	Group 2018 £m	Company 2018 £m
Trade payables	**13.8**	-	15.6	-
Other payables	**8.2**	-	8.0	-
Accruals	**17.2**	-	14.4	-
Contract liabilities	**79.6**	-	78.1	-
Other tax and social security costs	**13.2**	-	12.4	-
Amounts owed to Group undertakings	**0.6**	-	0.3	-
Loan note owed to parent (note 27)	**25.0**	**25.0**	25.0	25.0
Interest payable	**5.5**	**4.7**	4.6	3.4
	163.1	**29.7**	158.4	28.4

All trade and other payables are expected to be settled within 12 months. The loan note owed to parent is repayable on demand, and attracts interest at 4.75% per annum (*2018: 4.75% per annum*).

Contract liabilities comprise of cash received in advance. Cash received in advance is typically held for up to 16 months before the associated performance obligations are satisfied and the revenue is recognised. The majority of the contract liabilities as at 31 December 2018 have been recognised as revenue in the current year. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 December 2019 is £79.6m *(2018: £78.1m)*, the majority of which is expected to be recognised as revenue during the next financial year.

21. Other financial liabilities

	Group 2019 £m	Group 2018 £m
Current		
Interest rate swap designated as fair value through profit and loss.	**0.1**	-

Details of the interest rate swaps can be found in note 25(d).

The Company does not hold any other financial liabilities (*2018: £nil*).

Notes *(continued)*

22. Employee benefits

Defined contribution pension plans

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

The total expense relating to these plans in the current year was £1.5m (*2018: £1.0m*) and £0.2m (*2018: £0.2m*) was payable to these plans at the year end.

23. Share-based payment arrangements

23(a) Description of share-based payment arrangements

On 23 September 2019 and 12 December 2019 Richmond Holdings (Jersey) Limited issued share capital to members of Group senior management as part of a management incentive plan. Some of this issue was funded through limited recourse loans, and under IFRS 2 *Share-based payments* this must be treated as a share option. It is expected that the options will be settled as a combination of cash and equity and therefore this has been split accordingly, as below

The Group has recognised four share equity-settled options in the year, and four cash-settled share options in the year, which remain outstanding at year end. The options granted in September have a vesting period of 54 months and the options granted in December have a vesting period of 51 months.

There were no share options in the prior year.

23(b) Measurement of share-based payment arrangements

The fair value of share options have been measured using the Black-Scholes formula. The inputs used in the measurement of the fair values at grant date were as follows.

Weighted average share price	£0.76
Weighted average exercise price	£0.70
Expected volatility (weighted average)	30%
Expected life (weighted average)	52 months
Risk-free rate	1%
Expected dividend yields	0%

Expected volatility has been based on an evaluation of the historical volatility of the leisure market. The expected term of the instruments has been based on historical experience and general option holder behaviour.

23(c) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options were as follows.

	Outstanding options 2019 Number	**Weighted-average exercise price 2019 £**
Outstanding at 1 January	-	-
Granted during the year	**10,770,410**	**0.70**
Outstanding at 31 December	**10,770,410**	-
Exercisable at 31 December	-	-

The options outstanding at 31 December 2019 have a range of exercise price between £0.62 and £0.83 (*2018: £nil*), and a weighted-average contractual life of 50 months remaining.

Notes *(continued)*

23. Share-based payment arrangements *(continued)*

23(d) Expense recognised in profit or loss

	2019	2018
	£m	£m
Share-based payment expense	**0.3**	-

24. Share capital

Share capital	**Total shares 2019 Number**	Total shares 2018 Number
In issue at 1 January and 31 December	**20**	20

	2019	2018
	£m	£m
Allotted, called up and fully paid		
20 ordinary shares of £0.01	**-**	-

	2019	2018
Share premium	**£m**	£m
At 1 January and 31 December	**466.2**	466.2

25. Financial instruments

25(a) Fair values of financial instruments

Fair value

Financial instruments are analysed into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

Financial instruments measured at fair value are the interest rate swaps. This is a level 2 valuation based on techniques noted above.

