Richmond UK Holdco Limited

Annual report and financial statements

Registered number 10537415

31 December 2021

Company information

Directors	Chrisanth Gradischnig Ian Kellett (Chief Financial Officer) Robert Le Blanc Simon Perry Steve Richards (Chief Executive Officer) Martin Robinson (Chairman)
Company Secretary	Judith Archibold
Registered number	10537415
Registered office	2nd Floor, One Gosforth Park Way Gosforth Business Park Newcastle upon Tyne NE12 8ET
Auditor	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX

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Strategic report

The directors present their strategic report for Richmond UK Holdco Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021.

About us

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

Business model

Parkdean Resorts touches the lives of millions of people around the UK, and in 2021 we welcomed 3.5 million customers on our parks to enjoy good value, short stay, self-catering holidays in great locations. The business is the largest UK holiday park operator with 67 parks and an extensive freehold and long leasehold real estate portfolio with more than 3,500 acres of land in areas of natural beauty including prime coastal locations, forests, rivers, beaches and headlands in the UK's leading tourist locations.

The Group operates holiday parks providing a wide range of accommodation, together with on-park facilities including bars, restaurants, activities, amusement arcades and indoor and outdoor swimming pools for use by both holiday guests and holiday home owners. Our vision is to become **'everyone's favourite staycation'** through our **'passionate people, creating amazing memories'** across generations.

Parkdean Resorts has over 33,000 pitches across its parks with a mix of Group-owned hire fleet, touring and camping pitches, other accommodation and owner-occupied pitches. Our portfolio is diverse with park sizes ranging from 129 to 1,936 pitches. The Group generates revenue from four complementary and diverse revenue streams with good forward-looking visibility of earnings including (i) holiday sales, (ii) holiday home sales, (iii) owner income and (iv) on-park spend, which are explained below. The business strategy is for our parks to become the destination of choice for a UK staycation by creating a safe, enjoyable environment for our customers and employees that delivers a high-quality customer experience and creates amazing memories. Financially our aim is to deliver an appropriately balanced growth in revenue streams for each park, reflecting the scale of the park, with the objective of maximising yield. The parks have varied operating seasons with some being open all year round, however our peak season is for all parks running across July and August.

Holiday sales
This revenue stream consists of sales of holidays and short breaks in the Group-owned hire fleet which includes caravans, lodges, apartments, cottages and chalets; sub-hiring of privately owned holiday homes; glamping in safari tents and camping pods; touring and camping revenue together with ancillary revenue from sales of enhanced cancellation terms. Two of the holiday parks also offer hotel accommodation. Organic 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 the hire fleet. Transactions are being maximised via further investment in our digital platform and by our ability to increase pricing, as we invest in better or additional facilities which improve the attractiveness of our parks to holiday guests.

Holiday home sales
This revenue stream comprises sales of caravans and lodges to private owners for holiday use on our parks. Holiday homes are sold with a pitch licence agreement allowing the holiday home to be sited on the park for a fixed period of tenure (over a prescribed season length) in return for paying an annual pitch licence fee. Organic growth comes from selling more premium caravans and lodges and developing additional pitches for sales across the estate. A number of companies within the Group are FCA authorised to introduce customers to third party finance companies who provide credit for the purchase of a holiday home.

The ability to flex between private owners and hire fleet at each park is a key tool available to the Group to react to any changes in consumer demand.

Strategic report *(continued)*

Owner income
This revenue stream generates recurring revenue is derived 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 generally increase annually, in line with the increase in the Retail Prices Index. Supplementary growth comes from additional pitches and increasing pitch occupancy through holiday home sales. We continually explore ways to improve our owner experience and we are focused on building an offer which reflects the best ownership experience across hospitality and leisure.

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

Chief Executive Officer's review

Overview
I am very proud of the Parkdean Resorts teams across the business, who have shown outstanding resilience in the face of some very difficult operational challenges over the last two years, never losing sight of the fact that our primary purpose is to ensure we create amazing memories for our holiday guests and owners. The Group delivered a strong financial and operational performance this year despite the COVID-19 pandemic, building on the £189.1m investment in the business over the last three years, and driven by the dedication, enthusiasm and hard work of our people. Our Adjusted revenue grew by 53.8% to £535.7m, Adjusted EBITDA increased 149.1% to £144.7m, and we made a profit before tax of £79.7m. The progress the business has made in 2021 across all facets of its operations gives us great momentum and, with much of the heavy lifting now complete on our transformation journey, we can look forward to 2022 with confidence.

Despite having to navigate the challenges arising from COVID-19 throughout the first half of 2021, the business accelerated capital investment and much progress was made in transforming our online and on park brand, digitalising our customer experience and building out our scalable data analytics and insights ('DA&I') technology platform. As such, the business has emerged from the disruption caused by COVID-19 with brand awareness having doubled, refreshed accommodation and a differentiated park product, an enhanced revenue management system, a new website for holiday sales bookings and the movement of holiday home sales online. I am also pleased to note that we have seen a dramatic improvement in our customer satisfaction metrics, and confirmed our market leading position in what we believe are the three most important areas for customers; 'value for money', 'accommodation standard' and 'family friendliness', with our data showing an industry-leading 83% propensity of customers to re-book. This is reinforced by strong visitor reviews and scores on leading third-party sites such as TripAdvisor, Google and Facebook. We are constantly looking to improve and have a sharp focus on customer satisfaction, value for money and repeat bookings.

There has been a step change in financial performance, reflecting the operational improvements and substantial investment in the business over the last two years, with Adjusted EBITDA for the period of £144.7m, an uplift of £86.6m (149.1%) on 2020 and £36.1m (33.2%) ahead of 2019, the last year where we traded for a full season.

The first quarter of 2021 ('Q1') saw the business severely impacted by government-mandated park closures which resulted in the business being unable to trade until after the crucial Easter period, which is normally our second most profitable period of the year. As the leading UK operator of individual, self-contained, self-catering caravans and lodges in rural and coastal locations, our position in the market meant the business was in the earliest accommodation and hospitality category to benefit from the relaxation of the COVID-19 restrictions in the UK. This was underscored by the fact that we have a very strong footprint in the UK's staycation hotspots namely; Cornwall, Devon, Dorset, the Lake District and North Yorkshire.

Strategic report *(continued)*

The Q1 lockdown period was effectively used to complete the park growth element of our capex programme and to plan for re-opening, bringing together large-scale multi-channel marketing campaigns, TV advertising, extensive staff training, and a commercial offering built to capitalise on the strong staycation demand. On re-opening in Q2, the business traded strongly and enjoyed demand from its holiday home owners and holiday guests, despite being adversely impacted by continuing COVID-19 related operational restrictions (such as social distancing and additional cleaning requirements) which particularly affected park retail, food and beverage (‘F&B’) and activities. From mid-July (Q3) our English parks were able to trade without restrictions, whilst our Scottish and Welsh parks followed suit in early August. As COVID-19 related disruption receded in the summer the business had to navigate through the severe operational disruption caused not only by supply chain challenges but also labour shortages exacerbated by the well-publicised ‘pingdemic’. Q4 trading (principally October half term) was in line with forecast and pleasingly we continued to see an improving trend in our customer satisfaction metrics right up to November when parks started closing for winter.

Throughout the year we have managed costs, cash flow and liquidity prudently, particularly across Q1 given the high degree of uncertainty that prevailed. We utilised government support schemes such as the Coronavirus Job Retention Scheme (‘CJRS’) until the time parks were able to re-open and benefitted from business rates relief, the reduced rate of VAT on holiday sales, food and soft drinks (5% for the period up to 30 September and 12.5% thereafter) and re-start grants. We actively engaged with the Kickstart scheme which has enabled us to recruit talented individuals who have shown a great aptitude for a career in hospitality.

On 4 March, we received a £35.0m interim payment in respect of our pandemic business interruption insurance claim relating to the 2020 closure period, ensuring our liquidity remained strong throughout Q1 and into the delayed holiday season. We finally settled our pandemic insurance claim in October with a second payment received on 29 October, settling the claim at £57.5m in total.

Our strong liquidity position and confidence in our re-opening plan enabled us to commit to another year of significant capital investment across parks during the closure period through to April 2021. Our capital investment for 2021 at £80.2m was at a record level and was largely delivered during the first half of the year.

Our estate
In line with our strategic vision to become **‘everyone’s favourite staycation’,** we continued to invest in our transformational ‘Park of the Future’ programme (Project Springboard) which focuses on investing in food & bar (F&B) facilities, paid for children’s activities and upgrading accommodation. Three parks were developed in 2021 as part of the Springboard programme, alongside increased accommodation investment in the four original Springboard parks. In addition further investments were made across the estate, in our retail offer and facilities, Wi-Fi connectivity projects and new pitch developments. We have now been able to measure the results for the first seven Springboard projects, which have delivered a return on investment of more than 30% based on relative out-performance (i.e. taking general market growth into account) since the base year of 2019. This performance has given us the confidence to invest in three more new Springboard projects for 2022 and to undertake the second phase of development at our largest park, Trecco Bay.

Each of the ‘Project Springboard’ parks has benefitted from our own product innovation as we have introduced three new F&B container concepts: Scoops (ice-cream); Loaded (loaded fries); and Street Eats (grab and go burgers). Furthermore, we opened third-party franchised Burger King and Thunderbird Chicken venues on two parks. We will add three more Thunderbird Chicken venues across the estate in 2022 and broaden the number of parks that benefit from our own concepts, whilst also launching a pizza-based proposition to complement the offer already developed. In addition to the F&B innovation, we have expanded our brand partnerships which now include Bear Grylls, Chelsea Football Club, MTV and Nickelodeon. In October half-term we were able to deliver a very successful Tots-Break product in conjunction with Milkshake and we believe we have a significant opportunity to grow these partnerships in future years.

In 2021, Group extended the concept of ‘Winter Wonderland’ which successfully launched at our Warmwell park in 2019 but was unable to be held in 2020 due to COVID-19 restrictions. 2021’s offer saw Warmwell, Ruda and Camber Sands hosting over 4,000 holiday makers over two weekends during the festive period. The concept was very successful and the Group is looking to roll the concept out to at least five further parks in 2022.

Strategic report *(continued)*

Over the last couple of years and throughout the pandemic we continued to invest in upgrading legacy accommodation that we considered not up to customer expectations. This 'catch-up' capex programme will be completed by April 2022 and has enabled the business to improve pricing and margin as well as removing poorly targeted 'deep discount' offerings and reducing the share of holiday sales bookings represented by off-peak promotions from 28% to less than 10% by the end of 2021.

In 2021, we continued to invest in our digital assets and capability. Investment in our website has resulted in a sales channel shift towards direct online bookings which now generate more than 85% of our holiday sales, and led to online revenues increasing by 90% since 2019. This development is supported by our continuous efforts to optimise the Group's digital platform which, amongst other benefits, has improved website speed by more than 150% since 2019. To support our digital aspirations we have established a digital hub in Leeds to deliver continuous improvement for our website and significantly enhance the customer experience (including an improved pre-arrival experience and activities booking engine).

In 2022, we will have park-wide Wi-Fi capability across 65 of our parks, and by September we will offer direct-to-van Wi-Fi availability in 50 of our parks. This represents a three year pandemic-interrupted investment of £21.0m which underscores our belief that "connectivity" is an on-park essential to deliver a total experience for our guests as well as to enable the business to maximise park back-office systems.

Holiday sales
Holiday sales have been growing strongly for a number of years. This growth accelerated in 2021 due to strong market demand, improved sales channel mix, our continued accommodation upgrades and the launch of a more sophisticated revenue management system, all of which contributed to a strong Average Weekly Rate ('AWR') performance. Despite increased pricing, a broad customer survey in August confirmed that our scores on 'value for money' remain ahead of other principal competitors, and 83% of our customers stated that they would re-book a holiday with us. Our forward-looking bookings into 2022 are encouraging and we feel confident that we can build on this momentum supported by a broader upgrade of our current holiday sales website in the first half of 2022 and by implementing further sophistication and automation in our revenue management system.

Holiday home sales
Customer demand for holiday home purchases remained strong throughout the year, reflecting long-term drivers including increased consumer propensity to take short breaks in the UK, our investment in our parks, and the strong community dynamic at our parks. We continued to execute our product premiumisation strategy, improve our digital marketing and enhance overall sales team effectiveness.

Moving holiday home sales online enabled us to conclude sales through periods of pandemic-related closure. This also now enables us to continue to sell holiday homes throughout the normal winter closure period. Whilst of benefit through periods of closure, it is notable that over 25% of our transactions were executed online in Q3 as customers have appreciated the convenience of this option. Whilst our customers must visit to see the caravan/lodge and its location and agree the purchase, the whole sales process can be completed online with virtual tours of the caravan/lodge, the location and park facilities. In 2021, we invested in 103 new pitches for holiday home sales (out of an overall development programme of 212 pitches), showing a compelling average return on investment of more than 40%. The strong full-year sales performance coupled with a lower than usual leaver rate of existing holiday home owners, has resulted in pitch availability becoming a challenge across some of our most popular locations. We are actively managing pitch availability through buy-in campaigns and plan to increase the pace of new pitch developments over the winter months to address the continued strong demand as we head into the 2022 season. In addition to the investment in the parks detailed above, our owners now benefit from free direct-to-van Wi-Fi where available and much of our investment in the platform will simplify and improve communication between the business and our owner community.

In late 2019 we re-structured our holiday home sales and owner experience teams under a single leadership, to ensure that there is continuity of support from the initial enquiry to the point an owner leaves a park. This approach has resulted in significant improvement in our owner Net Promoter Scores ('NPS'). Our people are crucial to the success of Parkdean Resorts, and earlier in the year under review we launched the Holiday Home Sales Academy training program to upskill the sales team, standardise our sales approach and increase employee retention rates.

Strategic report *(continued)*

On park spend
With a high number of visitors on our parks, our retail, amusement arcade, F&B and paid-for children's activities were in high demand and delivered strong results from June through to October. We remained focussed on operational excellence to improve service levels and to increase customer convenience via our online 'order and pay' and 'click and collect' app, which was launched in 2020 and is now contributing 53% of 2021 F&B revenues.

The Group, however, did not achieve its true on-park spend earnings potential in 2021 as operations were severely disrupted by social distancing restrictions until late July/mid-August. Even after those restrictions were lifted, our on-park operations were impacted by the well-publicised 'pingdemic' mentioned above, which saw numerous venues temporarily closed, difficulties in recruiting chefs, as well as stocking issues as the supply chain came under increased pressure. We have taken measures to de-risk our supply chain, gain better access to chefs and are aiming to deliver improved earnings growth for this revenue stream without major COVID-19 disruptions in 2022.

At the heart of the business is our unrelenting focus on customer and employee safety. The training and support offered by Parkdean Resorts continued to improve during the year, as we further invested in this area. We have strengthened our internal audit and compliance teams, increased staff training, maintenance and preventative spend and we rigorously inspected and reviewed our on-park procedures and processes in areas as diverse as COVID-19 operational protocols, kitchen cleanliness, food allergens, pool safety, handling hazardous substances, play equipment safety and, of course, delivering on all legal and regulatory requirements with regard to the provision of accommodation and management of gas, electric and water supplies. I am pleased to note our COVID-19 procedures were well received by the relevant inspecting authorities and compliance and safety continues to improve.

During 2021 we continued to build our data analytics capability and have now automated the majority of our management information reporting to deliver the best possible customer experience. In addition, we used data science to inform our pitch allocation decisions, predict owner churn, and used dynamic park cohort sets to improve cost control whilst also refining algorithms for F&B forecasting at park venue level. The inclusion of external data sets into our data warehouse has allowed us to develop a unique view of the customer, which is informing more personalised communications to them. After an 18 month build and test period, by Q2 2022 we will complete the majority of our technology platform transformation with the implementation of Salesforce to cover our sales process, inventory and owner billing; Dayforce which covers recruitment, on-boarding and payroll; and Park Management, which automates accommodation and maintenance back-office processes. The completion of this investment gives us the platform from which we can scale the business significantly in future years.

Brand and customer
In 2021, off the back of improvements in our parks and a better understanding of who our customers are, we felt confident to invest in our Parkdean Resorts brand. Based on research commissioned from external consultants Parkdean Resorts has recently become better known to the UK consumer with awareness increasing from 33% in 2020 to 48% by end of Q3 of 2021. This is rapid progress although much work remains to be done. Parkdean Resorts as a national brand is only five years old compared to other longer established operators who have an 'awareness' level of more than 80%.

