

Richmond UK Holdco Limited

Annual report and financial statements

Registered number 10537415

31 December 2018

COMPANY INFORMATION

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Company Secretary	Judith Archibold
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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 2018. The Company was incorporated on 22 December 2016 and the comparatives in these financial statements for the Company and the Group cover the period from 22 December 2016 to 31 December 2017.

About us

Richmond UK Holdco Limited is a UK parent undertaking of the Group which trades as Parkdean Resorts. 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 a total of circa 31,000 pitches across its parks with the mix of Group-owned hire fleet, touring and camping pitches and owner-occupied pitches varying across the estate. The smallest park has 129 pitches and the largest park 1,934. The Group has four complementary income streams defined below. The business strategy is to deliver an appropriate balance of income streams for each park, reflecting the scale of the park and 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 income together with ancillary income 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.

Holiday home sales

Sale of caravans and lodges to private owners for holiday use on our holiday parks. Holiday homes are sold with a pitch licence agreement allowing a 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 for management within 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 income 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.

On-park spend

Income 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.

Strategic priorities

The Group's strategy is to grow organically by improving service and standards in the existing estate, focused capital investment to increase capacity at parks, upgrading holiday accommodation and improving park facilities, and by extending the holiday season at individual holiday parks.

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 selectively 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 Group's strategic priorities are:

- a) Creating amazing memories for our holiday guests and holiday home owners delivered by our highly engaged people;
- b) Improving our product through investment in upgraded holiday accommodation and holiday park facilities;
- c) Increasing the capacity of our holiday parks through the development of new pitches (including the conversion of touring and camping pitches for holiday caravan and lodge accommodation), additional holiday accommodation, extending the operating season and new park facilities;
- d) Using the scale of the Group to deliver synergistic benefits; and
- e) Pursuing opportunities for value enhancing M&A activity in a highly fragmented sector.

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

CHIEF EXECUTIVE OFFICER'S REVIEW

In 2018 we delivered a strong holiday sales performance in particular through peak season, with additional footfall translating into good revenue increases through on park spend. Conversion of on-park revenue growth into profit was not as strong as we would have liked and this is a key focus for 2019. Owner income remained robust, albeit the shortfall in holiday home sales is now impacting year on year growth. Park closures in March due to the 'Beast from the East', the Easter washout and a tough trading environment in holiday home sales were the key challenges affecting 2018 alongside higher business rates and utility costs.

Holiday sales in our fleet and sub-hire units have performed well, despite a relatively poor start to the year due to weather in February to April, and we benefited from the good weather in the UK over the summer months. Our approach in 2018 drove volume increases but minimal improvement in yield principally due to changes in mix. We expect revenue growth to be more balanced between volume and yield in 2019.

To mitigate the challenges in holiday home sales and capitalise on the opportunities in holiday sales, we increased our hire fleet with an additional 120 caravans and lodges available to hire from July. In total we have increased our hire fleet by 6% during the year. This has helped to drive volume growth in holiday sales in the second half of the year.

Holiday home sales continue to be difficult against a tough consumer environment in the UK for big ticket items with other indicator markets in both car sales and the housing market showing negative comparatives to last year. These challenging market conditions are significantly affecting holiday home sales across the industry with both manufacturers and finance providers confirming the current challenges are sector wide. Sales to existing customers in part exchange deals have been robust however new customers have been more difficult to entice. The lodge market has been difficult, reflecting the much higher prices for these units. The mix shift from lodges to caravans has had a dilutive impact on margin in holiday home sales in 2018.

Holiday home sales was clearly a key focus area for the business during 2018 as we endeavoured to maximise our overall return in the context of the market. The switch to additional hire fleet will provide benefits into 2019 but in the short term couldn't immediately offset the full impact of the holiday home sales shortfall. Other changes in strategy were implemented to ameliorate the issues in this area, including price reductions, promotional trials, blue cross sale and a root and branch review of our sales pipeline. This is similar to the strategy adopted by companies within the Group during the financial turmoil from 2008-2010.

We have had less leavers this year than in 2017 and remain focused on owner retention through service delivery. Current owner numbers are slightly behind prior year due to the challenges in holiday homes sales but still support robust owner income delivery for the year ahead. Billing for 2019 pitch licence fees has been completed with an increase in line with RPI applied to the majority of parks.

We have continued to see growth in food and bar revenue over the prior year and in spend per holiday week, albeit at a lower gross profit in part due to our investment in value as we adjusted the price/portion size mix. We accelerated the roll out of a new EPOS system across the business to improve both control and management information and this is now in situ across the whole estate. We now have a foundation of functionality in place and the next phase will leverage our ability to better control our food and margin yields, representing a key element of our margin improvement plan for 2019.

In common with other hospitality businesses, we have been impacted by a range of cost increases that have eroded margin - business rates, payroll costs (in part driven by the National Living Wage) and food price inflation have all increased ahead of RPI. Whilst some of this has been passed onto the consumer, we have limited 2019 pitch licence fees increases to RPI for our holiday home owners and we continue to focus on driving sales by ensuring our product offer delivers the value our holiday guests are looking for in terms of service, quality and price.

As noted in last year's financial statements we made the decision to close our Hemel Hempstead office and consolidate central support services in our Gosforth office. The physical aspect of this move completed in June 2018 and we now have the opportunity to improve productivity, communication and support to the parks which we expect will deliver benefits in 2019 and beyond.

We continue to invest significantly in park facilities and intend to commit over £40m of capital spend in 2019 in line with previous years. Our investment in technology will continue as we develop our digital capability, leverage our extensive data assets and improve our holiday guest experience. Delivering outstanding park facilities, both for holiday home owners and holiday guests, is a key part of our strategy and helped to support us to the Gold

Award for 'Best Camping & Mobile Holiday Company' and the Silver Award for 'Best UK Family Holiday Park Operator' at the British Travel Awards in December 2018. The British Travel Awards are the UK's largest consumer voted awards and competition was tougher than ever this year. To win a gold and silver in the two categories in which we were nominated is excellent. We are extremely proud of this recognition and it is a great reflection of everyone's efforts across the business and highlights the excellent holiday experience that we provide.

During 2018 we have disposed of a further five parks following the sale of Waterside in December 2017. The combined consideration of £24.0m before working capital adjustments, was in excess of the park's values at the most recent portfolio valuation. This completes our disposal activity which focused on the divestment of parks which did not meet our returns criteria and where the best route to maximising value was via disposal. In our view the estate is now well balanced and no further disposals are expected in the near term. We continue to monitor potential acquisitions across what remains a highly fragmented sector and will purchase parks where we feel we can add value for our shareholders.

Brexit is a major issue for the UK economy and is acting as a drag on consumer confidence and affecting the appetite of potential new owners of holiday homes. However this will likely lead to opportunities in the holiday sales market where price conscious customers will book with us rather than face the increased cost of travel abroad due to the expected weakness in the value of sterling. We have discussed the impact of Brexit with key suppliers and ensured arrangements are in place to minimise any supply or other related disruption.

At this early stage 2019 performance is broadly in line with our growth expectations with strong revenue growth in holiday sales, particularly in direct booking. The holiday home sales market remains challenging but the changes we have made during 2018 should help us to manage performance in this area. We look forward to the business returning to growth in 2019.



John Waterworth
Chief Executive Officer

KEY PERFORMANCE INDICATORS

	AS REPORTED	UNAUDITED	PREVIOUSLY REPORTED	
	Year ended 31 December 2018	Pro-forma ⁽¹⁾ Year ended 31 December 2017	Period ended 31 December 2017	Change v Pro-forma %
Revenue (£m)	432.2	434.1	402.4	(0.4)
EBITDA (£m)	96.6	107.1	113.9	(9.8)
Holiday sales volume (No. holidays) ⁽²⁾	572,047	529,294	N/A	8.1
Holiday home sales volume (No. units) ⁽²⁾	3,962	4,323	N/A	(8.4)
Holiday home owners at 31 December (No.) ⁽²⁾	20,057	20,225	21,310	(0.8)

Revenue

Revenue for the year was £432.2m (*pro-forma 2017: £434.1m*).

EBITDA

EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items. EBITDA is an important measure for the Group of the profitability and cash generation of our trading operations. EBITDA was £96.6m for the year (*pro-forma 2017: £107.1m*).

Holiday sales volume

Holiday sales volume is the number of holidays taken in Group-owned fleet, touring pitches and holiday home owner sub-hire accommodation. Holiday sales volume in 2018 was 572,047 (*pro-forma 2017: 529,294⁽²⁾*) excluding figures for disposed parks from both periods 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 3,962 (*pro-forma 2017: 4,323⁽²⁾*) excluding figures for disposed parks from both periods for consistency.

Number of holiday home owners

The number of holiday home owners is the number of owners at the period end. The number of holiday home owners at 31 December 2018 was 20,057 (*pro-forma 2017: 20,225⁽²⁾*) excluding figures for disposed parks from all periods for consistency.