The carrying values of financial assets and liabilities reasonably approximate their fair values.

Notes *(continued)*

25. Financial instruments *(continued)*

25(a) Fair values of financial instruments (continued)

Financial instruments by category

Group	Financial assets at amortised cost 2019 £m	Fair value – hedging instruments 2019 £m	Other financial liabilities 2019 £m	Total carrying value 2019 £m
Financial assets				
Trade and other receivables (note 17)	51.1	-	-	51.1
Cash and cash equivalents	9.3	-	-	9.3
At 31 December 2019	60.4	-	-	60.4
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	59.9	59.9
Interest accrued on bank loans (note 20)	-	-	5.5	5.5
Lease liabilities *(2018: finance lease liabilities)* (note 18)	-	-	2.8	2.8
Interest rate swaps (note 21)	-	0.1	-	0.1
At 31 December 2019	-	0.1	68.2	68.3
Non-current liabilities				
Loans and borrowings (note 18)	-	-	675.8	675.8
Lease liabilities *(2018: finance lease liabilities)* (note 18)	-	-	274.3	274.3
At 31 December 2019	-	-	950.1	950.1

Company	Financial assets at amortised cost 2019 £m	Fair value – hedging instruments 2019 £m	Other financial liabilities 2019 £m	Total carrying value 2019 £m
Financial assets				
Trade and other receivables (note 17)	29.7	-	-	29.7
At 31 December 2019	29.7	-	-	29.7
Financial liabilities				
Trade and other payables (note 20)	-	-	25.0	25.0
Interest accrued on debt (note 20)	-	-	4.7	4.7
At 31 December 2019	-	-	29.7	29.7

Notes *(continued)*

25. Financial instruments *(continued)*

25(a) Fair values of financial instruments (continued)

Financial instruments by category

Group	Financial assets at amortised cost 2018 £m	Fair value – hedging instruments 2018 £m	Other financial liabilities 2018 £m	Total carrying value 2018 £m
Financial assets				
Trade and other receivables (note 17)	31.3	-	-	31.3
Cash and cash equivalents	48.6	-	-	48.6
Interest rate swaps (note 21)	-	4.4	-	4.4
At 31 December 2018	79.9	4.4	-	84.3
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	56.2	56.2
Interest accrued on bank loans (note 20)	-	-	4.6	4.6
At 31 December 2018	-	-	60.8	60.8
Non-current liabilities				
Loans and borrowings (note 18)	-	-	692.8	692.8
Finance lease liabilities (note 18)	-	-	221.4	221.4
At 31 December 2018	-	-	914.2	914.2

Company	Financial assets at amortised cost 2018 £m	Fair value – hedging instruments 2018 £m	Other financial liabilities 2018 £m	Total carrying value 2018 £m
Financial assets				
Trade and other receivables (note 17)	28.4	-	-	28.4
At 31 December 2018	28.4	-	-	28.4
Financial liabilities				
Trade and other payables (note 20)	-	-	25.0	25.0
Interest accrued on debt (note 20)	-	-	3.4	3.4
At 31 December 2018	-	-	28.4	28.4

The Group's main financial assets comprise cash and cash equivalents, trade and other receivables and two interest rate swaps. The interest rate swaps, while used for hedging purposes, are held on the balance sheet at fair value with movements in the fair value recognised through the profit and loss account.

At 31 December 2019 the Group had Term Loan debt of £688.5m (*2018: £708.5m*). Issue costs for the Term Loan debt were £12.7m (*2018: £15.7m*) and Term Loan debt net of issue costs was £675.8m (*2018: £692.8m*). The Group also had lease liabilities of £277.1m (*2018: finance lease liabilities of £221.4m*). Details of the loans can be found in note 18.

Other than loans noted above the Group has financial liabilities comprising trade and other payables.