Over the coming years we are aiming to match this level and believe that Parkdean Resorts, as a brand, has some real strengths to build on. For example, the external research identified six key purchase criteria for consumers deciding on where to holiday and found that Parkdean Resorts was leading on four of the six being: (i) accommodation; (ii) family friendliness; (iii) value for money; and (iv) location. Our own internal research supports these external findings and shows we are 'great value', 'more friendly' and have 'better locations' than other large operators. As a business we take the customer 'temperature' every week and focus internally on a number of customer metrics and we are pleased to report holidaymakers recognised the fantastic work our teams have put in, with consistently high ratings across all feedback channels. Tens of thousands of customers provided feedback across four key platforms, with scores in Q4 of 2021 peaking across Facebook (4.2 out of 5), Google (4.1), and Tripadvisor (4.0), which show just how happy holidaymakers have been with their visits to our parks. We also measure customer feedback internally and invite customers who have stayed with us to complete a 'Reevoo Survey'.

Strategic report *(continued)*

Our Strategy

At its heart our business model is predicated on the optimisation of our 33,000 pitches (including 31,000 caravans, lodges and chalets), deploying high returning capital into building out the footprint (the business has a land bank of c.3,000 pitches, equivalent to six new large parks) and investing into our on-park facilities and amenities.

Over and above the 67 parks operated today, we believe that the business has built a platform for consolidation and that there are opportunities to deploy high returning capital and further expand our footprint using bolt-on acquisitions. These bolt-on developments (single parks and green or brown fields) are very efficient as in the majority of cases they do not require expensive new facilities, or additional head office costs.

The core elements of our strategy are unchanged. We remain focused on delivering a number of strategic initiatives along our original "5PD plan" to continue "transforming our online and on park brand, digitalising our customer experience and building a scalable DA&I technology platform".
As we head into 2022, we have added an additional "P" to our original 5PD plan to incorporate "Planet", having created an impactful and authentic Environment, Social and Governance ('ESG') strategy. As a headline our updated 6PD plan incorporates:

People: Attracting, developing, and retaining the diverse talent the Group needs for tomorrow;

Product: Roll out the proven and high returning 'parks of the future' concept ('Springboard Parks'), continue to innovate our F&B offer and transforming our holiday home range;

Pricing: Enhancing holiday sales yield management with tiered pricing architecture and automated revenue management reducing poorly targeted discounting to below 10% of our sales mix;

Property: Established property team to execute a multi-year real estate strategy including new pitch developments on land that we already own as well as acquiring adjacent bolt on fields for development.

Platform: Creating a best-in-class, scalable, cloud based technology platform to improve efficiency and provide operating leverage;

Planet: Execute our ESG strategy which is a key lever in enhancing the value and performance of the brand; and

Digital: Digitising the customer journey and transforming our online brand.

Across each element of our 6PD plan there are detailed initiatives that are monitored by our enterprise-wide programme management office to ensure the executive team is kept well informed of progress and where necessary provide any course-correcting actions to ensure plans are delivered to expectations.

People

Our people are core to the business and its success and vital to creating amazing memories for our guests. Our plans focus principally on recruiting and rewarding the right people whilst ensuring our park teams are consistently trained via academies such as our successful Holiday Homes Sales Academy. We will continue to enhance our development programmes for current and future leaders and other critical employee groups. We have a diverse set of people from entertainers to chefs; accountants to holiday sales people, with different skillsets, backgrounds, aspirations and ambitions but all with an important role to play in making Parkdean Resorts the business it is. Passionate people are at the core of what we do and in 2021 we aligned everyone in the business around a new set of values that reflect the business we now are. More information can be found at (https://www.parkdeanresorts.co.uk/corporate/about-us/our-values/).

To support our people plans we have invested in a leading human capital management ('HCM') system, Ceridian Dayforce, which when implemented in early 2022 will reduce administration and improve compliance and insight.

Product

On park we have transformed the way we work, establishing standardised ways of working, improving workforce management and implementing new technology, all focused on improving the guest experience and delivering operational efficiency.

The pace of innovation has increased significantly with refreshed menus, new food concepts launched off the back of successful trials and the introduction of brand partnerships which drive engagement and enhance in particular our off-peak offer. We have more product innovation to come in 2022 which will further improve the depth and breadth of our on-park offer.

Strategic report *(continued)*

Springboard is a complete refresh of our park product, creating an enhanced owner, guest and team experience by improving customer service through continuous on-park staff training, investing in accommodation upgrades, developing paid for activities and providing a better and innovative F&B and retail offering.

We have identified more than additional 3,000 additional pitch development opportunities across the existing estate, equivalent to six large parks, of which more than 1,750 already have planning permission. Investments in pitch developments are highly attractive with an average return on capital of over 40% during 2021. Considering the continued demand for both our holiday sales and holiday home sales offerings, we will continue to invest in developing pitches, predominantly across sites that are identified as future Springboard parks.

We have focused our holiday home sales approach on selling a core range of 15 caravans, one of which is exclusive to the Group and was designed based on our own customer feedback.

Pricing
We have continued to invest in the increasing sophistication of our holiday sales yield management tools with clear pricing architecture established and a move towards fully automated revenue management by mid-2022 with best in class reporting and insight.

These tools together with our in-house booking automation tool have had a significant impact on the evolution of AWR in 2021 and will be key to our success in future years. Furthermore, as we continue to invest significantly in our accommodation the impact on the business should be realised through higher AWR and improved customer reviews.

In holiday home sales we will continue to drive pricing centrally albeit based on an in depth knowledge and understanding of local market pricing dynamics. Margin enhancement will remain a key focus with discounts and promotional offers only used where necessary.

Property
In addition to the investment in leveraging our pitch development opportunity we have also been addressing the quality of our accommodation to ensure we meet our brand standards. We have consolidated all real estate data in our 'property bible' and have established a systematic approach to identify acquisition opportunities of adjacent fields and parks as well as new greenfield projects. This approach has already delivered progress in 2022, with advanced discussions taking place with the owners of some targets.

Platform
In 2019, we identified the necessity to invest in a scalable platform commensurate with the scale and ambition we aspired to. Undertaking this complex re-platforming during the COVID-19 pandemic has not been without its challenges but as we go into Q2 of 2022 we will have completed the deployments of Salesforce and Ceridian Dayforce HCM, whilst also implementing a park management solution configured on the Salesforce Field Service Lightning platform.

The Salesforce technology underpinning our operations reflects the changes to our organisation design with holiday home sales and owner services all now part of one team.

Establishing a single source of accurate data across four inter-related revenue streams was another key strategic objective and we realised this ambition at the end of 2021. This data asset is already improving the quality of decision making and will support our digital aspirations including providing the data sets to better personalise our customer communications. Having resolved the businesses reporting challenges, focus now turns to leveraging our data sets to provide our operational teams with directive, action orientated dashboards that help them improve operational execution and ultimately profitability at park level.

Planet
During 2021 we have developed a specific ESG strategy that leverages our natural attributes in this space. ESG is already a natural component of the way we do business. It is inherent in everything we do. Full details of our ESG strategy are in the section below.

Our full ESG strategy can be found on our web-site (https://www.parkdeanresorts.co.uk/corporate/esg/).

Digital
In 2021 we continued the development of our holiday sales revenue management system which is now in the latter stages of development as an automated tool. In advance of this automation, our existing algorithms have been key levers in supporting price growth and the reduction of discounting in 2021.

Strategic report *(continued)*

Our holiday home sales process has become increasingly digitised, embracing not only our own development but also visualisation technologies such as CitNow which improve the customer experience with focus on the simplification and seamless execution of the enquiry to sale process.

We will continue to invest in building out our digital capability with a focus on improving the customer experience and supporting our brand recognition. In 2022 we will relaunch our website to deliver an improved customer journey, specifically a seamless search to book journey which will drive improved conversion and improve our direct sales penetration.

Service delivery is a key component of our digital aspirations with significant investment going into our 'Manage My Booking' experience and our owner experience portal, with a clear focus on self-service.

Resource is also aligned behind our on-park digital experience with enhancements to our 'order and pay app', the introduction of an improved activities booking app and the ability to book into venues through a single park-based application.

As these products develop they will further enhance the data we have to better understand our customers and their behaviours, feeding into further improvements in our single view of the customer model which will inform future digital developments and marketing strategy.

Our brand
Our vision is to become **'everyone's favourite staycation'** through our **'passionate people, creating amazing memories'** across the generational spectrum.

Our brand DNA has been defined by our four main customer groups (who account for 74% of demand) who tell us it's all about 'family, fun and freedom', and is underpinned by the following pillars:

Landmark locations: in staycation hot spots.

Great self-catering accommodation: with a 'good, better, best' range and price options.

Fun and safe parks: providing great customer service, plenty of activities, great facilities, quality F&B options and memorable entertainment.

Value for money: central to all we do, our revenue management system and approach to range and price mean we will also focus on the needs of our core customers.

Digitised experience: making it easy for customers to find a holiday home or buy a holiday online; or buy F&B and activities whilst on park.

ESG: delivery of our ESG strategy will result in a sustainable and carbon neutral business by 2040.

DA&I and technology
We have predicated our technology road-map on leading cloud-based technologies from Salesforce, Dayforce, Microsoft and Citrix whilst securing the Group from an information security and cyber security perspective with a wrapper of technologies necessary to appropriately manage our risk.

We have built a high quality data analytics and insight capability that is allowing the business to make more informed decisions. An exemplar for this investment is the automated pitch optimisation tool which is utilised to support optimal asset allocation for pitch developments and on-going switching of pitches between holiday sales and holiday home sales to optimise profitability and returns.

Together these technology investments allow the business to scale up materially without significant further cost investment and provide our operations and back-office teams with the systems necessary to drive efficiencies across the business.

Strategic report *(continued)*

Outlook

As we move into 2022 we have much to look forward to and be confident about, due to the investment in the estate, the brand, and our people. While Parkdean Resorts benefitted from increased demand for staycations in 2021 due to the pandemic, the key drivers of the Group's long-term success are robust and have longevity; these include quality accommodation, combined with appealing activities and F&B, driving customer loyalty, and a strong propensity to rebook at one of our 67 parks in popular coastal locations or areas of natural beauty. British consumers continue to demand multiple holidays and short breaks in a year, providing the ideal opportunity for Parkdean to extend the holiday season and improve occupancy in off-peak periods. Our good-value, self-catering proposition means we are naturally resilient to an economic downturn, while offering discretionary spend on activities and F&B.

Current market demand is outpacing new holiday home supply and we expect this situation to continue for some time. As a business we have an unrepeatable property footprint, are well represented in high demand locations and our parks have proved themselves very resilient throughout the COVID-19 pandemic, and beyond.

We are well positioned to deliver an ambitious growth plan from strong foundations having made significant investment in our park facilities, accommodation, people, technology platform, revenue management systems, digital capabilities and the operational efficiency of the business.

We have a clear vision and our major growth levers are organic and based on projects with proven returns. Our customers are telling us that they like how we are improving the offering and that is reflected in the feedback we have garnered across multiple review platforms. Our people have proven to be resilient, innovative, and ambitious for themselves and the business and we now have a core set of values that reflects our aspirations. Our ambition is grounded in sustainability, as we play an important role in the communities we serve and are custodians for beaches, woodlands and many areas of natural beauty. We are committed to care for our People, Parks and the Planet and as we go through 2022 these elements will play a key role in our evolving brand transformation.

Subsequent to the balance sheet date, Onex Corporation, Parkdean Resorts' ultimate controlling party, has initiated a process, the outcome of which may result in the sale of its interest in the Group.

Corporate governance

The Group continues to operate under the Wates Corporate Governance Principles for large private companies.

The Group's values, strategy and culture are driven by the Board of directors of the Company (the 'Board') and centred on our purpose, as demonstrated throughout the Strategic Report and Directors' Report. The Principal Risks and Uncertainties section of this annual report specifically shows our assessment of present and future risk. Board composition and responsibilities are disclosed on pages 23, 24 and 29. The roles of the Remuneration Committee, the Audit and Risk Committee and the Health, Safety and Security Committee each of which directly support the Board, are discussed on page 25. A key focus of the Group has always been stakeholder relationships and engagement, discussed on pages 25 to 27. The directors confirm their ongoing adherence to s172(1) of the Companies Act 2006 and the directors' duty to promote the success of the Group for the benefit of its members as a whole. The Chief Executive Officer's review demonstrates our consideration of likely long-term consequences of decisions on all stakeholders and the Directors' Report shows our desire to maintain our high standards of business conduct, with specific interests and engagement of stakeholders discussed on pages 25 to 27.

Environmental and social governance

The business contributes to the economic stability of 67 coastal and rural communities and is home to over 3,500 acres of land including forests, rivers, beaches and headlands in many of the UK's leading beauty spots. The Group's aim is care for our parks, people, and planet and to support this we have during the year established a cross-functional ESG working group. Our approach to ESG encompasses our aspiration to celebrate people, communities and our natural environment, enabling us to enhance the amazing memories we create for many years to come.

Our goal is to ensure our ESG strategy informs everyday decisions made across all areas of the business. The ESG strategic plan approved by the Board defines eight priorities with 25 corresponding commitments with the aim of delivering these by 2025.

Strategic report *(continued)*

The eight strategic priorities are:

Environment:

- Reduce our carbon emissions 25% by 2025, as the first milestone in our net zero by 2040 target, supported by a robust climate resilience plan.
- Tangible shift towards sustainable sourcing and the use of our resources.
- Spaces for nature and natural capital development plans for all parks.

Social:

- Attract, develop and recognise talent for tomorrow, supporting wellbeing and encouraging a full career journey with us.
- Sustainable relationships with our local communities, continuing as employer of choice and embracing the vision of future generations.

Governance:

- Always conduct business with integrity, supported by codes of practice and a customer charter to ensure a positive life cycle for our customers.
- Rigorous governance and controls for safety, risk, assurance, information and systems.
- Transparency to ensure trust and accountability on key decisions, policies and reporting.

We recognise that we are on a learning curve and the external landscape is constantly evolving, so we will continuously challenge our thinking and keep developing our ESG agenda.

Our initial phase of projects is supported by a variety of campaigns to galvanise and educate our teams, boost empowerment to make ESG integral to our thinking, and create a sense of wellbeing that we are working together to put sustainability at the heart of staycations.

We are making significant investment to deliver this plan in 2022 with further annual commitments to be determined once we have evaluated some of our pilot initiatives.

The Group is proud to have strong ESG foundations already in place. The ESG strategic plan sets the vision and pathway to deliver an authentic, pragmatic, and value adding strategy for the sustainable benefit of our parks, people, and the planet.

The Taskforce for Climate-related Financial Disclosures
Alongside the formation of the ESG group, the Group has conducted a review into the recommendations of the Taskforce for Climate-related Financial Disclosures ('TCFD'). Whilst progress is needed for the Group to be fully aligned with all TCFD recommendations, a number of these recommendations are already fulfilled by the Group.

Governance
The Board has taken overall responsibility for how the Group identifies, assesses and manages climate-related risk. The established ESG working group report to the Board and includes management and non-management representation from across the business.

In the year the Board has appointed a Sustainability Director and approved the Group's first ESG strategic plan to be delivered over the coming years.

Strategy
The direct climate-related risks to the Group can be split into physical and transitional risks. Physical risks faced by the Group include extreme weather events causing damage to parks, or forcing parks to close for a period of time. Transitional risks comprise the possibility of cost increases as a result of more stringent environmental regulation and general increases in energy prices.

There is also a reputational risk relating to the Group's actions to reduce its own impact on the environment. Failure to do this to the extent expected by stakeholders could have negative consequences on the Group's ability to deliver its long-term strategy.

In 2022 we will review the impact of potential future climate scenarios on the business and the effect these scenarios would have on the Group's strategy.

Strategic report *(continued)*

Risk management
The identification and management of climate-related risks is consistent with the Group's general risk management process and will be developed into a Climate Change Resilience Strategic Plan in 2022.

In 2021, sustainability and climate change has been recognised as one of the Group's principal risks for the first time and is therefore reviewed by the Board. Our Internal Audit function informs the Board, the Enterprise Risk Management Team and the Audit and Risk Committee on how effectively risk is being managed. The Board has overall responsibility for assessing the risks faced by the Group and ensuring these are appropriately managed.