(1) The unaudited pro-forma results include the results for the Parkdean Resorts business for the calendar year ended 31 December 2017 (to allow a meaningful comparison to be made with the current year). During the comparative period Richmond UK Bidco Limited, a subsidiary of the Company, acquired the Parkdean Resorts Group on 3 March 2017.

(2) Excluding figures for disposed parks from all periods for consistency.

GROUP FINANCIAL REVIEW

Incorporation of the Company and acquisition of Parkdean Resorts

The Company was incorporated on 22 December 2016 for the purpose of acquiring the Parkdean Resorts Topco Limited group of companies.

The reported statutory results for the comparative period consolidate the trading from the date of acquisition of the Parkdean Resorts group on 3 March 2017. As such, in order to aid the comparison of year on year results, the directors have deemed it appropriate to provide and analyse pro-forma results for the Group as if the acquisition and current funding structure were in place from 1 January 2017.

The financial review of the statement of profit and loss has been written in relation to changes between the year ended 31 December 2018 and the pro-forma results for the year ended 31 December 2017 unless otherwise specified. All balance sheet information is at 31 December 2018.

Overview

	AS REPORTED	UNAUDITED	PREVIOUSLY REPORTED	
	Year ended 31 December 2018 £m	Pro-forma ⁽¹⁾ Year ended 31 December 2017 £m	Period ended 31 December 2017 £m	Change v Pro-forma %
Revenue	432.2	434.1	402.4	(0.4)
EBITDA	96.6	107.1	113.9	(9.8)
Operating exceptional items ⁽²⁾	2.2	21.6	20.6	(89.8)
Operating profit excluding exceptional items and impairment of goodwill	57.3	63.5	78.2	(9.8)
Operating (loss)/profit	(75.6)	0.1	15.8	(75,700.0)
Net finance expense	53.5	53.4	43.0	(0.2)
Loss before tax	129.1	53.3	27.2	142.2
Tax charge	3.8	N/A	7.5	N/A
Retained loss	132.9	N/A	34.7	N/A
Non-current assets	1,374.6	N/A	1,528.1	N/A
Interest bearing loans and borrowings	914.2	N/A	927.8	N/A
Cash and cash equivalents	48.6	N/A	93.2	N/A
Leverage ⁽³⁾	7.4	6.3	5.9	N/A

⁽¹⁾ The reported comparatives cover the period from incorporation of the Company on 22 December 2016 to 31 December 2017 and include the results of the Parkdean Resorts group from the date of its acquisition on 3 March 2017. To facilitate the comparison of year on year numbers, pro-forma results have been prepared for the Group as if the acquisition of the Parkdean Resorts group had taken place on 1 January 2017. The pro-forma statement of profit and loss includes the trading results for the period 1 January 2017 to 31 December 2017.

⁽²⁾ Exceptional items are items that are unusual in size and incidence such that their separate disclosure is important when assessing underlying performance. See below or in note 5 for further details.

⁽³⁾ Leverage is defined as net debt (external debt excluding finance lease liability less cash and cash equivalents) over EBITDA. In both reported and pro-forma this has been adjusted for 12 month equivalent ground rent payments of £7.4m by deducting this amount from EBITDA.

Revenue

Revenue in the year was £432.2m (*pro-forma 2017: £434.1m*), a reduction of £1.9m. This was driven by holiday home sales where revenue declined by 11% in the year due to challenging market conditions. All other areas of the business saw revenue growth with holiday sales in particular growing strongly at 7% year on year, driven mainly by volume, and focused in direct sales rather than promotional. On-park spend also had a strong year with revenue growing by 7% as the menu and team changes introduced last year had a positive impact. Owner income grew by 2% with pitch licence fees being increased in line with inflation at most parks and reduced owner leavers in the year offsetting the impact of lower holiday home sales.

EBITDA

EBITDA was £96.6m (*pro-forma 2017: £107.1m*) a 10% decline year on year. As with revenue, the key driver of this was holiday home sales contribution which reduced by 17% as margins were reduced in an attempt to drive volume. Holiday sales contribution grew although margin declined slightly, driven by pricing outside peak periods. On-park spend showed modest contribution growth but significantly less than revenue increases; this is a key focus for next year now that the new EPOS system has been rolled out. Owner income contribution grew in line with owner income revenue as margins were maintained. As in the prior year overheads were challenging with energy costs and wages continuing to increase, the latter significantly affected by National Living Wage increases ahead of inflation.

Operating exceptional items

Exceptional items were £2.2m in the year (*pro-forma 2017: £21.6m*) and were mainly costs in relation to the closure of the Hemel Hempstead office which was completed in June 2018. Exceptional costs are shown below:

	AS REPORTED	UNAUDITED	PREVIOUSLY REPORTED
	Year ended 31 December 2018 £m	Pro-forma ⁽¹⁾ Year ended 31 December 2017 £m	Period ended 31 December 2017 £m
Costs in relation to the acquisition of the Group by Richmond UK Bidco Limited	-	18.4	17.4
Integration, transition and restructuring costs	1.6	1.3	1.3
Other costs	0.6	1.9	1.9
Total	2.2	21.6	20.6

⁽¹⁾ The reported comparatives cover the period from incorporation of the Company on 22 December 2016 to 31 December 2017 and include the results of the Parkdean Resorts group from the date of its acquisition on 3 March 2017. To facilitate the comparison of year on year numbers, pro-forma results have been prepared for the Group as if the acquisition of the Parkdean Resorts group had taken place on 1 January 2017. The pro-forma statement of profit and loss includes the trading results for the period 1 January 2017 to 31 December 2017.

Further details on exceptional costs are given in note 5.

Operating loss

Operating loss was £75.6m for the year (*pro-forma 2017: profit of £0.1m*). The £75.7m reduction in operating profit year on year is due to the factors summarised in the table below:

	Movement £m	Notes
EBITDA	(10.5)	• Fundamentally due to market challenges in holiday home sales, together with increased overhead costs
Exceptional items	19.4	• Prior year included substantial fees in relation to the acquisition of the Group by Onex
Depreciation	2.5	• The sales of parks in the year have reduced the depreciation charge
Amortisation	(0.9)	• Higher amortisation as a result of increased software licences
Impairment	(88.9)	• A further impairment charge has been recognised in the year in relation to the goodwill generated from the purchase of the Parkdean Resorts group
Profit on disposal	2.7	• In the current year a profit has been generated on the sale of 5 parks
Reduction in operating profit	(75.7)	

Operating profit excluding exceptional items and impairment was £57.3m (*pro-forma 2017: £63.5m*).

Net finance expense

Net finance expense is consistent year on year with an increase of approximately 0.25% in LIBOR during the year being offset by lower interest as a result of the £16.5m loan repayment made in February 2018.

Tax

Our tax charge has reduced due to performance in the current year and fewer non-deductible expenses than in the prior period.

Non-current assets

Non-current assets of £1,374.6m (2017: £1,528.1m) include tangible assets of £1,281.8m (2017: £1,302.7m) and intangible assets of £92.8m (2017: £225.4m). Tangible assets in the Parkdean Resorts group were valued at £1,315.6m at acquisition. Intangible assets are made up of £63.2m (2017: £193.9m) of goodwill arising on the purchase of the Parkdean Resorts group, £27.9m (2017: £31.5m) of other intangibles relating to the Parkdean Resorts brand and some leases with beneficial or disadvantageous terms, and £1.7m (2017: £nil) of software licences.

Total debt and leverage

At the year end, debt comprised two secured term loan facilities totalling £708.5m (2017: £725.0m), the first lien facility of £558.5m expiring in 2024 and the second lien facility of £150.0m expiring in 2025. These facilities were drawn on 3 March 2017 as part of the acquisition of the Parkdean Resorts group. On 31 January 2018, a £16.5m prepayment was made against the first lien term loan facility.

In addition 19 of the holiday parks owned by the Group are held under ground rent finance leases totalling £221.4m at the balance sheet date (2017: £221.4m). The ground rent transactions were completed in two phases – the first, completed on 3 March 2017, generated £150.0m through the sale and leaseback of 10 parks and the second on 18 July 2017, generated £71.5m from 9 parks. The leases are for 175 years for 18 of the parks and 130 years for one park. The payments increase annually in line with RPI, capped at 5% with a 0% floor.

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 7.4x for 2018 which is comfortably within the level required by the covenant in 2019 of 10.0x. Based on sensitised forecasts there is no reasonably foreseeable scenario which would result in a covenant breach.

The Group has an undrawn Revolving Credit Facility of £100m of which £10m is allocated as an ancillary overdraft facility. The remaining £90m can be drawn with 1 day's notice and expires in 2023.

A £75m 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 £50m of this loan note was repaid.

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

Other significant events in the year

During the year the Group sold five holiday parks for a combined consideration of £24.0m before working capital adjustments, generating a profit on disposal of £3.0m.