Notes *(continued)*

25. Financial instruments *(continued)*

25(b) Credit risk

Financial risk management
The Group's credit risk is primarily attributable to trade receivables. The Group's objective is to reduce the risk of financial loss due to a customer not honouring their obligations. The vast majority of holidays are paid for directly by holiday guests before commencement of their holiday. Credit terms on holidays are only offered to credit worthy corporate agents, again with the vast majority of revenue from these agents paid prior to the holiday being taken. Holiday homes are not released to customers until payment has been received in full or commitment of payment from a finance company has been received. Annual pitch licence fees are paid in advance by holiday home owners or via an agreed direct debit instalment plan. Trade receivables are spread over a large number of customers – reducing the risk of concentrated exposure. The amounts presented in the balance sheet are net of allowances for doubtful debts.

The credit risk of cash or cash equivalents is limited because counterparties are banks with high credit ratings assigned by international credit agencies.

The concentration of credit risk for trade receivables at the balance sheet date by category was:

	2019 £m	2018 £m
Holiday home owners	**30.8**	24.6
Sundry debtors	**0.9**	1.2
	31.7	25.8

Credit quality of financial assets and impairment losses
The ageing of trade receivables at the balance sheet date was:

	Gross 2019 £m	**Impairment 2019 £m**	**Net 2019 £m**	Gross 2018 £m	Impairment 2018 £m	Net 2018 £m
Not past due	**4.1**	**-**	**4.1**	2.1	-	2.1
Past due 0-30 days	**22.7**	**-**	**22.7**	20.9	-	20.9
Past due 31-90 days	**3.4**	**-**	**3.4**	3.6	(0.8)	2.8
More than 90 days	**3.3**	**(1.8)**	**1.5**	1.7	(1.7)	-
	33.5	**(1.8)**	**31.7**	28.3	(2.5)	25.8

Most owner pitch licence fees are payable by 31 December each year and so the amounts are at their highest at the balance sheet date. Overdue balances typically reduce significantly within a few weeks of 31 December each year.

The Company only has receivables with other Group entities and owing to the Group structure. There is no history of default on these receivables therefore the credit risk is negligible.

Notes *(continued)*

25. Financial instruments *(continued)*

25(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Company relies on the Group for funding and so the following disclosures apply to both Group and Company.

The holiday park business is seasonal but predictable. Cash flows are negative in the winter and positive during the main holiday season.

The Group has two Term Loans totalling £688.5m *(2018: £708.5m)*. This comprises of the first lien loan facility of £538.5m *(2018: £558.5m)* and the second lien loan facility of £150.0m *(2018: 150m)*. The borrower of the Term Loans is Richmond Cayman LP, a subsidiary of Onex. The proceeds of the Term Loans have been, in turn, loaned to Richmond CanadaCo, and then to Richmond TowerCo and ultimately to Richmond UK Bidco Limited in loans with identical principal amounts and identical repayment terms, these have been disclosed as bank loans within these financial statements. Richmond Cayman LP's loan is secured by substantially all of the Group's assets. Richmond CanadaCo and Richmond TowerCo are guarantors of the Term Loans.

In addition £221.5m of proceeds was raised from a sale and leaseback transaction of the freeholds or long leasehold of 18 parks over 175 year lease terms and 1 park over a 130 year lease term, with aggregate ground rent of £7.6m per annum subject to Retail Price Index increases capped at 5% and with a floor of 0%.

The Group has no requirements to make any capital repayments on the £538.5m first lien loan facility or on the £150.0m second lien loan facility except for payments of excess cash flow in respect of the first lien loan facility and a prepayment as a condition of the receipt of proceeds from the second tranche of ground rent. This prepayment of £16.5m was made on 31 January 2018. An additional voluntary prepayment of £20.0m was made on 28 February 2019.

The Group has a £100.0m revolving credit facility available up to March 2023 and has sufficient cash resources to meet the working capital requirements of the business for the foreseeable future. The Group's forecasts and projections, taking account of reasonable changes in trading performance, show that the Group should be able to operate within its working capital facilities and banking covenants for the foreseeable future.

The following are the contractual maturities of financial liabilities, including estimated interest payments at the prevailing interest rate at the reporting date but excluding payments of excess cash flow.