Metrics and targets
The Group is in the process of determining the key metrics and targets it will use to assess and manage climate-related risks and opportunities.

The Group is committed to a 25% reduction in carbon emissions by 2025. This will be achieved through the introduction of more sustainable energy infrastructure, sources, and energy efficient tools for our parks. The Group is committed to achieve a net zero position by 2040.

Our Scope 1 and 2 greenhouse gas emissions are disclosed in the Streamlined Energy and Carbon Report on page 28. We are collaborating with customers, suppliers and our people to expand our influence to reduce Scope 3 emissions.

Steve Richards
Chief Executive Officer

Key performance indicators

	2021	2020	Change %
Adjusted revenue (note 2) (£m) [1]	**535.7**	348.4	53.8
Adjusted EBITDA (£m)	**144.7**	58.1	149.1
Holiday sales volume (No. holidays)	**515,995**	318,835	61.8
Holiday home sales volume (No. units)	**3,532**	3,380	4.5
Holiday home owners at 31 December (No.)	**20,767**	20,606	0.8

(1) 2021 revenue has been adjusted for forfeited COVID-19 exceptional pitch fee refunds of £0.7m *(2020: refunds granted of £8.1m)*.

Adjusted revenue
Adjusted revenue for the year was £535.7m (*2020: £348.4m*).

Adjusted EBITDA
Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share-based payment expenses, exceptional items and the exceptional adjustment to revenue noted in (1) above. Adjusted EBITDA is an important measure for the Group of the profitability and cash generation of its trading operations. Adjusted EBITDA was £144.7m for the year ended 31 December 2021 (*2020: £58.1m*).

Holiday sales volume
Holiday sales volume is the number of holidays taken in Group-owned fleet, touring and camping pitches and other accommodation and holiday home owner sub-hire accommodation. Holiday sales volume in 2021 was 515,995 (*2020: 318,835*).

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 3,532 (*2020: 3,380*).

Number of holiday home owners
The number of holiday home owners at 31 December 2021 was 20,767 (*2020: 20,606*).

Group financial review

Overview

	2021 £m	2020 restated(4) £m	Change %
Adjusted revenue (note 2) (1)	**535.7**	348.4	53.8
Adjusted EBITDA	**144.7**	58.1	149.1
Operating exceptional items and business interruption insurance proceeds(2)	**51.5**	(17.7)	(391.0)
Operating profit/(loss) excluding operating exceptional items and insurance proceeds	**84.2**	(1.1)	(7,754.5)
Operating profit/(loss)	**135.7**	(18.8)	(821.8)
Net finance expense	**(56.0)**	(69.6)	(19.5)
Profit/(loss) before tax	**79.7**	(88.4)	(190.2)
Tax charge	**(60.5)**	(2.1)	2,781.0
Retained profit/(loss)	**19.2**	(90.5)	(121.2)
Non-current assets	**1,452.7**	1,441.8	0.8
Interest bearing loans and borrowings	**(1,030.5)**	(1,110.3)	(7.2)
Cash and cash equivalents	**29.5**	63.8	(53.8)
Leverage(3)	**5.3**	14.9	(64.4)

(1) 2021 revenue has been adjusted for forfeited COVID-19 exceptional pitch fee refunds of £0.7m *(2020: refunds granted of £8.1m)*.

(2) Operating exceptional items are items that are unusual in size and incidence such that their separate disclosure is important when assessing underlying performance. See below and in note 4 for further details. Business interruption insurance proceeds are detailed in note 3.

(3) Leverage is defined as net debt (external debt including lease liabilities but excluding ground rent lease liabilities less cash and cash equivalents) divided by EBITDA. 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 includes an adjustment for 12 month equivalent ground rent payments of £7.9m *(2020: £7.7m)*.

(4) See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

Adjusted revenue

Adjusted revenue in the year was £535.7m (*2020: £348.4m*), an increase of 53.8%. All areas of the business have significantly improved on the prior year given that 2020 was more significantly impacted by COVID-19, and 2021 has seen a strength in the UK holiday market driving prices and volume levels across revenue streams. Holiday home sales revenue increased by 39.7% due to continued demand in the market as well as the strength of our product range, central pricing control and marketing strategy. Holiday sales increased by 86.9% following continued demand in the market for staycations and a trend toward longer stays, as well as our more sophisticated and dynamic pricing model. On-park spend revenue also increased by 97.3% on the prior year due to the longer trading season in 2021 as COVID-19 restrictions gradually reduced, aided by our successful order to pay app, retail innovation and new menu. Owner income increased by 6.9% as owner numbers increased.

Adjusted EBITDA

Adjusted EBITDA was £144.7m (2020: £58.1m) an increase of 149.1%. Holiday home sales saw an increase in contribution of 75.1%, supported by our digitalised sales platform, holiday home sales team training, centralised pricing and streamlined product offer, with strong market dynamics reducing the needs for promotional discounting. Owner income also saw an increased contribution of 5.4%. Holiday sales contribution increased by 127.7%, benefitting from a longer trading period, improved use of data analytics in our pricing model, investment in raising the minimum standard of accommodation across parks and the temporary reduced rate of VAT. On-park spend contribution saw the biggest increase at 184.0% as parks were open for more of the season and with fewer COVID-19 restrictions in place than in 2020 and also benefiting from the significant investment in on-park facilities over the past two years.

Group financial review *(continued)*

Exceptional items

Exceptional costs were £6.7m in the year (*2020 restated: £9.6m*) and were mainly in relation to one-off COVID-19 costs and costs for strategic projects. Exceptional costs are shown below:

	2021 **£m**	2020 restated £m
Executive team restructure	**-**	0.1
Strategic projects: cloud configuration and customisation costs	**5.2**	2.6
Other strategic project costs	**0.5**	3.3
COVID-19 related costs	**1.0**	3.6
Total	**6.7**	9.6

Cloud configuration and customisation costs relate to the material spend previously capitalised in relation to the Group's digital transformation programme that have now been expensed following the adoption of the IFRIC agenda decision issued in April 2021. See note 30 for further details.

Further details on exceptional costs are given in note 4.

Operating exceptional items include a credit to revenue for £0.7m of forfeited COVID-19 related pitch fee refunds *(2020: debit to revenue for refunds granted of £8.1m)*. Further details on this exceptional adjustment to revenue are given in note 2.

Operating profit/(loss)

Operating profit was £135.7m for the year (*2020 restated: loss of £18.8m*). The £154.5m improvement year on year is due to the factors summarised in the table below:

	Movement £m	
Adjusted EBITDA	86.6	• Strong trading in current year after parks closed for a significant part of the prior year due to COVID-19
Depreciation	0.7	• Decreased depreciation charge due to transfers and disposals in the year
Amortisation	(2.1)	• Increased amortisation charge due to additions of intangible assets in the year
Business interruption insurance proceeds	57.5	• Insurance proceeds covering losses sustained in first national lockdown for COVID-19 pandemic in 2020
Exceptional pitch licence fee refunds	8.8	• Owner pitch licence fees refunded in prior year as a result of park closures due to COVID-19 were partially reversed in 2021
Exceptional items	2.9	• Fewer exceptional costs in relation to COVID-19 incurred in 2021
Share-based payment expenses	0.1	• Revaluation of cash-settled share options
Increase in operating profit	154.5	

Operating profit excluding exceptional items and forfeited pitch fee refunds *(2020: refunds granted)* was £84.2m (*2020 restated: loss of £1.1m*).

Net finance expense

Net finance expense is lower, primarily due to lower utilisation of the Group's revolving credit facility in the year as well as one-off costs in the prior year in relation to refinancing.

Tax

The Group's tax charge primarily relates to increased deferred tax liabilities due to the substantially enacted increase in UK corporation tax rate.

Group financial review *(continued)*

Non-current assets

Non-current assets of £1,452.7m (*2020 restated: £1,441.8m*) include tangible assets of £1,361.7m (*2020 restated: £1,356.5m*), and intangible assets of £88.0m (*2020 restated: £85.3m*) and other financial assets of £3.0m *(2020: £nil)*. Intangible assets are made up of £63.2m (*2020: £63.2m*) of goodwill arising on the purchase of the Parkdean Resorts group, £15.2m (*2020: £18.3m*) of other intangibles relating to the Parkdean Resorts brand and £9.6m (*2020 restated: £3.8m*) of software costs.

Total debt and leverage

At the year end, bank debt comprised two secured term loan facilities ('Term Loans') totalling £688.5m (*2020: £688.5m*):the first lien facility of £538.5m expiring in 2024 and the second lien facility of £150.0m expiring in 2025.

The Group has a revolving credit facility of £100.0m of which £10.0m is allocated as an ancillary overdraft facility, expiring in 2023. The remaining £90.0m was not utilised at 31 December 2021 *(2020: £90.0m utilised)* and can be drawn with 1 day's notice.

In the prior year, following the unprecedented impact of COVID-19, the Group agreed a covenant waiver and amendment with its lender syndicate in respect of the Term Loans, moving from a leverage-based covenant to a minimum liquidity covenant through to September 2021. The net leverage financial covenant has been reinstated in the year, with the first test date at 31 December 2021 for both Term Loans. 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.

Based on a successful year and outlook, and utilising our forecasting capabilities and sensitised forecasts, management does not expect a covenant breach in the year ahead, and we have comfortable headroom in the outlook period. The Group continues to closely monitor liquidity, as well as potential future COVID-19 impacts to ensure an early reaction if required.

The Group has a loan of £27.5m *(2020: £25.0m),* made by Richmond UK Top Holdco Limited, the Company's parent undertaking, in the prior year. On 16 June each year, interest accrued on this loan is capitalised and added to the principal amount. Interest is accrued at 10.0% per annum.

The Group also has a loan of £32.9m *(2020: £31.5m)* from the Company's parent undertaking. At the end of each year, interest accrued on this loan is capitalised and added to the principal amount. Interest is accrued at 4.75% per annum.

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

Principal risks and uncertainties

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

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

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

Risk description and impact	How we mitigate our risks
MARKET RISKS	
Brexit There is a continuing risk of adverse economic outcomes and supply chain challenges as a result of Brexit, especially in holiday home sales. While the negotiation of a Brexit agreement in December 2020 resolved some areas of Brexit risk, the limited understanding of the longer-term impact of the deal on the UK continues to foster consumer and business uncertainty. The Group has experienced input price increases above the Retail Price Index, particularly foods and build costs for holiday homes.	We can flexibly 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 has shifted reliance on external procurement consultants to an in-house procurement function. We continue to closely monitor the impact of Brexit and adapt the 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 and advocacy.

Principal risks and uncertainties *(continued)*

Risk description and impact	How we mitigate our risks
OPERATIONAL RISKS	
People availability and expertise The need to attract and retain appropriately motivated and experienced customer-focused people is increasing with the scale and ambition of the business. There is a risk that the impact of external factors such as Brexit and the COVID-19 pandemic could reduce our ability to meet our requirement for seasonal employees.	We are continuing to invest in our employer branding to assist in reaching high performing people from outside our industry and recruiting those with the potential to grow in our business. The availability of multiple succession channels (internal and external candidates) is helping to future proof the business and prevent operational gaps. All line managers are encouraged to undertake periodic reviews with their team members and to develop plans to maximise their personal impact. The Group utilises various tools to monitor employee engagement and uses the results to guide the development of human resources ('HR') policies. Training programmes are continually under review and development. The Group constantly reviews remuneration levels in the market to ensure that we remain competitive. The Group takes full advantage of all available sources of suitable seasonal employees, also participating extensively in the UK Government's Kickstart programme to provide additional resource.
Health and safety The Group employs over 8,000 people during peak season (including those on seasonal contracts) and welcomes over 3.5m holiday guests to our parks every year. There is therefore an ongoing risk of health and safety incidents. This includes risks relating specifically to food safety, intolerances and allergens. We understand our duty of care to protect the safety and security of our people, customers and other visitors to our parks.	The Group is committed to maintaining high standards of health and safety, food safety and environmental management across our parks and offices. The Group employs an in-house health and safety team, supplemented where required by specialist consultants, to undertake risk assessments and ensure that appropriate health and safety and food safety policies and procedures are in place. Our people are trained on a regular basis and all parks receive comprehensive health and safety audits on an annual basis. The Group has a separate committee for health, safety, and security which is chaired by Simon Perry, one of our Non-Executive Directors and an operational health and safety compliance committee.
Business continuity The Group is at risk of a business continuity incident affecting parks, offices or critical systems.	The Group has undertaken a business impact analysis exercise to understand its business continuity requirements. The Group has reviewed and updated its crisis communications procedures and undertaken training across the operational management teams. An audit has been undertaken to assess the Group's response to COVID-19 and the associated park and office closures, the results of which are informing a wider review and enhancement of the business continuity planning for the Group's central support offices and park operations.

Principal risks and uncertainties *(continued)*

Risk description and impact	How we mitigate our risks
OPERATIONAL RISKS	
Regulatory compliance The Group is subject to regulation across a number of areas including credit broking and the sale of insurance under FCA authorisations, gaming activities pursuant to an operating licence issued by the Gambling Commission and holding and processing personal information under the Data Protection Act 2018 and associated regulations. There is an increasing compliance burden around payroll compliance including the Working Time Directive, Right to Work, National Minimum Wage and Auto-Enrolment Pension requirements.	The Group employs a dedicated compliance team and has a comprehensive FCA and Gambling Commission compliance programme. This includes providing comprehensive training to all affected employees and monitoring ongoing compliance. It also has a dedicated resource in respect of data protection and provides ongoing training and compliance monitoring to all employees. The HR team is responsible for the establishment of policy in respect of payroll compliance and delivery of training to the operational teams. The Compliance and Payroll teams assist with the monitoring of the application of and compliance with these policies. The Group also uses third-party experts when required to assist internal teams.
Infectious disease, epidemic or pandemic As demonstrated in 2020 and 2021, in addition to the risk of local outbreaks of infectious disease, there is a risk that an epidemic or global pandemic can impact the travel and leisure industry, including the possibility of full park closures. There is a risk that an outbreak of COVID-19 (or another infectious disease) could take place on one or more of our parks. This could cause reputational damage in addition to the financial impact of a park closure.	Although we cannot control the risk of an epidemic or pandemic, we have demonstrated that holiday parks can provide a safe, clean environment and our caravans and lodges offer an inherently socially distanced experience. In the event of any future local or national lockdowns, we would again maintain an active stance to promote social distancing and other safety measures in place on park, campaigning to ensure that our parks re-open as early as possible, whilst demonstrating our full adherence to Government regulation and guidance to ensure customer and team member safety. We have demonstrated an ability to react rapidly and appropriately to changing Government requirements, acting to minimise costs and instigating remote working to ensure business continuity, continued customer service and liquidity management. The Group's normal business cycle includes the requirement to close and re-open the parks on an annual basis and so we have operational plans in place to conduct this in an orderly and efficient manner. In the context of COVID-19, the Group has implemented all measures required to meet Government regulation to provide a safe holiday environment for our customers and a safe working environment for our employees. This includes social distancing, enhanced cleaning, personal protective equipment for employees, a contactless check-in and check-out system as well as complying with track and trace requirements.

Principal risks and uncertainties *(continued)*

Risk description and impact	**How we mitigate our risks**
OPERATIONAL RISKS	
Technology and cyber security The Group operates a dispersed IT infrastructure, covering its network of parks and offices and makes use of a variety of proprietary and third party systems. There is a risk of system or network failure and of a cyber-security breach.	The Group's critical IT infrastructure is held in Tier one data centres, with live replication. All critical network lines have back-up paths in place. The Group regularly upgrades hardware and software to improve network and application performance. The Group achieved ISO27001 compliance in the year. The Group is also investing heavily in enhancing its IT platform and improving and integrating systems. The Group performs regular risk reviews and tests for network performance and has enhanced both data and cyber security for internal purposes and as required under the Payment Card Industry Data Security Standards. The Group has a separate cyber security committee chaired by the CFO to provide direction and strategy to its cyber security programme and oversee compliance.
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 relies on the in-house procurement function, a team of experienced category experts who have strong knowledge of the supply chain in their area of expertise. Category plans have been developed and supplier partnerships formed based on strategic importance. A risk mapping exercise has been conducted and risk management plans developed, with back up alternatives for critical spend areas where feasible.
FINANCIAL RISKS	
Financial covenant compliance The Group is highly leveraged and as with many private-equity owned businesses, is required to comply with financial covenants as part of the Senior Facilities Agreements. The Group complies with a net leverage financial covenant which was reinstated in September 2021 for a first test date of 31 December 2021, following a waiver and amendment in respect of the original terms of the Senior Facilities Agreement in 2020 to agree a minimum liquidity covenant due to the impact of COVID-19.	The Group assesses its liquidity level and compliance with the leverage covenant regularly through short and long-term forecasting, reviewed by the Board each month, the audit committee at each meeting and the senior finance team on a weekly basis. Following a successful trading period, there is significant headroom on the covenant position.