During 2018 the Group undertook a corporate reorganisation to remove a number of dormant, non-trading companies from the Group. As all the companies being wound up are solvent, members' voluntary liquidations are being used to effect the dissolutions. The appointment of liquidators took place on 26 June 2018 and it is expected that the companies will be dissolved in the first half of 2019.

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.

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 RPI, 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 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.

Risk description and impact	How we mitigate our risks
OPERATIONAL RISKS	
<p>Health and safety The Group employs over 6,800 people during peak season (including those on seasonal contracts) and welcomes over 2 million holiday guests to our parks every year. There is therefore an ongoing risk of health and safety incidents. We understand our duty of care to protect the safety and security of our people, customers and other visitors to the parks.</p>	<p>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. A Health and Safety steering committee, chaired by the Chief Executive Officer, meets on a quarterly basis to review performance with monthly updates and regular calls between committee meetings.</p>
<p>Business continuity The Group is at risk of a business continuity incident affecting parks, offices or critical systems.</p>	<p>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.</p>
<p>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 propriety and third party systems. There is a risk of system or network failure and of a cyber-security breach.</p>	<p>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 and security. 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.</p>
<p>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.</p>	<p>The Group employs a dedicated compliance team and has a comprehensive FCA and Gambling Commission compliance programme. This includes training to all of the Group's sales and on-park management teams and monitoring ongoing compliance. Processes have been reviewed and all our people have been given training to ensure compliance with the General Data Protection Regulation which came into force on 25 May 2018.</p>

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 £558.5m 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 and 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 income 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. 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. When the Group identifies a receivable that may not be recoverable, this is followed up as a priority.
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 £500m of debt with interest rate swaps that run to May 2021. This provides coverage on 71% of the floating rate debt held by the Group.


John Waterworth
Chief Executive Officer

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15 February 2019

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group and the Company for the year ended 31 December 2018.

Results for the year

The loss for the year after tax amounted to £132.9m (*period ended 31 December 2017: £34.7m*). 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 pages 3 and 4.

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 2018 (*period ended 31 December 2017: 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 \$33 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.

Prior to the sale to Onex on 3 March 2017 Parkdean Resorts Topco Limited and all its subsidiaries were jointly controlled by Electra Private Equity Partners 2006 Scottish LP, then managed by Epiris (formerly Electra Partners LLP), and by Alchemy Partner Nominees Limited who held shares on behalf of investors in the Alchemy Investment Plan, controlled by Alchemy Partners (Guernsey) Limited.

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.

Directors

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

John Waterworth	
Ian Bull	Resigned 29 June 2018
Ian Kellett	Appointed 30 June 2018
Chrisanth Gradischnig	Appointed 19 June 2018
Anthony Morgan	Appointed 19 June 2018
Simon Perry	Appointed 19 June 2018
Martin Robinson	Appointed 19 June 2018

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

Corporate governance

Although private companies are not required to report on compliance with the provisions of the Combined Code on Corporate Governance the Group operates within a framework that adheres to good governance and responsibility.

Group Board of Directors

The Board comprises the Non-Executive Chairman, two executive directors and two non-executive directors. The Board provides strategic leadership and oversight. Each director brings experience, independence of character and judgement to their role.

John Waterworth – Chief Executive Officer

John was appointed Chief Executive Officer of Parkdean Resorts, following the merger of Parkdean Holidays ('Parkdean') with Park Resorts in November 2015 and was previously Chief Executive of Parkdean.

John has over 30 years' experience in the leisure industry. John led Parkdean from its creation in 1999, leading the business to an IPO on the AIM in 2002, followed by the acquisition of Weststar (4 parks) in 2007. Prior to his role at Parkdean, John held various roles at Butlins, Warners, Granada Entertainments and Vardon Holidays.

John currently sits on a number of National Caravan Council Committees. John is also a member of the Tourism Council and a non-executive director of The Entrepreneurs Forum Limited. John is a former director of the National Caravan Council and Lincolnshire Training and Enterprise Council.

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 vets 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.

Anthony Morgan – Non-Executive Investor Director

Anthony manages Onex Partners' European origination in the Industrials, Chemicals, Consumer and Retail & Restaurants sectors.

Prior to joining Onex, Anthony was with the Canada Pension Plan Investment Board as a Vice President in the Principal Investing Group. In this role, he led various investments including Livingston International, Aricent Technologies, Bank of America Merchant Services and Tomkins. Previously, Anthony worked for private equity firms Alchemy Partners and Permira in London.

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.

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 board of Arowana International Limited.

Martin Robinson – Non-Executive Chairman

Martin has spent much of his career in the leisure sector. As well as serving as CEO 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.

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 2018 (*period ended 31 December 2017: nil*).

Corporate, social and environmental matters

The Group has a strong commitment to having a sustainable business and acting responsibly in all our relationships and interactions with various stakeholders.

Customer feedback

The Group is focused on ensuring that each of the parks achieves and maintains a high level of customer experience. During the year ended 31 December 2018 we sold 572,047 holidays. The Group collects data via our online holiday guest feedback application supported by Reevo. In 2018 our overall score across our parks out of 10 was 8.1 (2017: 8.0).

Environment

Many of the Group's parks are in areas of natural beauty and conservation areas. Conservation of the environment is of paramount 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.

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

Community

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

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 91% 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 2018 we held 209 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 418 'Star Performer' awards to those who brought our Company values to life by demonstrating an outstanding contribution to our success. We also presented a tremendous 2,812 LOUD awards to those who have gone above and beyond in their day-to-day jobs. Our Celebrating YOU! programme recognised 879 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 professional bodies, such as the Institute of Leadership and Management (ILM) to ensure our people have highly valued, industry-recognised qualifications. As an ILM recognised centre, delivering Level 3 and Level 5 qualifications, we are delighted to report a 100% pass rates for our 2018 Level 3 group.

Parkdean Resorts 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 newly launched apprenticeship standards.

Our team also started the direct delivery of training to 33 of our Rising Stars in June this year. The programme gives us the opportunity to train our people our way and has been designed to develop skills and capabilities so they can continuously deliver on our customer promise. This programme is already showing very promising results, with 21% of participants already gaining promotion.

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 2018 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	86%	1	14%	7
Team members	1,577	54%	1,336	46%	2,913
TOTAL	1,583	54%	1,337	46%	2,920

Board directors – Statutory directors and officers


Team members – All other people

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

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
15 February 2019

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 company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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 2018 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 2018 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 at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, 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 17, 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

15 February 2019

Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2018

		Year ended 31 December 2018 £m	Period ended 31 December 2017 £m
	<i>Note</i>		
Revenue	4	432.2	402.4
Cost of sales		(120.3)	(114.9)
Gross profit		311.9	287.5
Administrative expenses		(387.5)	(271.7)
Operating (loss)/profit		(75.6)	15.8
<i>Analysed as:</i>			
EBITDA *		96.6	113.9
Depreciation	6	(37.2)	(32.5)
Amortisation	6	(4.8)	(3.2)
Impairment of goodwill	6	(130.7)	(41.8)
Exceptional items	5	(2.2)	(20.6)
Profit on disposal	11	2.7	-
Operating (loss)/profit		(75.6)	15.8
Finance income	9	1.7	3.3
Finance expense	9	(55.2)	(46.3)
Net finance expense		(53.5)	(43.0)
Loss before tax		(129.1)	(27.2)
Tax	10	(3.8)	(7.5)
Loss for the year/period **		(132.9)	(34.7)

* EBITDA represents earnings before interest, tax, depreciation, amortisation, impairment, exceptional items and park and other fixed asset disposals.

** attributable to equity holders of the parent

The Group has no items of comprehensive income other than the results for the current year or prior period 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 2018

	<i>Note</i>	2018 £m	2017 £m
Non-current assets			
Property, plant and equipment	11	1,281.8	1,302.7
Intangible assets	12	92.8	225.4
		<u>1,374.6</u>	<u>1,528.1</u>
Current assets			
Inventories	16	30.2	33.9
Tax receivable		-	1.2
Other financial assets	14	4.4	3.0
Trade and other receivables	17	40.3	39.9
Cash and cash equivalents		48.6	93.2
		<u>123.5</u>	<u>171.2</u>
Total assets		<u>1,498.1</u>	<u>1,699.3</u>
Current liabilities			
Interest bearing loans and borrowings	18	-	(16.5)
Trade and other payables	19	(158.4)	(214.9)
Tax payable		(1.2)	-
		<u>(159.6)</u>	<u>(231.4)</u>
Non-current liabilities			
Interest bearing loans and borrowings	18	(914.2)	(911.3)
Deferred tax liabilities	15	(125.7)	(125.1)
		<u>(1,039.9)</u>	<u>(1,036.4)</u>
Total liabilities		<u>(1,199.5)</u>	<u>(1,267.8)</u>
Net assets		<u>298.6</u>	<u>431.5</u>
Equity			
Share capital	21	-	-
Share premium	21	466.2	466.2
Retained earnings		(167.6)	(34.7)
Total equity		<u>298.6</u>	<u>431.5</u>