	Trade payables 2019 £m	Interest payable 2019 £m	Bank loans 2019 £m	Lease liabilities 2019 £m	Total 2019 £m
Financial liabilities					
0-1 year	59.9	5.5	40.9	13.2	119.5
1-2 years	-	-	40.9	13.0	53.9
2-5 years	-	-	81.8	29.1	110.9
5 years and over	-	-	750.5	1,263.3	2,013.8
Contractual cash flows	59.9	5.5	914.1	1,318.6	2,298.1
Less: interest	-	-	(225.6)	(1,041.5)	(1,267.1)
Less: issue costs	-	-	(12.7)	-	(12.7)
Carrying amount	59.9	5.5	675.8	277.1	1,018.3

Notes *(continued)*

25. Financial instruments *(continued)*

25(c) Liquidity risk (continued)

	Trade payables 2018 £m	Interest payable 2018 £m	Bank loans 2018 £m	Finance lease liabilities 2018 £m	Total 2018 £m
Financial liabilities					
0-1 year	56.2	4.6	42.1	7.4	110.3
1-2 years	-	-	42.1	7.4	49.5
2-5 years	-	-	84.1	14.8	98.9
5 years and over	-	-	771.8	1,190.4	1,962.2
Contractual cash flows	56.2	4.6	940.1	1,220.0	2,220.9
Less: interest	-	-	(231.6)	(998.6)	(1,230.2)
Less: issue costs	-	-	(15.7)	-	(15.7)
Carrying amount	56.2	4.6	692.8	221.4	975.0

The Group has secured bank loans that contain loan covenants based on leverage. A future breach of covenant may require the Group to repay the loans earlier than indicated in the above table. Loan covenants are monitored on a regular basis by management and regularly reported to the Board to ensure compliance. At the year-end management forecasts show comfortable headroom on the loan covenants for the foreseeable future.

25(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's revenue or the value of its holdings of financial instruments.

Interest rate risk
The Group is exposed to interest rate risk on the £688.5m bank debt. The Group's exposure to interest rate risk is managed by use of interest rate swaps which cover the period until May 2021.

The Group's interest rate swaps in place at the balance sheet date are detailed below:

Instrument	**Nominal value £m**	**Swap rate**	**Commencement date**	**Maturity date**	**Fair value 2019 £m**	Fair value 2018 £m
Swap	300.0	0.560%	31 May 2017	31 May 2021	**(0.1)**	2.7
Swap	200.0	0.569%	31 May 2017	31 May 2021	-	1.7

On 31 May 2017 the Group procured two interest rate swaps. The first had a nominal value of £300.0m and a swap rate of 0.560%, with a 0% floor. The second had a nominal value of £200.0m and a swap rate of 0.569% with a 0% floor. Both swaps run until 31 May 2021.

The interest rate swaps at the balance sheet date effectively fix the interest rate on 73% (*2018: 71%*) of the Term Loan bank debt.

Sensitivity analysis
The prevailing rate of interest at the balance sheet date on the bank debt was 5.92% (*2018: 5.89%*). Based on the net debt at 31 December 2019 the annualised interest cost would increase by £0.4m (*2018: £0.4m*) if LIBOR increased by 50 basis points and the annualised interest cost would decrease by £0.1m (*2018: £nil*) if LIBOR decreased by 50 basis points. This has been calculated by applying the interest rate change to the Group's variable rate cash, bank debt and interest rate swaps as at 31 December 2019.

Notes *(continued)*

25. Financial instruments *(continued)*

25(e) Capital management

The capital structure of the Group consists of the first and second lien secured bank debt, the finance lease liabilities, cash and cash equivalents, shareholder loan notes and share capital. Details of share capital are set out in note 24.

The Group's objectives for managing capital include:

- ensuring availability of working capital;
- ensuring sufficient funds for business development;
- planned gradual reduction in leverage; and
- maximise the return to shareholders from business value growth.

26. Capital commitments

The Group had capital commitments to purchase property, plant and equipment for which no provision had been made at the balance sheet date of £53.3m (*2018: £22.1m*). The Company had no capital commitments (*2018: £nil*).