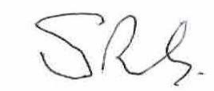
Principal risks and uncertainties *(continued)*

Risk description and impact	**How we mitigate our risks**
FINANCIAL RISKS	
Liquidity The holiday park business is seasonal but predictable. Cash flows are positive through the main holiday season but negative during the winter months. Cash management is a key focus for the Group to mitigate the liquidity risk caused by this seasonal trading.	The Group has no requirements until 3 March 2024 to make any repayment on either the £538.5m first lien loan facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien facility providers. There is a £100.0m revolving credit facility available up to March 2023 which provides sufficient cash resources to meet the working capital requirements of the business going forward. Current forecasts and projections, taking into account reasonable changes in trading performance, are reviewed regularly to ensure that the Group is able to operate within its working capital facilities and banking covenants for the foreseeable future.
Credit The Group's operations mean that there is a relatively low credit risk. The vast majority of holidays cannot be taken and holiday homes are not released, until payment is received in full. Annual pitch licence fees are paid in advance by holiday home owners or via a third-party direct debit payment plan. Almost all on-park spend revenue is paid for at the point of sale.	The Group's objective is to reduce the risk of financial loss due to a customer not honouring their financial obligations and the debt profile is actively managed. The Group has a central credit control team that supports the on-park teams with their collection of amounts from holiday home owners. There is a clear debt management process. This can result in removal of an owner from park when the debt remains unpaid. Credit terms for holidays are only offered to credit-worthy corporate agents, again with the vast majority of the payments from these agents received prior to commencement of the guest's holiday.
Interest rate The first lien and second lien facilities are subject to floating rates of interest as detailed in note 18.	The Group has hedged £425.0m of debt with an interest rate cap that runs to September 2023. This provides coverage on 62% of the floating rate debt held by the Group, which covers the majority of the first lien loan balance which has a 0% floor hence is deemed cost effective to hedge; The second lien loan has a 1% floor and therefore is not hedged for the 2 year period.

Principal risks and uncertainties *(continued)*

Risk description and impact	How we mitigate our risks
SUSTAINABILITY AND CLIMATE CHANGE	
Environmental and social governance The Group has a responsibility to assess the social and environmental sustainability of its direct operations as well as those of its supply chain. The principal risk is that the impacts of climate change such as extreme weather events cause damage to or disrupt the operations of the Group's holiday parks. There is an additional risk of damage to the Group's reputation and inability to deliver its long-term strategy if this responsibility is not met.	In the year the Group has established an Environmental Social Governance ('ESG') steering group to lead the development and implementation of the Group's ESG strategy. This includes a commitment to have a positive social and environmental impact, and robust governance to ensure long-term sustainability of the business. Details of this can be found in the strategic report on pages 9 to 11. We have initiated the alignment of our environmental reporting to the requirements of the TCFD framework to demonstrate the importance to the Board of identifying and assessing climate-related risks to the Group.

This strategic report was approved by the Board of directors on 01 March 2022 and signed on its behalf by:



Steve Richards
Chief Executive Officer

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

Directors' report

The directors present their report and the audited financial statements of the Group and the Company for the year ended 31 December 2021.

Results for the year

The profit for the year after tax amounted to £19.2m (*2020 restated: loss of £90.5m).* Further discussion of the results and performance of the Group is provided in the Group financial review on pages 13 to 15.

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 2 to 11.

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. The directors have also considered the fact that Onex Corporation, the ultimate controlling party, has initiated a process which may result in the sale of its interest in the Group. Whilst the directors have no reason to doubt the ability or the intent of any potential new controlling shareholder to support the Group post completion, should the ultimate controlling party be successful in disposing of its interest in the Group, it is beyond the control of the directors to dictate or confirm the intentions of the new shareholder.

In making their going concern assessment under IAS 1, and specifically in evaluating management's plans for future actions for at least, but not limited to, twelve months from the end of the reporting date, the directors are required to conclude that, should the ultimate parent be successful in disposing of its interest in the Group, the sale process itself represents a material uncertainty. Notwithstanding the uncertainty caused by the sale process, the directors have assessed the risks and performance of the Group, and using the evidence available to them 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

Subsequent to the balance sheet date, the Group acquired the entire issued share capital of Hanson European Caravan Transport Limited on 4 January 2022.

On 1 March 2022 the Group completed the sale of Hayling Island Holiday Park Limited (which at the date of sale was the owner of Hayling Island holiday park).

Further details are provided in the post balance sheet events note on page 84 of the financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (*2020: £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 $47 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.

Directors' report *(continued)*

Compliance with Private Equity Reporting Group Guidelines

The Group is committed to achieving high standards of corporate governance and reporting, including in accordance with the Guidelines for Disclosure and Transparency in Private Equity, save for the publication of a mid-year summary which the Board consider inappropriate given the seasonal nature of the Group's business.

Corporate governance

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

Directors

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

Chrisanth Gradischnig
Ian Kellett
Robert Le Blanc
Simon Perry
Steve Richards
Martin Robinson

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

Group Board of directors

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

Steve Richards – Chief Executive Officer
Steve has spent over 30 years in the hospitality sector and worked with a number of well-known public and private companies before becoming CEO of Parkdean Resorts in 2019.

Steve started his career in 1989, spending the first 14 years working for FTSE 100 companies, holding senior leadership roles at Allied Domecq before being appointed MD of Scottish and Newcastle's pub business. Since 2003, Steve as CEO has led various large scale private-equity backed companies in different segments of the sector including pubs, nightclubs, budget hotels and branded casual dining restaurants.

Steve is also a non-executive director of Arc Inspirations Ltd, the premium bar operator and, since 2019, the Chairman of UK Hospitality; the sector's leading trade body which lobbies Government on the strategic issues affecting its 850 member companies, who between them employ over three million people and contribute more tax to the exchequer than the manufacturing, aviation and pharmacy sectors combined.

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

Ian was previously Chief Executive at Pets at Home, which he joined as Chief Financial Officer in 2006. He was instrumental in growing the business from 185 to 450 stores while 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.

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

Prior to joining Onex, Chrisanth was with the Investment Banking Division of Morgan Stanley in London, Zurich and Frankfurt. Chrisanth holds a Master of Social and Economic Sciences degree from the Vienna University of Economics and Business.

Directors' report *(continued)*

Robert Le Blanc – Non-Executive Investor Director
As President of Onex, Bobby oversees all of Onex' business units and corporate groups and serves as Head of Onex Partners, Onex' flagship private equity platform.

Bobby is a director of PowerSchool Group, Ryan Speciality Group, Parkdean Resorts, Convex, First Berkshire, Hathaway Life and DREAM Charter School.

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

Bobby holds an M.B.A. from New York University and a B.S. from Bucknell University.

Simon Perry – Non-Executive Director
Simon chairs both the Audit and Risk Committee and the Health, Safety and Security Committee.

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, EY's Global Head of Private Equity and a member of the advisory board of Arowana International Limited. With a background in audit, finance and transactions, Simon has extensive UK and international experience working on business transformation, mergers and acquisitions and performance improvement.

Simon is also a Governor of the University of Plymouth, a director of Bibby Financial Services Limited and Pungo Limited (t/a Joy) and a member of the advisory board of Anmut Limited.

Martin Robinson – Non-Executive Chairman
As well as being Chairman, Martin chairs the Remuneration Committee.

Martin has spent much of his career in the leisure sector. He served as CEO and Chairman of Center Parcs Europe and Chairman of Center Parcs UK between 1997 and 2015. He was also Director of Disneyland Paris between 2009 and 2018 and has chaired the boards of Casual Dining Group, Wagamama and Holmes Place Health Clubs.

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

Responsibilities

The Board has responsibility for the Group's overall approach to strategic decision making and effective risk management. The Board is assisted in this by the Audit and Risk Committee. The principal risks and uncertainties are detailed on pages 16 to 21.

Effectiveness and evaluation

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

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

Diversity

The Board supports diversity throughout the business, and understands the value of a diverse board. It strives for the team to be made up of the best people based on skills, experience, qualifications, values and character. Roles are filled having regard to these attributes and appointments are not concentrated solely on complying with diversity ratios. The Group continues to seek diversity within the Board recognising the insights and benefits it brings.

Directors' report *(continued)*

Remuneration Committee

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

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

Audit and Risk Committee

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

Health, Safety and Security Committee

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

Disclosure of information to auditor

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

Auditor

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

Political contributions

Neither the Company nor any of its subsidiaries made any political donations nor incurred any political expenditure during the year ended 31 December 2021 (*2020: £nil)*.

Stakeholder engagement

The Board identifies and recognises the key stakeholders of the Group as shareholders, holiday home owners, holiday guests, its people, suppliers, the 67 local communities in which its parks are located and the environment surrounding these parks.

Holiday home owners
The Group's estate has 62 parks where families own holiday homes and the owner community remains a key contributor to the Group's vibrant parks.

The Group's continued focus on owner engagement has maintained positive owner sentiment during 2021; this was partly driven by investment in digital and financial systems which also laid the foundations of enhanced digital self-service.

The Group has introduced dedicated Owner Experience Manager roles on-park, to support owners and enhance the on-park experience and to drive value initiatives particularly around part exchange and referrals for the owner community.

Directors' report *(continued)*

Guests
The Group is focused on ensuring that each park achieves and maintains a high level of customer experience. Holiday guests recognised the fantastic work our teams have put in, with consistently high ratings across all feedback channels. Tens of thousands of customers provided feedback across key platforms, with scores in Q4 2021 peaking across Facebook (4.2 out of 5), Google (4.1), and Tripadvisor (4.0), which show just how happy holidaymakers have been with their visits to our parks.

Our people
The Group's people are passionately driven by a collective commitment to create amazing memories for its guests. They are at the heart of the Group and the key to its future success. Investment in recruitment, training, development and engagement across the business continues to be prioritised.

Engagement is a key part of the Group's people plan. The Group enjoys an open culture and the directors and senior team actively solicit the opinions of team members when visiting parks and offices and communicate regularly with all team members using Facebook's Workplace, group-wide conferences and team briefings. In reaching key decisions that affect the workforce the directors pay attention to the long and short-term impact of their decisions and factor this into their decision making.

Team training and development remains a key priority for the Group and 2021 saw further investment in field-based learning and training development business partners. The Group continues to provide excellent skills development through its apprenticeship schemes and new programmes aimed at developing key hospitality skills as well as actively participating in the Kickstart programme to help young people start a career in hospitality.

2021 saw the Group unveil specific leadership development plans to ensure many future leadership requirements can be fulfilled by growing its own. In 2021 we launched a Chef's Academy and a Holiday Homes Sales Academy to develop our kitchen and sales teams respectively, ensuring they meet the high standards expected by both our leadership team and customers.

Delighting guests and owners is paramount and the Group is proud to offer opportunities to all like-minded people. The Group has a commitment to inclusion and continually look to improve career development opportunities whilst recognising that diversity is valuable to our business' success. Engaging our people to realise their potential is the best way to utilise all our resources to the advantage of guests and owners.

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 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 2021 is outlined in the table below. Due to the seasonal nature of the business, the total people numbers below are at the lowest point of the year.

Level	Male	Male %	Female	Female %	Total
Board directors	6	100%	-	0%	6
Senior management (excluding Board directors)	2	50%	2	50%	4
Team members	1,822	55%	1,483	45%	3,305
TOTAL	**1,830**	**55%**	**1,485**	**45%**	**3,315**

The Group is committed to gender equality and publishes its Gender Pay Gap information on its website on an annual basis.

Directors' report *(continued)*

Suppliers

The Group ensures that all suppliers are treated fairly, and in turn requires that they comply with trading standards and regulations such as the Modern Slavery Act. In addition the Group is committed to meeting agreed payment terms and details are published on the Payment Practices website every 6 months. The Group has had frequent interaction with suppliers, including on topics such as the effects and impact of Brexit and the COVID-19 pandemic on supply and demand, in the year and it will continue to meet with suppliers and work together effectively going forwards.

Community

The Group's parks are located at the heart of 67 vibrant coastal and rural communities that help it to thrive; they are the places where its people live and where local suppliers are based, and without their support the Group wouldn't be able to attract 3.5 million customers a year. The Group is committed to caring for its people, parks and planet to create a positive social and environmental impact on the surrounding community, and to acting responsibly for the long-term sustainability of its business.

During 2021, the Group continued to support the Team Margot Foundation, supporting families caring for child cancer patients and campaigning to promote stem cell, blood and organ donations. Working alongside caravan manufacturer Willerby, families of child cancer patients were offered free holidays at Southview Holiday Park. In addition, the Group hosted a charity dinner which raised £80,000 for the charity.

The Group continued its relationship with the Royal Navy and Royal Marines Charity and launched an additional partnership with the Army Central Fund to provide 140 holiday breaks to service personnel at 19 holiday parks, awarded as recognition of the Service Person and their families. The Group also fundraised for charity partner, SSAFA, the Armed Forces charity, which provides welfare, health and support services for the UK's military community.

Furthering its commitment to supporting the Armed Forces in 2021, the Group gained the Silver Award in the MOD's Employer Recognition Awards Scheme, in recognition of its support to the Armed Forces. The Employer Recognition Scheme awards employers and organisations that pledge, demonstrate, or advocate support to Defence and the Armed Forces' community, and align their values with the Armed Forces Covenant.

Environment

Many of the Group's parks are in areas of outstanding natural beauty and are significant areas for biodiversity. Conservation and environmental management are fundamental to the business and the Group looks to take strategic action to protect and enhance the environment and its wider sustainability performance. Over the last year the Group has been working with partners to:

- ensure all new hire fleet caravans and lodges are double glazed, have extra insulation and low energy lighting to optimise energy efficiency and reduce carbon footprint;
- further investment in low energy equipment and lighting to reduce carbon emissions. All central facilities have energy efficient LED lighting, and a programme to replace all external lighting with LED systems will reduce impact on levels of light pollution; and
- provided enhanced recycling facilities and communications materials to encourage guests and holiday home owners to recycle wherever practical, this will be further developed over the coming year.

The Group has continued its prestigious David Bellamy Conservation Awards partnership, with all parks having been awarded these again in 2021. This is alongside development of the ecological value of parks and encouragement of guests and holiday home owners to learn about the habitats and wildlife around them.

Directors' report *(continued)*

Streamlined Energy and Carbon Report

The Group is required to report under the Streamlined Energy and Carbon Reporting (SECR) framework under the Companies and Limited Liability Partnerships Regulations 2018.

UK greenhouse gas emissions and energy usage data for the year ended 31 December:

	2021	2020
Energy consumption used to calculate emissions (kWh)	**152,187,475**	134,630,729
Scope 1 emissions (tCO2e)		
Gas	**17,104**	15,109
Transport	**1,197**	568
	18,301	15,677
Scope 2 emissions (tCO2e)		
Purchased electricity	**13,963**	14,146
Total gross emissions (tCO2e)	**32,264**	29,823
Intensity ratio	**0.06**	0.09

Qualification and reporting methodology
The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance. A wide range of published carbon emission factors are publicly available. DEFRA emission factors have been used for all emission sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into carbon dioxide equivalent (CO2e).

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes (tCO2e) per £000 of revenue in the year.

Measures taken to improve energy efficiency
During the year, the Group has set out its ESG strategy for 2022 and beyond, outlining eight board-approved priorities and 25 commitments to achieve by 2025, as discussed in the strategic report on pages 9 to 11. The principal energy saving activity completed in 2021 was the continued transition to LED lighting; however the groundwork was also laid for a range of further projects to reduce energy usage. 2022 will see us begin the switch to bio LPG as well as the deployment of our in-house utilities portal which will drive change by sharing responsibility for energy saving across the business.