These financial statements were approved by the Board of directors on 15 February 2019 and were signed on its behalf by:



Ian Kellett
Director

Company registered number: 10537415

Company balance sheet
at 31 December 2018

	<i>Note</i>	2018 £m	2017 £m
Non-current assets			
Investments	13	298.6	466.2
Current assets			
Trade and other receivables	17	28.4	78.0
Total assets		<u>327.0</u>	<u>544.2</u>
Current liabilities			
Trade and other payables	19	(28.4)	(78.0)
Total liabilities		<u>(28.4)</u>	<u>(78.0)</u>
Net assets		<u>298.6</u>	<u>466.2</u>
Equity			
Share capital	21	-	-
Share premium	21	466.2	466.2
Retained earnings		(167.6)	-
Total equity		<u>298.6</u>	<u>466.2</u>

These financial statements were approved by the Board of directors on 15 February 2019 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	Retained earnings £m	Total equity £m
Balance at 22 December 2016	-	-	-	-
Total comprehensive loss for the period				
Loss for the period	-	-	(34.7)	(34.7)
Transactions with owners, recorded directly in equity				
Issue of shares (note 21)	-	466.2	-	466.2
Balance at 31 December 2017	<u>-</u>	<u>466.2</u>	<u>(34.7)</u>	<u>431.5</u>
Balance at 1 January 2018	-	466.2	(34.7)	431.5
Total comprehensive loss for the year				
Loss for the year	-	-	(132.9)	(132.9)
Balance at 31 December 2018	<u>-</u>	<u>466.2</u>	<u>(167.6)</u>	<u>298.6</u>

Company statement of changes in equity

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 22 December 2016	-	-	-	-
Total comprehensive loss for the period				
Result for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Issue of shares (note 21)	-	466.2	-	466.2
Balance at 31 December 2017	<u>-</u>	<u>466.2</u>	<u>-</u>	<u>466.2</u>
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	<u>-</u>	<u>466.2</u>	<u>(167.6)</u>	<u>298.6</u>

Consolidated cash flow statement
for the year ended 31 December 2018

		Year ended 31 December 2018 £m	Period ended 31 December 2017 £m
	<i>Note</i>		
Cash flows from operating activities			
Loss for the year/period		(132.9)	(34.7)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	6	172.7	77.5
Finance income	9	(1.7)	(3.3)
Finance expense	9	55.2	46.3
Profit on sale of property, plant and equipment	11	(2.7)	-
Tax	10	3.8	7.5
		94.4	93.3
Increase in trade and other receivables		(0.5)	(15.6)
Decrease/(increase) in inventories		3.7	(6.4)
Repayment of loan note with parent		(50.0)	-
Proceeds from loan note with parent		-	75.0
(Decrease)/increase in trade and other payables		(0.9)	5.6
		46.7	151.9
Interest paid		(55.7)	(40.8)
Tax paid		(0.8)	(3.1)
Net cash from operating activities		(9.8)	108.0
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		24.1	3.2
Interest received		0.2	0.1
Acquisition of subsidiaries net of cash received		-	(385.8)
Acquisition of property, plant and equipment		(39.9)	(36.8)
Acquisition of intangible assets		(2.6)	-
Net cash from investing activities		(18.2)	(419.3)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	425.0
Proceeds from new term loans	18	-	725.0
Issue costs on new term loans		-	(21.0)
Repayment of term loans including accrued interest	18	(16.5)	(530.8)
Repayment of loan notes including accrued interest	18	-	(415.1)
Proceeds from ground rent finance leases		-	221.5
Repayment of ground rent finance lease liabilities		(0.1)	(0.1)
Net cash from financing activities		(16.6)	404.5
Net (decrease)/increase in cash and cash equivalents		(44.6)	93.2
Cash and cash equivalents at start of financial year/period		93.2	-
Cash and cash equivalents at 31 December		48.6	93.2

Company cash flow statement
for the year ended 31 December 2018

		Year ended 31 December 2018	Period ended 31 December 2017
	<i>Note</i>	£m	£m
Cash flows from operating activities			
Loss for the year/period		(167.6)	-
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	13	167.6	
Finance income	9	(1.4)	(3.0)
Finance expense	9	1.4	3.0
		<hr/>	<hr/>
Decrease/(increase) in trade and other receivables		50.0	(75.0)
(Decrease)/increase in trade and other payables		(50.0)	75.0
		<hr/>	<hr/>
Interest paid		(0.9)	-
Tax paid		-	-
		<hr/>	<hr/>
Net cash from operating activities		(0.9)	-
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of subsidiaries		-	(425.0)
Interest received		0.9	-
		<hr/>	<hr/>
Net cash from investing activities		0.9	(425.0)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from the issue of share capital		-	425.0
		<hr/>	<hr/>
Net cash from financing activities		-	425.0
		<hr/>	<hr/>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at start of financial year/period		-	-
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		-	-
		<hr/>	<hr/>

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.

The financial statements' comparative period covers the 374 day period from 22 December 2016, the date of incorporation, to 31 December 2017 and include the results of the Parkdean Resorts group from the date of its acquisition on 3 March 2017. For convenience this period is referred to as the period ended 31 December 2017 in these financial statements.

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.

This is the first set of the Group's financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. There are no significant changes which have arisen as result of implementing these standards. Changes to disclosures are described in note 3 and revenue recognition under IFRS 15 is explained in note 1.17.

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 28.

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 the 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 £558.5m 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 and sufficient cash resources to meet the working capital requirements of the business going forward.

Notes (continued)

1. Accounting policies (continued)

1.3 Going concern (continued)

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.

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.

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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below. The ground rent sale and leaseback transactions in the prior period have been accounted for as finance leases.

Notes (continued)

1. Accounting policies (continued)

1.10 Property, plant and equipment (continued)

Depreciation is charged to the profit and loss account 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 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.

1.12 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 the profit and loss account 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 the profit and loss account 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
Leases	Unexpired lease period
Software	3-5 years

Notes (continued)

1. Accounting policies (continued)

1.13 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.

1.14 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

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

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

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.

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.

Notes (continued)

1. Accounting policies (continued)

1.15 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 the profit and loss account in the periods when the contributions fall due.

1.16 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.

1.17 Revenue

Revenue represents the amounts (excluding VAT) received from the provision of goods and services to customers. The revenue recognition for each income stream is the same under IFRS 15 as under IAS 18, the policies below outline the revenue recognition for each area of the business.

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.

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.

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. Deferred income represents cash received in advance from owners for pitch licence fees.

1.18 Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses

Finance expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions that are recognised in the profit and loss account. 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 comprise interest receivable on funds invested and dividend income.

Notes (continued)

1. Accounting policies (continued)

1.18 Expenses (continued)

Interest income and interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account 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.

1.19 Tax

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1.20 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.

1.21 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements.

- IFRS 16 *Leases* (effective date: 1 January 2019) – The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its ability to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Notes (continued)

1. Accounting policies (continued)

1.21 Adopted IFRS not yet applied (continued)

The Group has completed substantial amounts of work to identify leases and confirm their details over the last year. The current intention of the Group is to apply the modified retrospective approach where the cumulative effect of initially applying IFRS 16 is recognised at the date of initial application. We also expect that we will recognise asset values based on the value which would be included in the financial statements had IFRS 16 been in place at the date of acquisition.

We expect to utilise three exemptions when applying IFRS 16:

- Short-term leases – where we utilise assets under a lease term of 12 months we can expense the payments on a straight line basis. This will affect a large number of park assets which are only leased during the period when the park is open.
- Low value leases – where the asset being leased is of a low value we intend to expense the payments on a straight line basis.
- Non lease components – as a practical expedient we will not be separating out non-lease components such as servicing and maintenance charges for the calculation of the lease liability and right of use asset value.

A key judgement which has been made when determining the liability and asset values of the leases is the discount rate utilised. These are:

Long term land	3%
Medium term land	8% – 10%
Short term land	10%
Offices	8%
Other	10%

We expect to recognise a total liability of circa £35m on transition, asset value of circa £25m and therefore an equity adjustment of circa £10m.

Of the other Adopted IFRSs that have been issued but have not been applied, none are expected to have a material impact on the Group's financial statements.

2. Acquisitions of businesses

Acquisitions in the prior period

On 3 March 2017, Richmond UK Bidco Limited, a direct subsidiary of the Company, acquired Parkdean Resorts Topco Limited and its subsidiaries ('the Parkdean Resorts group') for consideration of £436.3m, satisfied by a combination of cash and loan notes. The Company and its immediate subsidiaries were incorporated for the purpose of acquiring the Parkdean Resorts group. If the acquisition had occurred on 1 January 2017 Group revenue would have been £434.1m, operating profit before exceptional items and impairment would have been £63.5m and operating profit would have been £0.1m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2017.

No adjustment has been made to the fair values recognised at 31 December 2017.