27. Related parties

Transactions with other companies owned or controlled by Onex Corporation

Group

	Management fees paid 2019 £000	**Interest payable 2019 £000**	**Receivable/ (payable) at end of year 2019 £000**	Management fees paid 2018 £000	Interest payable 2018 £000	Receivable/ (payable) at end of year 2018 £000
Richmond Holdings (Jersey) Limited	-	-	12,895	-	-	508
Richmond UK Top Holdco Limited	-	1,187	(29,673)	-	1,398	(28,759)
Onex Partners Manager LP	29	-	-	56	-	-
Richmond TowerCo	-	692	-	-	703	(11)
	29	1,879	(16,778)	56	2,101	(28,262)

Company

	Management fees paid 2019 £000	**Interest payable 2019 £000**	**Payable at end of year 2019 £000**	Management fees paid 2018 £000	Interest payable 2018 £000	Due at end of year 2018 £000
Richmond UK Top Holdco Limited	-	1,187	29,670	-	1,398	28,482

Notes *(continued)*

27. Related parties *(continued)*

Transactions with key management personnel

The compensation of key management personnel including the directors is as follows:

	2019 £000	2018 £000
Wages and salaries including social security costs	**4,904**	2,215
Amounts receivable under long-term incentive schemes (note 23)	**350**	-
Pension costs	**59**	105
	5,313	2,320

There are 9 people included within key management personnel, all of whom are executives.

	Preference shares held 2019 £000	Interest payable during the year 2019 £000	Interest outstanding at 31 December 2019 £000
Directors and key management personnel of the Company	**14,380**	**2,277**	**5,939**

	Preference shares held 2018 £000	Interest payable during year 2018 £000	Interest outstanding at 31 December 2018 £000
Directors of the Company	19,735	2,137	3,782

Directors and key management personnel also hold 74,753 ordinary shares *(2018: 87,201)*.

In the year key management personnel have sold shares to Richmond Holdings (Jersey) Limited for £11.8m which was received in cash. Key management personnel purchased £10.4m of shares from Richmond Holdings (Jersey) Limited, of which £1.0m was cash consideration. £7.5m was funded through limited recourse loans, in the event of a shortfall arising when the shares are ultimately sold, that shortfall element of the loan does not become repayable. Key management personnel received loans for preference share sales of £1.9m in total which remains outstanding at year end. The loans incur interest of the higher of 2.5% per year or the rate specified to be the HMRC Official Rate, which is capitalised on an annual basis from the loan start date to be treated as part of the principal amount, and is secured by the shares. The loans are repayable upon sale of the shares or upon the employee becoming entitled to receive any amounts in respect of the shares, or in the event of employee exit.

A director of the Company purchased a caravan from the Group within the year for £15,890. The amount was outstanding at year end and full consideration has been received prior to the signing of the financial statements.

Notes *(continued)*

28. Ultimate parent undertaking and controlling party

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

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

29. Accounting estimates and judgements

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

Impairment of goodwill
The Group annually tests whether goodwill has been impaired. The recoverable amount of the CGU is based on the higher of value in use or fair value less costs to sell as disclosed in note 12.

Impairment of inventories
Holiday home stock (excluding lodges) is compared to Glass's Guide, which is the industry guide for retail and trade values for holiday home stock. Impairments between carrying value and Glass's Guide 'trade' values are taken to the statement of profit and loss. Used lodge units are valued at purchase price. This is reviewed on an annual basis to confirm that this policy continues to be correct.

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

Present value of lease liabilities
For leases falling under IFRS 16 *Leases*, the lease liability is initially measured as the present value of future lease payments, discounted using the interest rate implicit in the lease where this can be readily determined. However discount rates implicit in the leases cannot be readily determined in most cases and an appropriate discount rate needs to be identified. For portfolios of leases with similar characteristics, discount rates are calculated using observable market inputs if available. Where this is not possible, the discount rates are based on the Group's incremental borrowing rates or interest rates from market transactions as deemed appropriate.