In the prior year the Group undertook a comprehensive review of energy and carbon emissions and developed an Energy, Carbon and Sustainability Strategy which identified the Group's baseline position and resulted in the implementation of a five-year action plan.

Human rights and modern slavery

The Group strives to ensure that all 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. It is committed to eradicating modern slavery and human trafficking in any part of the business and supply chain. The Group has published its statement on modern slavery on its website.

By order of the Board

Judith Archibold

Judith Archibold
Secretary

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

01 March 2022

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 Group and parent company 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 accounting standards as adopted by the UK 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 the Group's profit or loss for that period. In preparing each of the Group's and parent company's 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 international accounting standards as adopted by the UK;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website (www.pardeanresorts.co.uk/corporate). 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 2021 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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 as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 to the financial statements which indicates that the ultimate parent company, Onex Corporation, has initiated a process to sell its interest in the Group. Given the uncertainty this creates, the directors have concluded that it is beyond their control to dictate or confirm the actions of the prospective purchasers after they acquire the Group. As explained in note 1.3, these circumstances constitute a material uncertainty that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation

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 for at least a year from the date of approval of the financial statements ("the going concern period"). As stated above, they have also concluded that there is a material uncertainty related to going concern.

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were timing of potential government driven lockdown periods impact on cashflows and profits.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors’ sensitivities over the level of available financial resources and covenant thresholds indicated by the Group’s financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively. Our procedures also included:

- Critically assessing assumptions in base case and severe but plausible downside scenario relevant to liquidity and covenant metrics, in particular in relation to risks by comparing to historical trends and overlaying knowledge of the Group’s plans based on approved budgets and our knowledge of the entity and the sector in which it operates.
- We inspected the confirmation from the lender of the level of committed financing, and the associated covenant requirements.

We considered whether the going concern disclosure in note 1.3 to the financial statements gives a full and accurate description of the Directors’ assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we found the going concern disclosure in note 1.3 to be acceptable.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that holiday home sales throughout the period are overstated and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all significant components of the Group based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts linked to holiday home revenue.
- Substantive testing of holiday home sales throughout the period.
- Substantive testing of holiday home sales around the period end.
- Substantive testing of post year end credit notes for holiday home sales.

Independent auditor's report to the members of Richmond UK Holdco Limited *(continued)*

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law and company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

Independent auditor's report to the members of Richmond UK Holdco Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 29, 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.

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

03 March 2022

Consolidated statement of profit and loss and other comprehensive income

for the year ended 31 December 2021

	Note	2021 £m	2020 restated [3] £m
Revenue	*2*	**536.4**	340.3
Other operating income – revenue grants	*3*	**-**	1.6
Cost of sales		**(141.9)**	(102.5)
Gross profit		**394.5**	239.4
Administrative expenses		**(318.3)**	(258.2)
Other operating income	*3*	**59.5**	-
Operating profit/(loss)		**135.7**	(18.8)
Analysed as:			
Adjusted EBITDA [1]		**144.7**	58.1
Business interruption insurance proceeds	*3*	**57.5**	-
COVID-19 pitch fee refund	*2*	**0.7**	(8.1)
Depreciation	*5*	**(53.4)**	(54.1)
Amortisation	*5*	**(6.4)**	(4.3)
Exceptional items	*4*	**(6.7)**	(9.6)
Share-based payment expense	*23*	**(0.7)**	(0.8)
Operating profit/(loss)		**135.7**	(18.8)
Finance income	*8*	**3.8**	0.3
Finance expense	*8*	**(59.8)**	(69.9)
Net finance expense		**(56.0)**	(69.6)
Profit/(loss) before tax		**79.7**	(88.4)
Tax	*9*	**(60.5)**	(2.1)
Profit/(loss) for the year [2]		**19.2**	(90.5)

[1] Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, share-based payment expense, COVID-19 pitch fee refund, business interruption insurance proceeds and exceptional items.

[2] Attributable to equity holders of the parent.

[3] See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

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

Consolidated balance sheet
at 31 December 2021

	Note	2021 £m	2020 restated[1] £m	1 January 2020 restated[1] £m
Non-current assets				
Property, plant and equipment	*10*	**748.5**	757.1	730.1
Right-of-use assets	*11*	**613.2**	599.4	600.4
Intangible assets	*12*	**88.0**	85.3	87.7
Other financial assets	*14*	**3.0**	-	-
		1,452.7	1,441.8	1,418.2
Current assets				
Inventories	*16*	**37.3**	26.5	29.7
Trade and other receivables	*17*	**63.2**	47.3	58.6
Cash and cash equivalents		**29.5**	63.8	9.3
Tax receivable		**4.1**	-	-
Assets classified as held for sale	*31*	**18.3**	-	-
		152.4	137.6	97.6
Total assets		**1,605.1**	1,579.4	1,515.8
Current liabilities				
Interest bearing loans and borrowings	*18*	**(2.8)**	(92.8)	(2.8)
Trade and other payables	*20*	**(183.8)**	(151.2)	(163.1)
Other financial liabilities	*21*	**-**	(1.3)	(0.1)
Tax payable		**-**	-	(1.1)
Liabilities classified as held for sale	*31*	**(1.2)**	-	-
		(187.8)	(245.3)	(167.1)
Non-current liabilities				
Interest bearing loans and borrowings	*18*	**(1,027.7)**	(1,017.5)	(950.1)
Trade and other payables	*20*	**(1.5)**	(1.3)	-
Deferred tax liabilities	*15*	**(173.3)**	(120.8)	(114.4)
		(1,202.5)	(1,139.6)	(1,064.5)
Total liabilities		**(1,390.3)**	(1,384.9)	(1,231.6)
Net assets		**214.8**	194.5	284.2
Equity				
Share capital	*24*	**-**	-	-
Share premium	*24*	**466.2**	466.2	466.2
Capital contribution reserve	*23*	**1.8**	1.1	0.3
Retained losses		**(253.2)**	(272.8)	(182.3)
Total equity		**214.8**	194.5	284.2

[1] See note 30 for an explanation of the prior year restatement recognised in relation to IFRIC agenda decision.

These financial statements were approved by the Board of directors on 01 March 2022 and were signed on its behalf by:

Ian Kellett
Director

Company registered number: 10537415

Company balance sheet
at 31 December 2021

	Note	2021 £m	2020 £m
Non-current assets			
Investments in subsidiaries	*13*	**298.6**	298.6
Trade and other receivables	*17*	**29.0**	26.3
		327.6	324.9
Current assets			
Trade and other receivables	*17*	**32.9**	31.5
Cash and cash equivalents		**-**	25.0
		32.9	56.5
Total assets		**360.5**	381.4
Current liabilities			
Trade and other payables	*20*	**-**	(25.0)
		-	(25.0)
Non-current liabilities			
Interest bearing loans and borrowings	*18*	**(60.4)**	(56.5)
Trade and other payables	*20*	**(1.5)**	(1.3)
		(61.9)	(57.8)
Total liabilities		**(61.9)**	(82.8)
Net assets		**298.6**	298.6
Equity			
Share capital	*24*	**-**	-
Share premium	*24*	**466.2**	466.2
Capital contribution reserve	*23*	**1.8**	1.1
Retained losses		**(169.4)**	(168.7)
Total equity		**298.6**	298.6

As permitted by section s408 of the Companies Act 2006, no profit and loss account for the Company is presented. The Company's loss for the financial year was £0.7m *(2020: loss of £0.8m).*

These financial statements were approved by the Board of directors 01 March 2022 and were signed on its behalf by:

Ian Kellett
Director

Company registered number: 10537415

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution reserve £m	Retained losses £m	Total equity £m
Balance at 1 January 2020 (as reported)	-	466.2	0.3	(181.6)	284.9
Impact of change in accounting policy in respect of cloud configuration and customisation costs (note 30)	-	-	-	(0.7)	(0.7)
Balance at 1 January 2020 (restated)	-	466.2	0.3	(182.3)	284.2
Total comprehensive loss for the year					
Loss for the year (restated)	-	-	-	(90.5)	(90.5)
Transactions with owners, recorded directly in equity					
Capital contribution	-	-	0.8	-	0.8
Balance at 31 December 2020 (restated)	-	466.2	1.1	(272.8)	194.5
Balance at 1 January 2021	**-**	**466.2**	**1.1**	**(272.8)**	**194.5**
IFRS 16 deferred tax transitional adjustment (note 15)	**-**	**-**	**-**	**0.4**	**0.4**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**19.2**	**19.2**
Transactions with owners, recorded directly in equity					
Capital contribution	**-**	**-**	**0.7**	**-**	**0.7**
Balance at 31 December 2021	**-**	**466.2**	**1.8**	**(253.2)**	**214.8**

Company statement of changes in equity

	Share capital £m	Share premium £m	Capital contribution reserve £m	Retained losses £m	Total equity £m
Balance at 1 January 2020	-	466.2	0.3	(167.9)	298.6
Total comprehensive loss for the year					
Loss for the year	-	-	-	(0.8)	(0.8)
Transactions with owners, recorded directly in equity					
Capital contribution	-	-	0.8	-	0.8
Balance at 31 December 2020	-	466.2	1.1	(168.7)	298.6
Balance at 1 January 2021	**-**	**466.2**	**1.1**	**(168.7)**	**298.6**
Total comprehensive loss for the year					
Loss for the year	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Transactions with owners, recorded directly in equity					
Capital contribution	**-**	**-**	**0.7**	**-**	**0.7**
Balance at 31 December 2021	**-**	**466.2**	**1.8**	**(169.4)**	**298.6**

Consolidated cash flow statement
for the year ended 31 December 2021

	Note	**2021 £m**	2020 restated[(1)] £m
Cash flows from operating activities			
Profit/(loss) for the year		**19.2**	(90.5)
Adjustments for:			
Depreciation and amortisation	*5*	**59.8**	58.4
Finance income	*8*	**(3.8)**	(0.3)
Finance expense	*8*	**59.8**	69.9
Loss on sale of property, plant and equipment	*5*	**-**	0.2
Share-based payment expenses	*23*	**0.7**	0.8
Tax	*9*	**60.5**	2.1
		196.2	40.6
(Increase)/decrease in trade and other receivables		**(16.6)**	11.5
(Increase)/decrease in inventories		**(9.8)**	1.5
Increase in trade and other payables		**40.4**	12.3
		210.2	65.9
Interest paid		**(49.0)**	(46.6)
Tax (paid)/received		**(11.7)**	3.3
Net cash from operating activities		**149.5**	22.6
Cash flows from investing activities			
Interest received		**0.1**	0.3
Acquisition of property, plant and equipment		**(73.4)**	(66.2)
Acquisition of intangible assets		**(6.8)**	(1.9)
Net cash from investing activities		**(80.1)**	(67.8)
Cash flows from financing activities			
Utilisation of revolving credit facility	*19*	**-**	90.0
Repayment of revolving credit facility	*19*	**(90.0)**	-
Proceeds from loan owed to parent company	*19*	**-**	25.0
Repayment of lease liabilities	*19*	**(13.7)**	(15.3)
Net cash from financing activities		**(103.7)**	99.7
Net (decrease)/increase in cash and cash equivalents		**(34.3)**	54.5
Cash and cash equivalents at 1 January		**63.8**	9.3
Cash and cash equivalents at 31 December		**29.5**	63.8

[(1)] See note 30 for an explanation of the prior year restatement recognised in relation to IFRIC agenda decision.

Company cash flow statement

for the year ended 31 December 2021

	Note	**2021** **£m**	2020 £m
Cash flows from operating activities			
Loss for the year		**(0.7)**	(0.8)
Adjustments for:			
Finance income		**(4.1)**	(3.1)
Finance expense		**4.1**	3.1
Share-based payment expenses	*23*	**0.7**	0.8
		-	-
Increase in trade and other receivables		**(4.1)**	(3.1)
Increase in trade and other payables		**(20.9)**	3.1
		(25.0)	-
Interest paid		**(4.1)**	(3.1)
Tax paid		**-**	-
Net cash from operating activities		**(29.1)**	(3.1)
Cash flows from investing activities			
Interest received		**4.1**	3.1
Net cash from investing activities		**4.1**	3.1
Cash flows from financing activities			
Proceeds from loan owed to parent	*19*	**-**	25.0
Net cash from financing activities		**-**	25.0
Net (decrease)/increase in cash and cash equivalents		**(25.0)**	25.0
Cash and cash equivalents at 1 January		**25.0**	-
Cash and cash equivalents at 31 December		**-**	25.0

Notes
(forming part of the financial statements)

1. Accounting policies

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

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

1.1 *Basis of preparation*

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

The parent company financial statements and the consolidated financial statements have both been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

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

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

Application of IFRIC agenda decisions
In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision on the clarification of accounting in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) as follows:

- amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term;
- in limited circumstances, other configuration and customisation costs incurred in implementing SaaS arrangements may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the entity; and
- in all other instances, configuration and customisation costs will be expensed as the customisation and configuration services are received.

See notes 11, 12 and 30 for further details.

1.2 *Measurement convention*

The financial statements are prepared on the historical cost basis except for derivative financial instruments and government grants which are stated at their fair value.

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 principal 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.

Notes *(continued)*

1. Accounting policies *(continued)*

1.3 *Going concern* (continued)

The Group has no requirements until 3 March 2024 to make any repayment on either the £538.5m first lien loan facility or on the £150.0m second lien facility except for payments of excess cash flow to the first lien facility providers. There is a £100.0m revolving credit facility, of which £10.0m is an ancillary overdraft, available up to 3 March 2023, which was unutilised at the reporting date. The Group also had £29.5m of cash at the reporting date which provides sufficient cash resources to meet the working capital requirements of the business going forward.

As explained in the strategic report on page 2, the Group recovered strongly from the COVID-19 lockdown in 2020 and again following the delayed re-opening of holiday parks for the 2021 season. Whilst we are not currently expecting further trading restrictions, management are confident in the Group's ability to adapt and recover quickly should any increased COVID-19 measures be introduced.

The Group's leverage based covenants were re-introduced in the quarter ended 31 December 2021 following their temporary waiver and replacement with a financial covenant based on a minimum liquidity level up to and including 30 September 2021. The directors have prepared Group cash flow forecasts for the period to 31 December 2023, incorporating management's latest assumptions on trading performance and capital expenditure, the latest UK Government announcements on COVID-19 restrictions and taking account of the banking covenant arrangements. A severe but plausible sensitivity has also been performed, assuming a return to COVID-19 restrictions, with a two month UK lockdown across December and January each year, no revenue growth in the review period and an increased level of bad debt. In this severe but plausible scenario, forecasts show the Group is able to operate within its working capital facilities and banking covenants throughout the review period.

Notwithstanding any potential repayment of the £27.5m loan from the Company's parent undertaking as described in note 18 (should the necessary and relevant conditions be satisfied and shareholders are comfortable with the Group's liquidity position), the forecasts assume no distributions or repayments of loans or accrued interest are made to the Company's parent undertaking or the ultimate controlling party in the forecast period. In the event that the terms of the Group's senior facilities agreement allow for any payments, the amounts involved would not materially impact the directors' going concern assessment.

Subsequent to the balance sheet date, Onex Corporation, the ultimate controlling party, has initiated a process to sell its interest in the Group. This process is in its early stages and the outcome cannot be predicted with any certainty at the date of these financial statements. Whilst the directors have no reason to doubt the ability or the intent of any potential new controlling shareholder to support the Group post completion, should the ultimate controlling party be successful in disposing of its interest in the Group, it is beyond the control of the directors to dictate or confirm the intentions of the new shareholder.

In making their going concern assessment under IAS 1, and specifically in evaluating management's plans for future actions for at least, but not limited to, twelve months from the end of the reporting date, the directors are required to conclude that, should the ultimate parent be successful in disposing of its interest in the Group, the sale process itself represents a material uncertainty, that may cast significant doubt on the Group's ability to continue as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Notwithstanding the uncertainty caused by the sale process, the directors have assessed the risks and performance of the Group, and have concluded that the Group and the Company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and, therefore that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

Notes *(continued)*

1. Accounting policies *(continued)*

1.4 ***Basis of consolidation*** *(continued)*

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 profit and loss account. 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 Group 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 Group; and

(b) where the instruments will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the 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 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.