2. Acquisitions of businesses (*continued*)

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

Acquiree's net assets at the acquisition date

	Book value 3 March 2017 £m	Revaluation adjustment £m	Other fair value adjustments £m	Fair value 3 March 2017 £m
Property, plant and equipment	971.0	344.6	-	1,315.6
Intangible assets	30.6	3.9	-	34.5
Inventories	27.5	-	-	27.5
Trade and other receivables	24.4	-	-	24.4
Cash and cash equivalents	9.3	-	-	9.3
Interest bearing loans and borrowings	(937.5)	-	-	(937.5)
Accrued interest on loans and borrowings	(8.4)	-	-	(8.4)
Trade and other payables	(141.7)	-	(2.7)	(144.4)
Deferred tax liabilities	(58.0)	(64.5)	2.1	(120.4)
Net identifiable assets and liabilities	<u>(82.8)</u>	<u>284.0</u>	<u>(0.6)</u>	<u>200.6</u>
Consideration paid:				
Cash price paid				395.1
Loan notes issued				41.2
Total consideration				<u>436.3</u>
Goodwill on acquisition (note 12)				<u>235.7</u>

The directors commissioned an independent property valuation by CBRE in November 2016. The valuation calculated the market value of the land and buildings as at November 2016 based on the stabilised earnings (profit) methodology. The valuation was compared to the carrying value of the Group's land and buildings as at 3 March 2017 and a revaluation gain of £344.6m was recognised in the fair value balance sheet. The directors consider there to have been no material change in value between November 2016 and 3 March 2017 as no substantial trading occurred which would impact the underlying earnings figures and there is no evidence of any significant changes in market multiples between November 2016 and 3 March 2017.

The directors commissioned an independent valuation of intangible assets by Valuation Consulting LLP. This identified the brand as a separately identified intangible asset. The brand, including park names, children's characters and website domain names, was valued on a relief from royalty basis and this valuation was compared to the carrying value as at 3 March 2017. This resulted in a revaluation gain of £3.9m which was recognised in the fair value balance sheet.

An increase in the deferred tax liability of £64.5m was recognised as a result of the fair value adjustments made.

The directors also commissioned an independent valuation of potential lease intangibles by CBRE. The valuation calculated the difference between the current rent agreement and market rent derived from comparable market transactions. There was no difference identified between the carrying value of £5.1m in the acquiree's balance sheet and the fair value.

Other fair value adjustments relate to sundry adjustments for tax and deferred tax as at 3 March 2017.

Certain members of management subscribed for equity instruments in the owner of the Company's parent, Richmond Holdings (Jersey) Limited, as part of the sale of the Parkdean Resorts group to Richmond UK Bidco Limited. These are considered to have been issued at fair value because the price was agreed on a cash basis.

Notes (continued)

2. Acquisitions of businesses (continued)

Goodwill has arisen primarily due to expected long term growth, in recognition of management's proven track record, and as a result of opportunities that are expected to arise to optimise performance in the Group's estate. The property, plant and equipment valuation prepared by CBRE was done on an individual park basis and therefore these benefits are not captured in the valuation of property, plant and equipment.

Acquisition related costs on this transaction totalled £17.4m being legal and professional fees and are disclosed as exceptional items (note 5) of which £0.1m was payable to the Group's auditors for tax advice.

3. Changes in significant accounting policies

The Group has initially applied IFRS 15 from 1 January 2018 and as described in note 1 there is no change in revenue recognition as a result of implementing IFRS 15. A number of other new standards, including IFRS 9, are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Trade and other payables	Amounts without adoption of IFRS 15	Adjustments	As reported
	£m	£m	£m
Deferred income	78.1	78.1	-
Contract liabilities	-	(78.1)	78.1
	<u>78.1</u>	<u>(78.1)</u>	<u>78.1</u>

As a result of the transition to IFRS 15 amounts which were previously described as deferred income in the financial statements are now described as contract liabilities. There has been no change in the nature of these amounts, which represent cash received from holiday home owners and holiday guests in advance of services being provided.

4. Revenue

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Revenue from UK holiday parks	<u>432.2</u>	<u>402.4</u>
Timing of revenue recognition		
Products transferred at a point in time	210.7	206.2
Products and services transferred over time	221.5	196.2
	<u>432.2</u>	<u>402.4</u>

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)

5. Exceptional items

Included in the profit and loss account are the following:

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Acquisition costs	-	17.4
Restructuring costs	1.6	1.3
Other costs	0.6	1.9
	<hr/>	<hr/>
Total exceptional items included in administrative expenses	2.2	20.6
	<hr/>	<hr/>

Acquisition costs

Acquisition costs are items of one-off expenditure incurred in connection with the acquisition of the Parkdean Resorts group.

Restructuring costs

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.

Other

Other exceptional costs relate to other one off costs incurred in the year/period.

6. Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Depreciation of property, plant and equipment	37.2	32.5
Amortisation of intangible assets	4.8	3.2
Impairment of goodwill	130.7	41.8
Operating lease rentals	4.8	4.1
	<hr/>	<hr/>

Auditor's remuneration

	Group Year ended 31 December 2018 £000	Group Period ended 31 December 2017 £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	336	385
Tax advisory	14	114
All other services	23	23
	<hr/>	<hr/>

The ratio of non-audit fees to audit fees for the current year was 0.11:1 (2017: 0.35:1).

Notes (continued)

7. People numbers and costs

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

	Group Year ended 31 December 2018 Number	Group Period ended 31 December 2017 Number
Established	1,683	1,770
Seasonal	3,565	3,579
	<u>5,248</u>	<u>5,349</u>

The aggregate payroll costs of these people was as follows:

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Wages and salaries	107.4	89.5
Social security costs	6.4	4.9
Contributions to defined contribution plans (note 20)	1.0	0.8
	<u>114.8</u>	<u>95.2</u>

8. Directors' remuneration

	Company Year ended 31 December 2018 £000	Company Period ended 31 December 2017 £000
Directors' remuneration	<u>1,079</u>	<u>673</u>

The aggregate amount of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £458,932 (2017: £382,355) and no pension contributions (2017: £nil) were made by the Group on their behalf.

There are no retirement benefits accruing to directors (2017: £nil).

Notes (continued)

9. Finance income and expense

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Finance income		
Net gain on financial instruments designated as fair value through profit or loss	1.4	3.0
Interest receivable on bank balances	0.1	0.1
Unwind of discount on lease intangibles	0.2	0.2
Total finance income	<u>1.7</u>	<u>3.3</u>
Finance expense		
Interest payable to related parties (note 26)	2.1	3.6
Interest payable on bank loans	42.9	35.4
Interest payable on finance leases	7.3	4.9
Amortisation of issue costs of bank loans	2.9	2.4
Total finance expense	<u>55.2</u>	<u>46.3</u>

10. Tax

Recognised in the profit and loss account

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Current tax		
Current period	5.3	2.8
Group relief receivable	(2.1)	-
Current tax charge	<u>3.2</u>	<u>2.8</u>
Deferred tax		
Origination and reversal of temporary differences	0.6	4.8
Reduction in tax rate	-	(0.1)
Deferred tax charge (note 15)	<u>0.6</u>	<u>4.7</u>
Total tax charge	<u>3.8</u>	<u>7.5</u>

Notes (continued)

10. Tax (continued)

Reconciliation of effective tax rate

	Group Year ended 31 December 2018 £m	Group Period ended 31 December 2017 £m
Loss for the year/period	(132.9)	(34.7)
Total tax charge	3.8	7.5
Loss excluding tax	<u>(129.1)</u>	<u>(27.2)</u>
Effects of:		
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	(24.5)	(5.2)
Non-deductible expenses	28.2	15.5
Non-taxable income	(0.6)	-
Impact of reduction in rate on deferred tax	-	(0.1)
Temporary differences not recognised	3.3	-
Recognition of previously unrecognised deferred tax asset	(0.5)	(0.1)
Adjustment in relation to prior period	(2.1)	-
Capital disposals	-	(2.6)
Total tax charge	<u>3.8</u>	<u>7.5</u>

Factors affecting current and future tax charges

The Group has tax losses of £29.3m (2017: £49.2m) available to relieve against future profits of the Group. £16.6m (2017: £17.6m) of this is in relation to capital losses with the remaining £12.7m (2017: £31.6m) in relation to trading losses brought forward. The corporate simplification exercise undertaken by the Group during the year eliminated £15.7m of non-accessible losses held in non-trading entities which had not been previously recognised.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were 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 will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2018 have been calculated based on these rates.

Notes (continued)

11. Property, plant and equipment

Group	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2018	1,170.8	18.4	140.4	1,329.6
Additions	-	4.3	33.4	37.7
Disposals	(18.8)	(0.7)	(14.4)	(33.9)
Balance at 31 December 2018	1,152.0	22.0	159.4	1,333.4
Depreciation and impairment				
Balance at 1 January 2018	10.5	3.1	13.3	26.9
Depreciation charge for the year	9.8	3.8	23.6	37.2
Disposals	(0.4)	(0.5)	(11.6)	(12.5)
Balance at 31 December 2018	19.9	6.4	25.3	51.6
Net book value				
At 31 December 2018	1,132.1	15.6	134.1	1,281.8
At 1 January 2018	1,160.3	15.3	127.1	1,302.7
Cost				
Balance at 22 December 2016	-	-	-	-
Acquisitions through business combinations (note 2)	1,173.1	13.4	129.1	1,315.6
Additions	-	5.3	17.5	22.8
Disposals	(2.3)	(0.3)	(6.2)	(8.8)
Balance at 31 December 2017	1,170.8	18.4	140.4	1,329.6
Depreciation and impairment				
Balance at 22 December 2016	-	-	-	-
Depreciation charge for the period	10.6	3.2	18.7	32.5
Disposals	(0.1)	(0.1)	(5.4)	(5.6)
Balance at 31 December 2017	10.5	3.1	13.3	26.9
Net book value				
At 31 December 2017	1,160.3	15.3	127.1	1,302.7
At 22 December 2016	-	-	-	-

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.

During the year the Group disposed of the trade and assets of 5 (2017: 1) holiday parks for a total consideration of £23.7m (2017: £3.2m), with a net profit of £3.0m (2017: loss of £0.1m). Other asset disposals in the year generated a loss on sale of £0.3m.

At 31 December 2018 the value of assets under construction was £8.1m (2017: £10.3m), 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.

Notes (continued)

11. Property, plant and equipment (continued)

At 31 December 2018 the Group owned 19 parks held pursuant to ground rent finance leases totalling £221.4m (2017: £221.4m). The ground rent transactions were completed in two phases – the first, completed on 3 March 2017, generated £150.0m through the sales and leaseback of 10 parks and the second on 18 July 2017 generated £71.5m from 9 parks. The leases are for 175 years for 18 of the parks' and 130 years for one park. The payments under the leases increase annually in line with RPI, capped at 5% with a 0% floor.

At 31 December 2018 the net carrying amount of leased land and buildings, plant and equipment and fixtures and fittings was £392.7m (2017: £438.5m). The leased assets secure lease obligations.

The Company has no property, plant or equipment (2017: £nil).

12. Intangible assets

Group	Goodwill £m	Brand £m	Leases £m	Software £m	Total £m
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
Cost					
Balance at 22 December 2016	-	-	-	-	-
Acquisitions through business combinations (note 2)	235.7	29.4	5.1	-	270.2
Unwinding of discount	-	-	0.2	-	0.2
Balance at 31 December 2017	235.7	29.4	5.3	-	270.4
Amortisation and impairment					
Balance at 22 December 2016	-	-	-	-	-
Impairment	41.8	-	-	-	41.8
Amortisation charge	-	2.4	0.8	-	3.2
Balance at 31 December 2017	41.8	2.4	0.8	-	45.0
Net book value					
At 31 December 2017	193.9	27.0	4.5	-	225.4
At 22 December 2016	-	-	-	-	-

Notes (continued)

12. Intangible assets (continued)

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

Potential lease intangibles were valued as separately identified assets. The valuation calculated the differences between the current rent agreements and market rent derived from comparable market transactions. The amount recognised in the fair value balance sheet was the difference in the cash flows over the remaining lease term.

Software

Software is 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.

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 22(a).

Using this method and adjusting for trading items ensures that the Group is evaluating any impairment charge on a consistent basis to that used to determine the price on the sale of the Group to Onex. This calculation resulted in an estimated recoverable value before adjustments of £968.9m and an estimated adjusted carrying value for the group of £1,099.5m before impairment.

As a result of this calculation the directors consider that an impairment charge of £130.7m is appropriate to reduce goodwill, reflecting trading underperformance. The recoverable amount is calculated on the basis of a multiple of the last twelve months EBITDA ('LTM'). LTM EBITDA is based on latest actual 12 months EBITDA excluding disposed parks, without any amendments to the underlying EBITDA figures.

The multiple is based on those achieved in recent market transactions, of which a multiple of 11 is towards the bottom of the range. If a multiplier of 12 was used the impairment would reduce to £42.6m, and if a multiplier of 10 was used the impairment would increase to £218.8m.

The key assumptions of this calculation are shown below:

	2018	2017
LTM EBITDA	£95.5m	£107.1m
LTM EBITDA adjusted for ground rent	£88.1m	£100.0m
Multiple	11.0x	11.0x

The Company has no intangible assets (2017: nil).

Notes (continued)

13. Investments in subsidiaries

Company	Shares in Group undertakings 2018 £m	Shares in Group undertakings 2017 £m
Cost		
At start of financial year/period	466.2	-
Acquisitions	-	466.2
At 31 December	466.2	466.2
Impairment		
At start of financial year/period	-	-
Impairment	167.6	-
At 31 December	167.6	-
Net book value		
At start of financial year/period	466.2	-
At end of financial year/period	298.6	466.2

The Company acquired all of the shares in Richmond UK Bidco Limited on 22 December 2016 for a consideration of £1. On 3 March 2017 a further 19 shares in Richmond UK Bidco Limited were acquired for £466.2m. The impairment charge was determined with reference to the recoverable amount calculated as described in note 12.

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

	Country of incorporation	Class of shares held	Ownership 2018 and 2017
Directly held by the Company			
Richmond UK Bidco Limited	England and Wales ¹	Ordinary	100%
Held by Group			
Beach Finance Bond Limited* ³	England and Wales ¹	Ordinary	100%
Beach Mezzanine Limited* ³	England and Wales ¹	Ordinary	100%
Bryson Group Limited* ³	England and Wales ¹	Ordinary	100%
Church Point (Leisure) Limited*	England and Wales ¹	Ordinary	100%
Dome Bidco Limited* ³	England and Wales ¹	Ordinary	100%
Dome Holdings Limited*	England and Wales ¹	Ordinary	100%
Dome Propco Limited*	England and Wales ¹	Ordinary	100%
Dome Structureco Limited* ³	England and Wales ¹	Ordinary	100%
GB Holiday Parks (Holdings) Limited* ³	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%
Pactrem Limited* ³	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 Holidays (South West) Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Leisure Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Resorts Limited*	England and Wales ¹	Ordinary and preference	100%
Parkdean Properties Limited*	England and Wales ¹	Ordinary	100%

Notes (continued)

13. Investments in subsidiaries (continued)

	Country of incorporation	Class of shares held	Ownership 2018 and 2017
Parkdean Resorts Holdco Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Resorts Midco Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Resorts Topco Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Resorts Finco Limited* ³	England and Wales ¹	Ordinary	100%
Parkdean Resorts UK Limited*	England and Wales ¹	Ordinary	100%
Park Resorts Group Limited* ³	England and Wales ¹	Ordinary	100%
Park Resorts Holdings Limited* ³	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%
Park Resorts UK Limited* ³	England and Wales ¹	Ordinary	100%
PD Parks Limited*	England and Wales ¹	Ordinary	100%
Premier Dawn (EBT) Limited* ³	England and Wales ¹	Ordinary	100%
Premier Dawn Properties Limited*	England and Wales ¹	Ordinary	100%
Regent Bidco Limited* ³	England and Wales ¹	Ordinary	100%
Regent Midco Limited* ³	England and Wales ¹	Ordinary	100%
Regent Topco Limited* ³	England and Wales ¹	Ordinary	100%
Ruda Holiday Park Limited* ³	England and Wales ¹	Ordinary	100%
South Lakeland Caravans Limited* ³	England and Wales ¹	Ordinary	100%
South Lakeland Group Limited*	England and Wales ¹	Ordinary	100%
South Lakeland Holidays Limited* ³	England and Wales ¹	Ordinary	100%
South Lakeland Leisure Estates Limited* ³	England and Wales ¹	Ordinary	100%
South Lakeland Parks Limited*	England and Wales ¹	Ordinary	100%
Southerness Holiday Village (Holdings) Limited* ³	Scotland ²	Ordinary	100%
Southerness Holiday Village Limited*	Scotland ²	Ordinary	100%
Southview Leisure Park Limited*	England and Wales ¹	Ordinary	100%
The Generations Group Limited* ³	England and Wales ¹	Ordinary	100%
Tyson Bidco Limited* ³	England and Wales ¹	Ordinary	100%
Tyson Midco Limited* ³	England and Wales ¹	Ordinary	100%
Tyson Topco Limited* ³	England and Wales ¹	Ordinary	100%
Upperbay Limited*	England and Wales ¹	Ordinary	100%
Valley Farm Camping Ground Limited* ³	England and Wales ¹	Ordinary	100%
Vauxhall Holiday Park Limited*	England and Wales ¹	Ordinary	100%
Wemyss Bay Caravan Park Limited*	England and Wales ¹	Ordinary	100%
Weststar Acquisitions Limited* ³	England and Wales ¹	Ordinary	100%
Weststar Holidays Limited*	England and Wales ¹	Ordinary	100%
Weststar Holdings Limited* ³	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;

^{2.} 1 Exchange Crescent, Conference Square, Edinburgh, Midlothian EH3 8AN;

^{3.} In members' voluntary liquidation as part of the corporate simplification exercise undertaken in the year.