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.7 *Non-derivative financial instruments (continued)*

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.

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	3-25 years
Fixtures and fittings	5-15 years

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

1.11 *Right-of-use assets*

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

Right-of-use assets	The lower of the policy in accordance with note 1.10 or the period of the lease contract, unless ownership is transferred at the end of the lease period, whereby the estimated useful life would be determined in accordance with property, plant and equipment (see note 1.10).

1.12 *Business combinations*

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

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

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.12 *Business combinations* (continued)

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.

1.13 *Intangible assets and goodwill*

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

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

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

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

Brand	10 years
Software	3-5 years

1.14 *Inventories*

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

1.15 *Impairment excluding inventories and deferred tax assets*

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

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

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

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

The recoverable amount of an asset or CGU 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 CGUs. Subject to an operating segment ceiling test, for the purpose of goodwill testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

1.16 *Share-based payments*

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

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

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

1.17 *Employee benefits*

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.18 *Provisions*

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

1.19 *Revenue*

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

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

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

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

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

1.20 *Expenses*

Operating lease payments
Short-term leases, low-value leases and leases of intangible assets continue to be accounted for as operating leases and are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received for such short-term leases are recognised in profit or loss as an integral part of the total lease expense.

Finance income and expenses
Finance expenses include interest payable, and finance charges on lease liabilities recognised in profit or loss using the effective interest method and unwinding of the discount on provisions that are recognised in profit or loss. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income comprises interest receivable on funds invested and dividend income.

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

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

1.21 *Tax*

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

1.21 *Tax (continued)*

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

In accordance with the latest guidance, deferred tax assets arising from restricted interest deductions are recognised to the extent that they can be set off against deferred tax liabilities arising on temporary timing differences.

1.22 *Leases*

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee accounting
The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the lower of the policy in accordance with note 1.10 or from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes *(continued)*

1. Accounting policies *(continued)*

1.22 *Leases (continued)*

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the re-measurement being recorded in profit or loss.

1.23 *Government grants*

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions. Government grants are recognised in the profit and loss account over the period necessary to match them with the costs that they are intended to compensate. Where there is a related expense, the Group has presented grants as a reduction to the related expense line. Where there is no specific cost element existing which the grant is intended to offset, the Group has presented the grant as other operating income on a separate line in the profit and loss account. There are no unfulfilled contingencies attaching to the government assistance that has been recognised.

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

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

1.25 *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 first is allocated to goodwill, and then to remaining assets and liabilities on 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.

2. Revenue

	Group 2021 £m	Group 2020 £m
Revenue from UK holiday parks	**536.4**	340.3
Reconciliation of revenue		
Revenue excluding COVID-19 pitch fee refund	**535.7**	348.4
COVID-19 pitch fee refund (note 4)	**0.7**	(8.1)
	536.4	340.3
Timing of revenue recognition		
Products and services transferred at a point in time	**250.6**	161.0
Products and services transferred over time	**285.8**	179.3
	536.4	340.3

Notes *(continued)*

2. Revenue *(continued)*

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 agreement respectively.

Included in products and services transferred over time are forfeited pitch fee refunds of £0.7m *(2020: refunds granted of £8.1m)*. For further details see note 4.

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.

3. Other operating income

	Group 2021 £m	Group 2020 £m
Government grants	**2.0**	1.6
Business interruption insurance claim proceeds	**57.5**	-
	59.5	1.6

Government grants relate to amounts claimed by the Group as part of The Local Restrictions Support Grants of £1.1m *(2020: £nil)*, the Coronavirus Restart Grant of £0.9m *(2020: £nil)*, and the Eat Out to Help Out scheme of £nil *(2020: £1.6m)*.

The Group received payment of £57.5m *(2020: £nil)* from its business interruption insurers in relation to losses sustained in the prior year during the first lockdown due to the coronavirus pandemic. A contingent asset of £35.0m was disclosed in the prior year in relation to this.

4. Exceptional items

Included in the profit and loss account are the following:

	Group 2021 £m	Group 2020 restated(1) £m
Executive team restructure	**-**	0.1
Strategic projects: cloud configuration and customisation costs	**5.2**	2.6
Other strategic project costs	**0.5**	3.3
COVID-19 costs:		
Professional fees in relation to business interruption insurance claim	**0.8**	1.1
Stock write-offs	**-**	1.1
Directly attributable expenses relating to COVID-19	**0.2**	1.4
Total exceptional items included in administrative expenses	**6.7**	9.6
Exceptional adjustment in revenue (note 2)	**(0.7)**	8.1
Total exceptional items included in revenue	**(0.7)**	8.1

(1) See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

Notes *(continued)*

4. Exceptional items *(continued)*

Executive team restructure
These costs relate to the establishment of a new executive management team, which was substantially completed in 2019.

Cloud configuration and customisation costs
Cloud configuration and customisation costs relate to the material spend previously capitalised in relation to the Group's digital transformation programme that have now been expensed following the adoption of the IFRIC agenda decision. The costs meet the Group's policy for exceptional costs. See note 30 for further details in relation to the prior year restatement.

Other strategic project costs
In 2021 these are costs incurred in relation to the acquisition of Hanson European Caravan Transport Limited, and the disposal of Hayling Island Holiday Park. See note 32 for more details.

In the prior year these costs relate to a number of one-off strategic and transformational projects within the business.

COVID-19 costs
In the prior year the COVID-19 pandemic had a significant impact on the business and created additional costs, especially in the initial phases. These exceptional costs represent costs to allow the business to re-open following the initial lockdown in spring 2020 such as enhanced cleaning, personal protective equipment, informational material and COVID-testing. As the lockdown occurred during the build-up to Easter, our first main trading period of the year, we suffered stock write-offs in respect of perishable items purchased prior to closure.

In the current year the business suffered additional professional fees for COVID-19 advisory services. For example, the Group's business interruption insurance claim due to the first national lockdown in 2020 continued into the current year, with a final settlement reached in October 2021.

Exceptional reduction in revenue
In the prior year, part of the support package offered to our holiday home owners resulted in recognising an exceptional reduction in revenue of £8.1m. This was a non-contractual refund equating to 50% of the pitch licence fees for the period covered by the initial Government-mandated lockdown, when holiday home owners were unable to access our parks.

In the current year, in line with the terms of the refund, £0.7m of pitch licence fee refunds were forfeited by holiday home owner leavers.

5. Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	Group 2021 £m	Group 2020 restated[1] £m
Depreciation of property, plant and equipment (note 10)	**40.7**	40.3
Depreciation of right-of-use assets (note 11)	**12.7**	13.8
Amortisation of intangible assets (note 12)	**6.4**	4.3
Loss on disposal of property, plant and equipment	**-**	0.2
Operating lease rentals relating to short-term leases and low-value assets (note 11)	**1.0**	0.7

Included within administration expenses is £0.4m *(2020: £nil)* government grants received for employee setup costs as part of the Kickstart scheme.

[1] See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

Notes *(continued)*

5. Expenses and auditor's remuneration *(continued)*

Auditor's remuneration

	Group 2021 £000	Group 2020 £000
Audit of these financial statements	**14**	13
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries and parent of the Company	**475**	400
Tax advisory	**17**	-
All other services	**5**	10

The ratio of non-audit fees to audit fees for the current year was 0.05:1 (*2020: 0.03:1*).

6. Employee numbers and costs

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

	Group 2021 Number	Group 2020 Number
Established	**2,268**	2,032
Seasonal	**3,511**	3,679
	5,779	5,711

The aggregate payroll costs of these people was as follows:

	Group 2021 £m	Group 2020 £m
Wages and salaries	**143.7**	105.6
Social security costs	**10.8**	6.5
Contributions to defined contribution plans (note 22)	**1.7**	1.5
Long-term incentive scheme expenses	**0.7**	0.8
	156.9	114.4

Included within aggregate payroll costs is £2.0m *(2020: £15.1m)* government grants received as part of the Coronavirus Job Retention Scheme and £1.1m *(2020: £nil)* as part of the Kickstart scheme.

Notes *(continued)*

7. Directors' remuneration

	Company 2021 £m	Company 2020 £m
Directors' remuneration	**2.1**	1.8
Amounts receivable under long-term incentive schemes	**0.3**	0.4
	2.4	2.2

The aggregate amount of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £1.2m (*2020: £1.0m*) and no pension contributions (*2020: £nil*) were made by the Group on his behalf.

There are no retirement benefits accruing to directors (*2020: £nil*).

8. Finance income and expense

	Group 2021 £m	Group 2020 £m
Finance income		
Interest receivable on bank balances	**0.1**	-
Gain on financial instruments designated as fair value through profit or loss	**3.7**	0.3
Total finance income	**3.8**	0.3
Finance expense		
Loss on financial instruments designated as fair value through profit or loss	**-**	1.2
Interest payable to related parties (note 27)	**4.2**	3.3
Interest payable on bank loans	**41.7**	45.6
Interest payable on lease liabilities (note 11)	**10.8**	10.6
Amortisation of issue costs of bank loans	**2.9**	3.0
Refinancing costs	**0.2**	6.2
Total finance expense	**59.8**	69.9

Refinancing costs in current year relate to professional fees for advice and amendments required for the Group's transition to SONIA. In the prior year refinancing costs relate to legal and professional fees and amounts paid to lenders for advice and exploration of the short-term financing options and the resulting waiver and amendment of the Senior Facilities Agreements described in note 18.

Notes *(continued)*

9. Tax

Included in the profit and loss account:

	Group 2021 £m	Group 2020 restated[1] £m
Current tax		
Current year	**6.4**	(3.5)
Adjustments in respect of prior periods	**1.2**	(0.8)
Current tax expense/(credit)	**7.6**	(4.3)
Deferred tax		
Origination and reversal of temporary differences	**11.4**	(11.0)
Adjustments in respect of prior periods	**(0.1)**	3.4
Effect of changes in tax rates	**41.6**	14.0
Deferred tax charge (note 15)	**52.9**	6.4
Total tax charge	**60.5**	2.1

Reconciliation of effective tax rate

	Group 2021 £m	Group 2020 restated[1] £m
Profit/(loss) for the year	**19.2**	(90.5)
Total tax charge	**60.5**	2.1
Profit/(loss) excluding tax	**79.7**	(88.4)
Effects of:		
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**15.1**	(16.8)
Non-deductible expenses	**4.5**	2.8
Super-deduction	**(1.7)**	-
Consolidation movements in respect of intangibles	**-**	(0.5)
Adjustments in respect of prior periods	**1.1**	2.6
IFRS 16 transitional adjustment	**(0.1)**	-
Effect of changes in tax rates	**41.6**	14.0
Total tax charge	**60.5**	2.1

[1] See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

Factors affecting current and future tax charges
In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021. The deferred tax balances at the balance sheet date have been calculated at the tax rate that is expected to apply to the reversal of the related difference.

Notes *(continued)*

10. Property, plant and equipment

Group	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2021	**596.2**	**181.8**	**24.1**	**802.1**
Historic corrections to cost [1]	**22.7**	**53.8**	**5.8**	**82.3**
Adjusted balance at 1 January 2021	**618.9**	**235.6**	**29.9**	**884.4**
Additions	**0.5**	**51.4**	**7.9**	**59.8**
Disposals	**-**	**(7.0)**	**-**	**(7.0)**
Transfers to right-of-use assets[2] (note 11)	**(1.9)**	**(3.5)**	**(0.5)**	**(5.9)**
Transfers to intangible assets[3]	**-**	**(2.7)**	**-**	**(2.7)**
Transfers to current assets held for sale (see note 31)	**(17.3)**	**(4.6)**	**(0.6)**	**(22.5)**
Balance at 31 December 2021	**600.2**	**269.2**	**36.7**	**906.1**
Depreciation				
Balance at 1 January 2021	**11.7**	**26.1**	**7.2**	**45.0**
Historic corrections to accumulated depreciation [1]	**22.7**	**53.8**	**5.8**	**82.3**
Adjusted balance at 1 January 2021	**34.4**	**79.9**	**13.0**	**127.3**
Depreciation charge for the year	**6.3**	**29.5**	**4.9**	**40.7**
Disposals	**-**	**(5.6)**	**-**	**(5.6)**
Transfers from/(to) right-of-use assets [2] (note 11)	**(1.0)**	**0.3**	**1.1**	**0.4**
Transfers to intangible assets[3]	**-**	**(0.4)**	**-**	**(0.4)**
Transfer to current assets held for sale (see note 31)	**(1.1)**	**(3.3)**	**(0.4)**	**(4.8)**
Balance at 31 December 2021	**38.6**	**100.4**	**18.6**	**157.6**
Net book value				
At 31 December 2021	**561.6**	**168.8**	**18.1**	**748.5**
At 1 January 2021	584.5	155.7	16.9	757.1

(1) On acquisition of the Richmond UK Top Holdco Group in 2017, the net book value of property, plant and equipment was disclosed as cost in the consolidated financial statements in line with IFRS 3 *Business Combinations*. Subsequent disposals of assets acquired as part of this business combination were recognised using the higher pre-acquisition purchase cost and accumulated depreciation, rather than the lower costs and accumulated depreciation from the business combination. On transition to IFRS 16 *Leases* in 2019, assets were transferred using the costs and accumulated depreciation from purchase, rather than from the business combination. An adjustment is required in relation to both disposals and IFRS 16 *Leases* transition to correct cost and accumulated depreciation to the business combination amounts with no impact on net book value.

(2) Non-lease additions integral to the infrastructure of leased parks have been reclassified as right-of-use assets.

(3) Reclassification of assets relating to digital transformation programme previously capitalised as property, plant and equipment to software intangible assets. These are not configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') within the scope of the IFRIC agenda decision.

Notes *(continued)*

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

	Land and buildings £m	Plant and equipment (restated[1]) £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2020	595.3	134.9	14.1	744.3
Additions	0.9	57.4	10.0	68.3
Disposals	-	(10.5)	-	(10.5)
Balance at 31 December 2020	596.2	181.8	24.1	802.1
Depreciation				
Balance at 1 January 2020	5.7	5.5	3.0	14.2
Depreciation charge for the year	6.0	30.1	4.2	40.3
Disposals	-	(9.5)	-	(9.5)
Balance at 31 December 2020	11.7	26.1	7.2	45.0
Net book value				
At 31 December 2020	584.5	155.7	16.9	757.1
At 1 January 2020	589.6	129.4	11.1	730.1

[1]See Application of IFRIC agenda decisions section in note 12.

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.

At 31 December 2021 the value of assets under construction was £8.6m (*2020: £8.7m*), included within plant and equipment. Assets under construction relate to improvements to properties and site facilities not completed at the reporting date.

The Company has no property, plant or equipment (*2020: £nil*).

Notes *(continued)*

11. Right-of-use assets

Group	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2021	**619.7**	**42.0**	**10.6**	**672.3**
Historic corrections to cost [1] (note 10)	**(22.1)**	**(16.8)**	**(3.9)**	**(42.8)**
Adjusted balance at 1 January 2021	**597.6**	**25.2**	**6.7**	**629.5**
Additions	**-**	**10.4**	**3.8**	**14.2**
Transfers from property, plant and equipment [2]	**1.9**	**3.5**	**0.5**	**5.9**
Disposals	**(0.2)**	**(0.2)**	**-**	**(0.4)**
Re-measurement	**6.0**	**0.2**	**-**	**6.2**
Balance at 31 December 2021	**605.3**	**39.1**	**11.0**	**655.4**
Depreciation				
Balance at 1 January 2021	**40.1**	**25.9**	**6.9**	**72.9**
Historic corrections to accumulated depreciation [1]	**(22.1)**	**(16.8)**	**(3.9)**	**(42.8)**
Adjusted balance at 1 January 2021	**18.0**	**9.1**	**3.0**	**30.1**
Depreciation charge for the year	**7.1**	**4.1**	**1.5**	**12.7**
Transfers from/(to) property, plant and equipment [2] (note 10)	**1.0**	**(0.3)**	**(1.1)**	**(0.4)**
Disposals	**(0.1)**	**(0.1)**	**-**	**(0.2)**
Balance at 31 December 2021	**26.0**	**12.8**	**3.4**	**42.2**
Net book value				
At 31 December 2021	**579.3**	**26.3**	**7.6**	**613.2**
At 1 January 2021	579.6	16.1	3.7	599.4

(1) On acquisition of the Group in 2017, the net book value of property, plant and equipment was disclosed as cost in the consolidated financial statements in line with IFRS 3 *Business Combinations*. On transition to IFRS 16 *Leases* in 2019, these assets were transferred using the higher pre-acquisition purchase costs and accumulated depreciation, rather than the lower costs and accumulated depreciation from the business combination. Therefore an adjustment is required to correct cost and accumulated depreciation to the business combination amounts with no impact on net book value.