14. Other financial assets

	Group 2018 £m	Group 2017 £m
Current		
Interest rate swap designated as fair value through profit and loss	4.4	3.0

Details of the interest rate swaps can be found in note 22(d).

The Company does not hold any other financial assets (2017: £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 2018 £m	Liabilities 2018 £m	Net 2018 £m	Assets 2017 £m	Liabilities 2017 £m	Net 2017 £m
Property, plant and equipment	-	12.5	12.5	-	11.2	11.2
Temporary differences trading	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Fair value of assets less capital losses	-	112.9	112.9	-	113.2	113.2
Tax values of losses carried forward	(4.5)	-	(4.5)	(4.5)	-	(4.5)
Intangible assets	-	4.9	4.9	-	5.3	5.3
	<u>-</u>	<u>112.9</u>	<u>112.9</u>	<u>-</u>	<u>113.2</u>	<u>113.2</u>
Tax (assets)/liabilities	<u>(4.6)</u>	<u>130.3</u>	<u>125.7</u>	<u>(4.6)</u>	<u>129.7</u>	<u>125.1</u>

At 31 December 2018 the Group had unrecognised deferred tax assets of £4.8m (2017: £3.2m) relating to unused tax losses and temporary differences. These have not been recognised because there is insufficient evidence that the assets will be recoverable in the entity in which they exist. The assets would be recovered if the entities with the losses generate suitable taxable profits in future periods.

Movement in deferred tax during the current year

	31 December 2017 £m	Recognised in profit or loss £m	Acquired in business combination £m	31 December 2018 £m
Property, plant and equipment	11.2	1.3	-	12.5
Temporary differences trading	(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
	<u>125.1</u>	<u>0.6</u>	<u>-</u>	<u>125.7</u>

Movement in deferred tax during the prior period

	22 December 2016 £m	Recognised in profit or loss £m	Acquired in business combination £m	31 December 2017 £m
Property, plant and equipment	-	1.9	9.3	11.2
Temporary differences trading	-	(0.3)	0.2	(0.1)
Temporary differences non-trading	-	(0.9)	0.9	-
Fair value of assets less capital losses	-	(0.9)	114.1	113.2
Tax values of losses carried forward	-	5.5	(10.0)	(4.5)
Intangible assets	-	(0.6)	5.9	5.3
	<u>-</u>	<u>4.7</u>	<u>120.4</u>	<u>125.1</u>

The Company has no deferred tax assets and liabilities (2017: £nil).

Notes (continued)

16. Inventories

	Group 2018 £m	Group 2017 £m
Caravan, lodge and chalet holiday home stock	27.9	32.9
Other stock	2.3	1.0
	<u>30.2</u>	<u>33.9</u>

All inventories are expected to be recovered within 12 months. The write-down of inventories to net realisable value amounted to £7.8m (2017: £8.2m), which was included in cost of sales. This figure includes £1.2m (2017: £0.1m) 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 £91.7m (2017: £84.3m).

The Company does not hold any inventory (2017: £nil).

17. Trade and other receivables

	Group 2018 £m	Company 2018 £m	Group 2017 £m	Company 2017 £m
Trade receivables	25.8	-	26.5	-
Amounts owed by Group undertakings including interest receivable (note 26)	0.5	28.4	-	78.0
Prepayments	14.0	-	13.4	-
	<u>40.3</u>	<u>28.4</u>	<u>39.9</u>	<u>78.0</u>

All trade and other receivables held by the Group are expected to be received within 12 months. Amounts for the Company are repayable on demand and attract interest at 4.75% per annum (2017: 4.75% per annum).

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 22(d).

	Group 2018 £m	Group 2017 £m
Non-current liabilities		
Secured bank loans	692.8	689.9
Finance lease liabilities	221.4	221.4
	<u>914.2</u>	<u>911.3</u>
Current liabilities		
Secured bank loans	-	16.5
Current portion of finance lease liabilities	-	-
	<u>-</u>	<u>16.5</u>

Secured bank loans are shown net of issue costs.

The Company does not have any interest bearing loans or borrowings (2017: £nil)

Notes (continued)

18. Interest bearing loans and borrowings (continued)

Terms and debt repayment schedule

Group

	Nominal interest rate	Year of maturity	Face value 2018 £m	Carrying amount 2018 £m	Face value 2017 £m	Carrying amount 2017 £m
1 st lien loan facility	4.25% + LIBOR	2024	558.5	558.5	575.0	575.0
2 nd lien loan facility	8.5% + LIBOR (1% floor)	2025	150.0	150.0	150.0	150.0
Ground rent finance lease liabilities	3.24%	2192	221.4	221.4	221.4	221.4
			<u>929.9</u>	<u>929.9</u>	<u>946.4</u>	<u>946.4</u>
Issue costs			<u>(15.7)</u>	<u>(15.7)</u>	<u>(18.6)</u>	<u>(18.6)</u>
			<u>914.2</u>	<u>914.2</u>	<u>927.8</u>	<u>927.8</u>

On 3 March 2017 Richmond UK Bidco Limited, a subsidiary of the Company, drew £725.0m of bank debt to fund the acquisition of the group headed by Parkdean Resorts Topco Limited and to repay existing bank debt in the acquired group. 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 2018 was 0.73% (2017: 0.50%). The margin payable is dependent on leverage ratios and is 4.25% at 31 December 2018. £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.

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 2018 was 1.00% (2017: 1.00%) after taking account of the floor.

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. 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 2018 was £15.7m (2017: £18.6m) and the debt net of issue costs was £692.8m (2017: £706.4m).

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 22(d).

During the comparative period the Group entered into two ground rent sale and leaseback transactions which have been treated as finance leases. The first generated £150.0m through the sale and leaseback of 9 parks on 3 March 2017, 8 on 175 year leases and 1 park on a 130 year lease. The second generated £71.5m through the sale and leaseback of 9 parks on 7 August 2017, each on a 175 year lease. The payments increase annually in line with RPI, capped at 5% with a 0% floor.

Notes (continued)

18. Interest bearing loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £m	Interest 2018 £m	Principal 2018 £m	Minimum lease payments 2017 £m	Interest 2017 £m	Principal 2017 £m
Less than one year	7.4	7.4	-	7.1	7.1	-
Between one and five years	29.5	29.3	0.2	28.5	28.3	0.2
More than five years	1,183.0	961.8	221.2	1,148.1	926.9	221.2
	<u>1,219.9</u>	<u>998.5</u>	<u>221.4</u>	<u>1,183.7</u>	<u>962.3</u>	<u>221.4</u>

19. Trade and other payables

	Group 2018 £m	Company 2018 £m	Group 2017 £m	Company 2017 £m
Trade payables	15.6	-	23.6	-
Other payables	8.0	-	6.7	-
Accruals	14.4	-	17.0	-
Deferred income	-	-	77.7	-
Contract liabilities	78.1	-	-	-
Other tax and social security costs	12.4	-	10.7	-
Amounts owed to Group undertakings	0.3	-	-	-
Loan note owed to parent (note 26)	25.0	25.0	75.0	75.0
Interest payable	4.6	3.4	4.2	3.0
	<u>158.4</u>	<u>28.4</u>	<u>214.9</u>	<u>78.0</u>

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 (2017: 4.75% per annum).

20. 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 £1.0m (2017: £0.8m) and £0.2m (2017: £0.1m) was payable to these plans at the year end.

Notes (continued)

21. Share capital

	Total shares 2018 Number	Total shares 2017 Number
Share capital		
In issue at start of financial year/period	20	-
Issued on incorporation	-	1
Issued on 3 March 2017	-	19
	<hr/>	<hr/>
In issue at 31 December	20	20
	<hr/> <hr/>	<hr/> <hr/>
	2018 £m	2017 £m
Allotted, called up and fully paid		
1 ordinary share of £0.01 issued on incorporation	-	-
19 ordinary shares of £0.01 issued 3 March 2017	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
	2018 £m	2017 £m
Share premium		
At start of financial year/period	466.2	-
19 ordinary shares issued 3 March 2017	-	466.2
	<hr/>	<hr/>
At 31 December	466.2	466.2
	<hr/> <hr/>	<hr/> <hr/>

1 share was issued on incorporation for a value of £0.01. On 3 March 2017 a further 19 shares were subscribed for a consideration of £466,155,000. All shares and share premium have been classified in shareholder's funds.