(2) Non-lease additions integral to the infrastructure of leased parks have been reclassified as right-of-use assets.

Notes *(continued)*

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

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost				
Balance at 1 January 2020	607.3	41.9	10.6	659.8
Additions	0.4	0.4	-	0.8
Disposals	(0.1)	(0.3)	-	(0.4)
Re-measurement	12.1	-	-	12.1
Balance at 31 December 2020	619.7	42.0	10.6	672.3
Depreciation				
Balance at 1 January 2020	27.8	25.6	6.0	59.4
Depreciation charge for the year	9.7	3.2	0.9	13.8
Disposals	-	(0.3)	-	(0.3)
Re-measurement	2.6	(2.6)	-	-
Balance at 31 December 2020	40.1	25.9	6.9	72.9
Net book value				
At 31 December 2020	579.6	16.1	3.7	599.4
At 1 January 2020	579.5	16.3	4.6	600.4

Included in the profit and loss account:

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

	2021 £m	2020 £m
Leases under IFRS 16		
Interest on lease liabilities	**10.8**	10.6
Expenses relating to short-term leases (included in administrative expenses)	**0.7**	0.5
Expenses relating to low-value assets that are not short-term leases (included in administrative expenses)	**0.3**	0.2

Included in the cash flow statement:

	2021 £m	2020 £m
Total cash outflow for leases	**13.7**	15.3

Notes *(continued)*

12. Intangible assets

Group	Goodwill	Brand	Software restated[3]	Total
	£m	**£m**	**£m**	**£m**
Cost				
Balance at 1 January 2021	**235.7**	**29.4**	**7.0**	**272.1**
Historic corrections to cost [1]	**-**	**-**	**0.2**	**0.2**
Adjusted balance at 1 January 2021	**235.7**	**29.4**	**7.2**	**272.3**
Additions	**-**	**-**	**6.8**	**6.8**
Transfers from property, plant and equipment[2]	**-**	**-**	**2.7**	**2.7**
Balance at 31 December 2021	**235.7**	**29.4**	**16.7**	**281.8**
Amortisation and impairment				
Balance at 1 January 2021	**172.5**	**11.1**	**3.2**	**186.8**
Historic corrections to accumulated amortisation [1]	**-**	**-**	**0.2**	**0.2**
Adjusted balance at 1 January 2021	**172.5**	**11.1**	**3.4**	**187.0**
Amortisation charge	**-**	**3.1**	**3.3**	**6.4**
Transfers from property, plant and equipment[2]	**-**	**-**	**0.4**	**0.4**
Balance at 31 December 2021	**172.5**	**14.2**	**7.1**	**193.8**
Net book value				
At 31 December 2021	**63.2**	**15.2**	**9.6**	**88.0**
At 1 January 2021	63.2	18.3	3.8	85.3
Cost				
Balance at 1 January 2020	235.7	29.4	5.1	270.2
Additions	-	-	1.9	1.9
Balance at 31 December 2020	235.7	29.4	7.0	272.1
Amortisation and impairment				
Balance at 1 January 2020	172.5	8.2	1.8	182.5
Amortisation charge	-	2.9	1.4	4.3
Balance at 31 December 2020	172.5	11.1	3.2	186.8
Net book value				
At 31 December 2020	63.2	18.3	3.8	85.3
At 1 January 2020	63.2	21.2	3.3	87.7

(1) On acquisition of the Richmond UK Top Holdco Group in 2017, the net book value of intangible assets was disclosed as cost in the consolidated financial statements in line with IFRS 3 *Business Combinations*. Subsequent disposals of assets acquired as part of this business combination were recognised using the higher pre-acquisition purchase cost and accumulated amortisation, rather than the lower costs and accumulated amortisation from the business combination. Therefore an adjustment is required to correct cost and accumulated amortisation to the business combination amounts with no impact on net book value.

(2) Reclassification of assets relating to the digital transformation programme previously capitalised as property, plant and equipment to software intangible assets. These are not configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') within the scope of the IFRIC agenda decision.

(3) See Application of IFRIC agenda decisions section.

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.

Software
Software represents licences to use third-party programmes and development of on-premises solutions.

Application of IFRIC agenda decisions
During the year, the Group has reviewed its accounting policy to align with IFRIC guidance issued in April 2021 in relation to Software-as-a-Service (SaaS) costs previously capitalised within intangible software assets and plant and equipment. Following this review, costs of £2.6m (whilst all of these additions related to software intangible assets, based on where the costs were previously recognised within the consolidated financial statements the adjustments to be made are £1.7m in relation to plant and equipment within property, plant and equipment and £0.9m in relation to software within intangible assets) previously capitalised for the year ended 31 December 2020 relating to cloud-based arrangements have now been expensed and amortisation and depreciation of £0.8m (£0.5m in relation to plant and equipment within property, plant and equipment and £0.3m in relation to software within intangible assets) previously charged on those assets has been reversed. Consequentially, the net impact on operating profit for the year ended 31 December 2020 is £1.8m. For the year ended 31 December 2019, the Group identified £0.9m (all in relation to software within intangible assets) of costs previously capitalised under cloud computing arrangements which have now been expensed and £0.2m of amortisation previously charged on those assets has been reversed, reducing brought forward amounts at 1 January 2020 by £0.7m. See note 30 for further details on this prior year restatement.

Amortisation and impairment testing
Amortisation and impairment charges are 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.

Given the impact of COVID-19 on the operational performance of the Group, a full impairment review was carried out in accordance with IAS 36, this review determined that no impairment of the carrying value was required.

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

The Company has no intangible assets (*2020: nil*).

Notes *(continued)*

13. Investments in subsidiaries

Company	**Shares in Group undertakings 2021 £m**	Shares in Group undertakings 2020 £m
Cost		
At 1 January and 31 December	**466.2**	466.2
Impairment		
At 1 January and 31 December	**167.6**	167.6
Net book value		
At 1 January and 31 December	**298.6**	298.6

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

	Country of incorporation	**Class of shares held**	**Ownership 2021 and 2020**
Directly held by the Company			
Richmond UK Bidco Limited	England and Wales[1]	Ordinary	**100%**
Held by Group			
Church Point (Leisure) Limited*	England and Wales[1]	Ordinary	**100%**
Dome Propco Limited*	England and Wales[1]	Ordinary	**100%**
GB Holiday Parks Limited*	England and Wales[1]	Ordinary	**100%**
Hayling Island Holiday Park Limited*	England and Wales[1]	Ordinary	**100%**
Lake District Leisure Pursuits Limited*	England and Wales[1]	Ordinary	**100%**
Manor Park Holiday Park Limited*	England and Wales[1]	Ordinary	**100%**
Midland Road Finance Limited*	England and Wales[1]	Ordinary	**100%**
Newquay Holiday Parks Limited*	England and Wales[1]	Ordinary	**100%**
Parkdean Caravan Parks Limited*	England and Wales[1]	Ordinary	**100%**
Parkdean Holidays Limited*	England and Wales[1]	Ordinary	**100%**
Parkdean Holiday Parks Limited*	England and Wales[1]	Ordinary and preference	**100%**
Parkdean Resorts Limited*	England and Wales[1]	Ordinary and preference	**100%**
Parkdean Properties Limited*	England and Wales[1]	Ordinary	**100%**
Parkdean Resorts UK Limited*	England and Wales[1]	Ordinary	**100%**
Park Resorts Limited*	England and Wales[1]	Ordinary	**100%**
Park Resorts Transport Limited*	England and Wales[1]	Ordinary	**100%**
PD Parks Limited*	England and Wales[1]	Ordinary	**100%**
Premier Dawn Properties Limited*	England and Wales[1]	Ordinary	**100%**
South Lakeland Group Limited*	England and Wales[1]	Ordinary	**100%**
South Lakeland Parks Limited*	England and Wales[1]	Ordinary	**100%**
Southerness Holiday Village Limited*	Scotland[2]	Ordinary	**100%**
Southview Leisure Park Limited*	England and Wales[1]	Ordinary	**100%**
Upperbay Limited*	England and Wales[1]	Ordinary	**100%**
Vauxhall Holiday Park Limited*	England and Wales[1]	Ordinary	**100%**
Wemyss Bay Caravan Park Limited*	England and Wales[1]	Ordinary	**100%**
Weststar Holidays Limited*	England and Wales[1]	Ordinary	**100%**

*Shares not held directly by Richmond UK Holdco Limited.

The registered offices of the subsidiary undertakings are as follows:
1. 2nd Floor, One Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne NE12 8ET; and
2. C/O Womble Bond Dickinson (UK) LLP, 2 Semple Street, Edinburgh, EH3 8BL.

Notes *(continued)*

14. Other financial assets

	Group 2021 £m	Group 2020 £m
Current		
Interest rate cap designated as fair value through profit and loss	**3.0**	-

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

The Company does not hold any other financial assets (*2020: £nil*).

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 2021 £m**	**Liabilities 2021 £m**	**Net 2021 £m**	Assets 2020 restated(1) £m	Liabilities 2020 restated(1) £m	Net 2020 restated(1) £m
Property, plant and equipment	**-**	**28.3**	**28.3**	-	18.1	18.1
Temporary trading differences	**(0.1)**	**-**	**(0.1)**	-	-	-
Fair value of assets less capital losses	**-**	**170.4**	**170.4**	-	126.2	126.2
Tax values of losses carried forward	**(4.8)**	**-**	**(4.8)**	(7.5)	-	(7.5)
Intangible assets	**-**	**3.8**	**3.8**	-	3.5	3.5
Right-of-use assets	**(2.4)**	**-**	**(2.4)**	(2.0)	-	(2.0)
Corporate interest restriction	**(21.9)**	**-**	**(21.9)**	(17.5)	-	(17.5)
Deferred tax (assets)/liabilities	**(29.2)**	**202.5**	**173.3**	(27.0)	147.8	120.8

At 31 December 2021 the Group had no unrecognised deferred tax assets (*2020: £nil*).

Movement in deferred tax during the current year

	1 January 2021 restated(1) £m	**Transfer £m**	**Recognised in profit or loss £m**	**IFRS 16 transitional adjustment in equity £m**	**31 December 2021 £m**
Property, plant and equipment	**18.1**	**(4.1)**	**14.3**	**-**	**28.3**
Temporary trading differences	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Fair value of assets less capital losses	**126.2**	**4.1**	**40.1**	**-**	**170.4**
Tax values of losses carried forward	**(7.5)**	**-**	**2.7**	**-**	**(4.8)**
Intangible assets	**3.5**	**-**	**0.3**	**-**	**3.8**
Right-of-use assets	**(2.0)**	**-**	**-**	**(0.4)**	**(2.4)**
Corporate interest restriction	**(17.5)**	**-**	**(4.4)**	**-**	**(21.9)**
	120.8	**-**	**52.9**	**(0.4)**	**173.3**

Notes *(continued)*

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

Movement in deferred tax during the prior year

	1 January 2020 £m	Recognised in profit or loss restated[1] £m	31 December 2020 restated[1] £m
Property, plant and equipment	12.9	5.2	18.1
Fair value of assets less capital losses	112.9	13.3	126.2
Tax values of losses carried forward	(3.5)	(4.0)	(7.5)
Intangible assets	3.6	(0.1)	3.5
Right-of-use assets	(2.0)	-	(2.0)
Corporate interest restriction	(9.5)	(8.0)	(17.5)
	114.4	6.4	120.8

The Company has no deferred tax assets or liabilities (*2020: £nil*).

[1] See note 30 for an explanation of the prior year restatement recognised in relation to the adoption of the IFRIC agenda decision on cloud configuration and customisation costs in April 2021.

16. Inventories

	Group 2021 £m	Group 2020 £m
Caravan, lodge and chalet holiday home stock	**34.3**	23.8
Other stock	**3.0**	2.7
	37.3	26.5

All inventories are expected to be sold within 12 months. The write-down of inventories to net realisable value during the year amounted to £5.8m (*2020: £5.4m*), which was included in cost of sales. This figure includes £2.1m (*2020: £0.8m*) 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 write-off of perishable stock as a result of park closures in the year amounted to £0.1m *(2020: £1.1m).* The total amount of inventory included in cost of sales is £108.6m (*2020: £73.6m*).

Non-cash movement within caravan, lodge and chalet holiday home stock in the year includes net £1.1m reclassification of assets from plant and equipment to inventories *(2020: £1.7m reclassification from inventories to property plant and equipment)*, owing to the change in use of the asset.

The Company does not hold any inventory (*2020: £nil*).

Notes *(continued)*

17. Trade and other receivables

	Group 2021 £m	**Company 2021 £m**	Group 2020 £m	Company 2020 £m
Non-current assets				
Amounts owed by Group undertakings including interest receivable	**-**	**29.0**	-	26.3
Current assets				
Trade receivables	**27.4**	**-**	19.1	-
Amounts owed by Group undertakings including interest receivable	**21.8**	**32.9**	15.7	31.5
Prepayments and accrued income	**11.4**	**-**	9.0	-
Other taxes and social security	**1.2**	**-**	2.4	-
Other debtors	**1.4**	**-**	1.1	-
	63.2	**32.9**	47.3	31.5

All current trade and other receivables held by the Group are expected to be received within 12 months.

Current amounts owed to the Company by Group undertakings include a £32.9m *(2020: £31.5m)* loan made by the Company to Richmond UK Bidco Limited. The loan attracts interest at 4.75% per annum (*2020: 4.75%)* and is repayable on demand. At the end of each year, interest accrued on this loan is capitalised and added to the principal amount.

Non-current amounts owed to the Company include a £27.5m *(2020: £25.0m)* loan made by the Company to Richmond UK Bidco Limited in June 2020 as a result of a cash injection into the Group from Onex. The loan attracts interest at 10.0% per annum *(2020: 10.0%)* and the loan is repayable on the first business day falling 6 years after the date of the loan agreement. On 16 June each year, interest accrued on this loan is capitalised and added to the principal amount.

18. Interest bearing loans and borrowings

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

	Group 2021 £m	**Company 2021 £m**	Group 2020 £m	Company 2020 £m
Non-current liabilities				
Secured bank loans	**681.7**	**-**	678.8	-
Lease liabilities	**285.6**	**-**	282.2	-
Loans owed to parent company	**60.4**	**60.4**	56.5	56.5
	1,027.7	**60.4**	1,017.5	56.5
Current liabilities				
Revolving credit facility	**-**	**-**	90.0	-
Lease liabilities	**2.8**	**-**	2.8	-
	2.8	**-**	92.8	-

Secured bank loans are shown net of issue costs.

Notes *(continued)*

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

Included in loans owed to parent is a £32.9m *(2020: £31.5m)* loan from the Company's parent undertaking. The loan is repayable on 3 March 2026 and attracts interest at 4.75% per annum *(2020: 4.75%).* At the end of each year, interest accrued on this loan is capitalised and added to the principal amount.

Also included in loans owed to parent is a £27.5m *(2020: £25.0m)* loan made by the Company's parent undertaking in 2020. This loan attracts interest at 10.0% per annum *(2020: 10.0%)* and the maturity date of this loan is 25 June 2026. On 16 June each year, interest accrued on this loan is capitalised and added to the principal amount.