22. Financial instruments

22(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)

22. Financial instruments (continued)

22(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	31.3	-	-	31.3
Cash and cash equivalents	48.6	-	-	48.6
Interest rate swaps (note 14)	-	4.4	-	4.4
At 31 December 2018	79.9	4.4	-	84.3
Financial liabilities				
<i>Current liabilities</i>				
Trade and other payables	-	-	56.2	56.2
Interest accrued on bank loans (note 19)	-	-	4.6	4.6
At 31 December 2018	-	-	60.8	60.8
<i>Non-current liabilities</i>				
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 19)	25.0	-	-	25.0
Interest accrued on debt (note 19)	3.4	-	-	3.4
At 31 December 2018	28.4	-	-	28.4

Notes (continued)

22. Financial instruments (continued)

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

Financial instruments by category

Group	Financial assets at amortised cost 2017 £m	Fair value – hedging instruments 2017 £m	Other financial liabilities 2017 £m	Total carrying value 2017 £m
Financial assets				
Trade and other receivables (note 17)	26.5	-	-	26.5
Cash and cash equivalents	93.2	-	-	93.2
Interest rate swaps (note 14)	-	3.0	-	3.0
At 31 December 2017	119.7	3.0	-	122.7
Financial liabilities				
<i>Current liabilities</i>				
Loans and borrowings (note 18)	-	-	16.5	16.5
Trade and other payables (note 19)	-	-	122.3	122.3
Interest accrued on bank loans (note 19)	-	-	4.2	4.2
At 31 December 2017	-	-	143.0	143.0
<i>Non-current liabilities</i>				
Loans and borrowings (note 18)	-	-	689.9	689.9
Finance lease liabilities (note 18)	-	-	221.4	221.4
At 31 December 2017	-	-	911.3	911.3
Company				
	Financial assets at amortised cost 2017 £m	Fair value – hedging instruments 2017 £m	Other financial liabilities 2017 £m	Total carrying value 2017 £m
Financial assets				
Trade and other receivables (note 17)	78.0	-	-	78.0
At 31 December 2017	78.0	-	-	78.0
Financial liabilities				
Trade and other payables (note 19)	-	-	75.0	75.0
Interest accrued on debt (note 19)	-	-	3.0	3.0
At 31 December 2017	-	-	78.0	78.0

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 2018 the Group had bank debt of £708.5m (2017: £725.0m). Issue costs for the bank debt were £15.7m (2017: £18.6m) and term loan debt net of issue costs was £692.8m (2017: £706.4m). The Group also had finance lease liabilities of £221.4m (2017: £221.4m). The bank loans and finance lease liabilities were incurred as part of the acquisition of the Parkdean Resorts group on 3 March 2017. 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)

22. Financial instruments (continued)

22(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 owner 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:

	2018 £m	2017 £m
Holiday home owners	24.6	25.7
Sundry debtors	1.2	0.8
	<u>25.8</u>	<u>26.5</u>

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was:

	Gross 2018 £m	Impairment 2018 £m	Net 2018 £m	Gross 2017 £m	Impairment 2017 £m	Net 2017 £m
Not past due	2.1	-	2.1	0.9	-	0.9
Past due 0-30 days	20.9	-	20.9	22.0	-	22.0
Past due 31-90 days	3.6	(0.8)	2.8	4.5	(0.9)	3.6
More than 90 days	1.7	(1.7)	-	0.7	(0.7)	-
	<u>28.3</u>	<u>(2.5)</u>	<u>25.8</u>	<u>28.1</u>	<u>(1.6)</u>	<u>26.5</u>

Most owner pitch licence fees are payable by 31 December each year and so the overdue 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 therefore the credit risk is negligible.

Notes (continued)

22. Financial instruments (continued)

22(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.

All of the external debt in the Parkdean Resorts group was repaid on 3 March 2017 as part of the acquisition. The direct acquiring company, Richmond UK Bidco Limited raised £575.0m of first lien debt repayable March 2024 and £150.0m of second lien debt repayable March 2025. 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 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 Parkdean Resorts' assets. Richmond CanadaCo and Richmond TowerCo are guarantors of the Term Loans.

In addition, on 3 March 2017 £150.0m of proceeds was raised from a sale and leaseback of the freehold or long leasehold of 9 parks over 175 year lease terms and 1 park over a 130 year lease term with aggregate ground rent of £4.8m per annum subject to RPI increases capped at 5% and with a floor of 0%. During August 2017 a further £71.5m was raised from a sale and leaseback of the freeholds of 9 parks over 175 year lease terms with aggregate ground rent of £2.3m per annum, subject to RPI increases capped at 5% and with a floor of 0%.

The Group has no requirements to make any capital repayments on the £575.0m first lien facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien 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.

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 2018 £m	Interest payable 2018 £m	Bank loans 2018 £m	Finance leases 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

Notes (continued)

22. Financial instruments (continued)

22(c) Liquidity risk (continued)

	Trade payables 2017 £m	Interest payable 2017 £m	Bank loans 2017 £m	Finance leases 2017 £m	Total 2017 £m
Financial liabilities					
0-1 year	122.3	4.2	58.1	7.1	191.7
1-2 years	-	-	41.6	7.1	48.7
2-5 years	-	-	83.1	14.3	97.4
5 years and over	-	-	812.9	1,155.2	1,968.1
Contractual cash flows	122.3	4.2	995.7	1,183.7	2,305.9
Less: interest	-	-	(270.7)	(962.3)	(1,233.0)
Less: issue costs	-	-	(18.6)	-	(18.6)
Carrying amount	122.3	4.2	706.4	221.4	1,054.3

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.

22(d) Market risk

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

Interest rate risk

The Group is exposed to interest rate risk on the £708.5m 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 2018 £m	Fair value 2017 £m
Swap	300.0	0.560%	31 May 2017	31 May 2021	2.7	1.8
Swap	200.0	0.569%	31 May 2017	31 May 2021	1.7	1.2

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 71% (2017: 69%) of the Term Loan bank debt.

Sensitivity analysis

The prevailing rate of interest at the balance sheet date on the bank debt was 5.89% (2017: 5.85%). Based on the net debt at 31 December 2018 the annualised interest cost would increase by £0.4m (2017: £0.4m) if LIBOR increased by 50 basis points and the annualised interest cost would decrease by £nil (2017: £0.4m) 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 2018.

Notes (continued)

22. Financial instruments (continued)

22(e) Capital management

The capital structure of the Group consists of the first and second lien secured bank debt and the finance lease liabilities, cash and cash equivalents, shareholder loan notes and share capital. Details of share capital are set out in note 21.

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.

23. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £m	2017 £m
Less than one year	5.4	4.2
Between two and five years	17.6	14.9
More than five years	41.0	38.0
	<u>64.0</u>	<u>57.1</u>

During the year £5.4m (2017: £4.1m) was recognised as an expense in the profit and loss account in respect of operating leases. The Company had no operating leases (2017: £nil).

24. 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 £22.1m (2017: £25.0m). The Company had no capital commitments (2017: £nil).

25. Reconciliation of liabilities arising from financing activities

	Group 2018 £m	Company 2018 £m	Group 2017 £m	Company 2017 £m
Long term borrowings at start of year/period	927.8	-	-	-
Cash flows	(16.6)	-	(20.5)	-
Acquisition	-	-	945.9	-
Amortisation of finance costs	3.0	-	2.4	-
	<u>914.2</u>	<u>-</u>	<u>927.8</u>	<u>-</u>
Long term borrowings at end of year/period				

Notes (continued)

26. Related parties

Transactions with other companies owned or controlled by Onex Corporation

Group

	Management fees paid £000 2018	Interest payable £000 2018	Payable at end of year £000 2018	Receivable at end of year £000 2018	Management fees paid £000 2017	Interest payable £000 2017	Due at end of period £000 2017
Richmond Holdings (Jersey) Limited	-	-	-	508	-	-	-
Richmond UK Top Holdco Limited	-	1,398	28,759	-	-	2,957	77,957
Onex Partners Manager LP	56	-	-	-	146	-	-
Richmond TowerCo	-	703	11	-	-	602	4
	<u>56</u>	<u>2,101</u>	<u>28,770</u>	<u>508</u>	<u>146</u>	<u>3,559</u>	<u>77,961</u>

Company

	Management fees paid £000 2018	Interest payable £000 2018	Payable at end of year £000 2018	Management fees paid £000 2017	Interest payable £000 2017	Due at end of period £000 2017
Richmond UK Top Holdco	-	1,398	28,482	-	2,957	77,957
	<u>-</u>	<u>1,398</u>	<u>28,482</u>	<u>-</u>	<u>2,957</u>	<u>77,957</u>

Transactions with key management personnel

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

	Year ended 31 December 2018 £000	Period ended 31 December 2017 £000
Key management emoluments including social security costs	2,215	1,979
Key management pension	105	80
	<u>2,320</u>	<u>2,059</u>

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

27. 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.

Notes (continued)

28. 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 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 profit and loss account.

Impairment of trade and other receivables

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

Business combinations

The Group identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value, particularly for property, plant and equipment acquired, is undertaken with reference to current market conditions.

Note 2 describes the business combinations in the prior period and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.