Terms and debt repayment schedule

Group

	Nominal interest rate	**Year of maturity**	**Face value 2021 £m**	**Carrying amount 2021 £m**	Face value 2020 £m	Carrying amount 2020 £m
First lien loan facility	4.25% + SONIA (0% floor)	2024	**538.5**	**538.5**	538.5	538.5
Second lien loan facility	8.5% + SONIA (1% floor)	2025	**150.0**	**150.0**	150.0	150.0
Revolving credit facility	3.25% + SONIA	2023	**-**	**-**	90.0	90.0
Loan owed to parent company	4.75%	2026	**32.9**	**32.9**	31.5	31.5
Loan owed to parent company	10.0%	2026	**27.5**	**27.5**	25.0	25.0
Other ground rent lease liabilities	3.23%	2192	**198.7**	**198.7**	194.2	194.2
Trecco Bay ground rent lease liability	3.19%	2147	**44.0**	**44.0**	43.4	43.4
Other finance lease liabilities	6.75%	2044	**45.7**	**45.7**	47.4	47.4
			1,037.3	**1,037.3**	1,120.0	1,120.0
Issue costs			**(6.8)**	**(6.8)**	(9.7)	(9.7)
			1,030.5	**1,030.5**	1,110.3	1,110.3

Company

	Nominal interest rate	**Year of maturity**	**Face value 2021 £m**	**Carrying amount 2021 £m**	Face value 2020 £m	Carrying amount 2020 £m
Loan owed to parent company	4.75%	2026	**32.9**	**32.9**	31.5	31.5
Loan owed to parent company	10.0%	2026	**27.5**	**27.5**	25.0	25.0
			60.4	**60.4**	56.5	56.5

Notes *(continued)*

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

Barclays Bank PLC is the agent of the first lien secured syndicated facility which is repayable on 3 March 2024. In the year the interest rate payable has moved from a LIBOR reference rate to SONIA due to the withdrawal of LIBOR at 31 December 2021. The interest rate payable is made up of SONIA (with a 0% floor) plus margin. The relevant SONIA rate at 31 December 2021 was 0.19% (*2020: 1 month LIBOR rate of 0.02%)*. The margin payable is dependent on leverage ratios and was 4.25% at 31 December 2021.

Ares Management Limited is the agent of the second lien secured syndicated facility which is repayable on 3 March 2025. In the year the interest rate payable has moved from a LIBOR reference rate to SONIA due to the withdrawal of LIBOR at 31 December 2021. The interest rate payable is made up of SONIA (with a 1% floor) plus a margin of 8.5%. The relevant SONIA rate at 31 December 2021 was 1.00% (*2020: 1 month LIBOR of 1.00%*) after taking account of the floor.

The Group has a £100.0m revolving credit facility ('RCF') available, as agreed at 3 March 2017, with an expiry date of 3 March 2023. £10.0m is allocated as an ancillary overdraft facility. The remaining £90.0m was not utilised at 31 December 2021 *(2020: £90.0m utilised)* and can be drawn with 1 day's notice.

The Company has a loan of £32.9m *(2020: £31.5m)* owed to its parent undertaking. This accrues interest at 4.75% per annum *(2020: 4.75%)* and is repayable on 3 March 2026. At the end of each year, interest accrued on this loan is capitalised and added to the principal amount. The Company has an additional loan of £27.5m *(2020: £25.0m)* made by its parent undertaking in the prior year. This loan attracts interest at 10.0% per annum *(2020: 10.0%)* and the maturity date of this loan is 25 June 2026. On 16 June each year, interest accrued on this loan is capitalised and added to the principal amount.

Landa Asset Management PLC is the agent of the ground rent lease agreements. The agreements relate to the sale and leaseback transaction of a total of 19 parks in the Group, with the first tranche completing on 3 March 2017 and the second tranche completing on 3 August 2017. The leases terminate on three separate dates, with the lease for Trecco Bay terminating on 3 March 2147, the remainder of the first tranche terminating on 3 March 2192 and the whole of the second tranche terminating on 3 August 2192. The interest rates payable of 3.19% and 3.23% are derived from the value of the assets at the start of the lease and are implicit within the agreement.

Issue costs were £13.9m for the first lien debt, £5.2m for the second lien debt and £1.9m in relation to the RCF. The amortised value at 31 December 2021 was £6.8m (*2020: £9.7m*) and the debt net of issue costs was £681.7m (*2020: £768.8m*).

The refinancing arrangement in the prior year resulted in an amendment and waiver being agreed with the lenders of the Group's Term Loans. As a result these loans were reported against a minimum liquidity covenant, which reverted back to a leverage covenant in the last quarter of the 2021 financial year.

The Term Loans are secured by a fixed and floating charge over substantially all the assets of the Group.

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

19. Reconciliation of liabilities arising from financing activities

Group

	Lease liabilities 2021 £m	Secured bank loans 2021 £m	Revolving credit facility 2021 £m	Loans owed to parent 2021 £m	Total 2021 £m
At 1 January	**285.0**	**678.8**	**90.0**	**56.5**	**1,110.3**
Cash flows	**(13.7)**	**-**	**(90.0)**	**-**	**(103.7)**
Lease additions	**0.4**	**-**	**-**	**-**	**0.4**
Lease disposals	**(0.3)**	**-**	**-**	**-**	**(0.3)**
Re-measurement	**6.2**	**-**	**-**	**-**	**6.2**
Interest payable	**10.8**	**-**	**-**	**3.9**	**14.7**
Amortisation of finance costs	**-**	**2.9**	**-**	**-**	**2.9**
At 31 December	**288.4**	**681.7**	**-**	**60.4**	**1,030.5**

Notes *(continued)*

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

Group

	Lease liabilities 2020 £m	Secured bank loans 2020 £m	Revolving credit facility 2020 £m	Loans owed to parent 2020 £m	Total 2020 £m
At 1 January	277.1	675.8	-	29.7	982.6
Cash flows	(15.3)	-	90.0	25.0	99.7
Lease additions	0.6	-	-	-	0.6
Lease disposals	(0.1)	-	-	-	(0.1)
Re-measurement	12.1	-	-	-	12.1
Interest payable	10.6	-	-	1.8	12.4
Amortisation of finance costs	-	3.0	-	-	3.0
At 31 December	285.0	678.8	90.0	56.5	1,110.3

Company

	Lease liabilities 2021 £m	**Secured bank loans 2021 £m**	**Revolving credit facility 2021 £m**	**Loans owed to parent 2021 £m**	**Total 2021 £m**
At 1 January	**-**	**-**	**-**	**56.5**	**56.5**
Interest payable	**-**	**-**	**-**	**3.9**	**3.9**
At 31 December	**-**	**-**	**-**	**60.4**	**60.4**

Company

	Lease liabilities 2020 £m	Secured bank loans 2020 £m	Revolving credit facility 2020 £m	Loans owed to parent 2020 £m	Total 2020 £m
At 1 January	-	-	-	29.7	29.7
Cash flows	-	-	-	25.0	25.0
Interest payable	-	-	-	1.8	1.8
At 31 December	-	-	-	56.5	56.5

Notes *(continued)*

20. Trade and other payables

	Group 2021 £m	**Company 2021 £m**	Group 2020 £m	Company 2020 £m
Current liabilities				
Trade payables	**41.0**	**-**	25.4	-
Other payables	**15.5**	**-**	11.5	-
Accruals	**27.8**	**-**	15.1	-
Contract liabilities	**95.1**	**-**	88.8	-
Other tax and social security costs	**2.7**	**-**	2.1	-
Amounts owed to Group undertakings	**0.6**	**-**	0.6	25.0
Interest payable	**1.1**	**-**	7.7	-
	183.8	**-**	151.2	25.0
Non-current liabilities				
Interest payable	**1.5**	**1.5**	1.3	1.3
	1.5	**1.5**	1.3	1.3

Included within trade and other payables is £1.5m *(2020: £1.3m)* expected to be settled in more than 12 months.

In the prior year the Company held £25.0m on deposit for Richmond UK Bidco Limited which was repaid in the year.

Contract liabilities comprise of cash received in advance. Cash received in advance is held for up to 16 months before the associated performance obligations are satisfied and the revenue is recognised. The majority of the contract liabilities as at 31 December 2020 have been recognised as revenue in the current year. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 December 2021 is £96.4m *(2020: £88.8m)*, the majority of which is expected to be recognised as revenue during the next financial year.

21. Other financial liabilities

	Group 2021 £m	Group 2020 £m
Current		
Interest rate swaps designated as fair value through profit and loss.	**-**	1.3

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

The Company does not hold any other financial liabilities (*2020: £nil*).

22. Employee benefits

Defined contribution pension plans

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

The total expense relating to these plans in the current year was £1.7m (*2020: £1.5m*) and £0.4m (*2020: £0.2m*) was payable to these plans at the year end.

Notes *(continued)*

23. Share-based payment arrangements

23(a) Description of share-based payment arrangements

On 25 June 2021 and 30 September 2021 Richmond Holdings (Jersey) Ltd transferred share capital from treasury to members of senior management as part of a management incentive scheme with the purchase being funded through a limited recourse loan. Under IFRS 2 *Share-based payments*, loans of this nature must be treated as a share option. It is expected that the options will be settled as a combination of cash and equity and therefore this has been split accordingly, as below.

Richmond Holdings (Jersey) Ltd has recognised 39 equity-settled share options in the year, and 39 cash-settled share options in the year which remain outstanding at year end. The options granted in June 2021 have a vesting period of 33 months, and the options granted in September 2021 have a vesting period of 30 months.

Richmond Holdings (Jersey) Ltd recognised four equity-settled share options in 2020, and four cash-settled share options in 2020 which remain outstanding at year end. The options granted in February 2020 had a vesting period of 49 months when granted. The options granted in April 2020 were due to amendments of three loan agreements originally entered into in September 2019 to fund the purchase of shares, and therefore had a vesting period commencing in September 2019 of 54 months.

23(b) Measurement of share-based payment arrangements

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

	2021	2020
Weighted average share price	**£0.91**	£0.71
Weighted average exercise price	**£0.91**	£0.68
Expected volatility (weighted average)	**65%**	44%
Expected life (weighted average)	**33 months**	52 months
Risk-free rate	**0%**	0%
Expected dividend yields	**0%**	0%

Expected volatility has been based on the volatilities of a comparator group of companies over a period of time commensurate with the expected life of the awards. The expected term of the instruments has been based on historical experience and general option holder behaviour. The weighted average fair value of options granted in the period was £32.0k *(2020: 150.0k)*.

Notes *(continued)*

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

23(c) Reconciliation of outstanding share options

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

	Outstanding options 2021 Number	**Weighted-average exercise price 2021 £**	Outstanding options 2020 Number	Weighted-average exercise price 2020 £
Outstanding at 31 December	**14,103,968**	**0.70**	10,770,410	0.70
Granted during the year	**9,158,916**	**0.91**	3,333,558	0.68
Outstanding at 31 December	**23,262,884**	**0.78**	14,103,968	0.70
Exercisable at 31 December	**-**	**-**	-	-

The options outstanding at 31 December 2021 have a range of exercise price between £0.62 and £0.99 (*2020: between £0.62 and £0.83*), and a weighted-average contractual life of 26 months remaining *(2020: 38 months).*

23(d) Expense recognised in profit or loss in year

	2021 £m	2020 £m
Share-based payment expense	**0.7**	0.8

The Group and the Company have a capital contribution from parent of £1.8m *(2020: £1.1m)* in respect of share-based payments.

24. Share capital

	Total shares 2021 Number	Total shares 2020 Number
Share capital		
In issue at 1 January and 31 December	**20**	20

	2021 £m	2020 £m
Allotted, called up and fully paid		
20 ordinary shares of £0.01	**-**	-

	2021 £m	2020 £m
Share premium		
At 1 January and 31 December	**466.2**	466.2

Notes *(continued)*

25. Financial instruments

25(a) Fair values of financial instruments

Fair value

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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.

Financial instruments by category

Group	**Financial assets at amortised cost 2021 £m**	**Fair value – hedging instruments 2021 £m**	**Other financial liabilities 2021 £m**	**Total carrying value 2021 £m**
Financial assets				
Trade and other receivables	**54.4**	**-**	**-**	**54.4**
Cash and cash equivalents	**29.5**	**-**	**-**	**29.5**
Other financial assets (note 14)	**-**	**3.0**	**-**	**3.0**
At 31 December 2021	**83.9**	**3.0**	**-**	**86.9**
Financial liabilities				
Current liabilities				
Trade and other payables	**-**	**-**	**80.2**	**80.2**
Interest payable (note 20)	**-**	**-**	**1.1**	**1.1**
Lease liabilities (note 18)	**-**	**-**	**2.8**	**2.8**
At 31 December 2021	**-**	**-**	**84.1**	**84.1**
Non-current liabilities				
Secured bank loans (note 18)	**-**	**-**	**681.7**	**681.7**
Loan owed to parent company (note 18)	**-**	**-**	**60.4**	**60.4**
Lease liabilities (note 18)	**-**	**-**	**285.6**	**285.6**
Interest payable (note 20)	**-**	**-**	**1.5**	**1.5**
At 31 December 2021	**-**	**-**	**1,029.2**	**1,029.2**

Notes *(continued)*

25. Financial instruments *(continued)*

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

Company	**Financial assets at amortised cost 2021 £m**	**Fair value – hedging instruments 2021 £m**	**Other financial liabilities 2021 £m**	**Total carrying value 2021 £m**
Financial assets				
Non-current assets				
Trade and other receivables (note 17)	**29.0**	**-**	**-**	**29.0**
At 31 December 2021	**29.0**	**-**	**-**	**29.0**
Current assets				
Trade and other receivables (note 17)	**32.9**	**-**	**-**	**32.9**
At 31 December 2021	**32.9**	**-**	**-**	**32.9**
Financial liabilities				
Non-current liabilities				
Loan owed to parent company (note 18)	**-**	**-**	**60.4**	**60.4**
Interest payable (note 20)	**-**	**-**	**1.5**	**1.5**
At 31 December 2021	**-**	**-**	**61.9**	**61.9**

Notes *(continued)*

25. Financial instruments *(continued)*

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

Financial instruments by category

Group	Financial assets at amortised cost 2020 £m	Fair value – hedging instruments 2020 £m	Other financial liabilities 2020 £m	Total carrying value 2020 £m
Financial assets				
Trade and other receivables	38.4	-	-	38.4
Cash and cash equivalents	63.8	-	-	63.8
At 31 December 2020	102.2	-	-	102.2
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	48.2	48.2
Interest payable (note 20)	-	-	7.7	7.7
Lease liabilities (note 18)	-	-	2.8	2.8
Revolving credit facility (note 18)	-	-	90.0	90.0
Loan owed to parent company (note 18)			25.0	25.0
Other financial liabilities (note 21)	-	1.3	-	1.3
At 31 December 2020	-	1.3	173.7	175.0
Non-current liabilities				
Secured bank loans (note 18)	-	-	678.8	678.8
Loan owed to parent (note 18)			31.5	31.5
Lease liabilities (note 18)	-	-	282.2	282.2
Interest payable (note 20)			1.3	1.3
At 31 December 2020	-	-	993.8	993.8

Notes *(continued)*

25. Financial instruments *(continued)*

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

Company	Financial assets at amortised cost 2020 £m	Fair value – hedging instruments 2020 £m	Other financial liabilities 2020 £m	Total carrying value 2020 £m
Financial assets				
Non-current assets				
Trade and other receivables	26.3	-	-	26.3
At 31 December 2020	26.3	-	-	26.3
Current assets				
Trade and other receivables	31.5	-	-	31.5
Cash and cash equivalents	25.0	-	-	25.0
At 31 December 2020	56.5	-	-	56.5
Financial liabilities				
Current liabilities				
Owed to Group undertakings (note 20)	-	-	25.0	25.0
At 31 December 2020	-	-	25.0	25.0
Non-current liabilities				
Loan owed to parent company (note 18)	-	-	31.5	31.5
Loan owed to parent company (note 18)	-	-	25.0	25.0
Interest payable (note 20)	-	-	1.3	1.3
At 31 December 2020	-	-	57.8	57.8

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

At 31 December 2021 the Group had Term Loans of £688.5m (*2020: £688.5m*). Issue costs for the Term Loans were £6.8m (*2020: £9.7m*) and Term Loans net of issue costs were £681.7m (*2020: £678.8m*). The Group also had lease liabilities of £288.4m (*2020: £285.0m)*, and loans owed to parent of £60.4m *(2020: £56.5m)*. The RCF was unutilised at the balance sheet date *(2020: £90.0m utilised)*. Details of the loans can be found in note 18.

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

Notes *(continued)*

25. Financial instruments *(continued)*

25(b) Credit risk

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

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

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

	2021 £m	2020 £m
Holiday home owners	**26.2**	18.0
Sundry debtors	**1.2**	1.1
	27.4	19.1

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

	Gross 2021 £m	**Impairment 2021 £m**	**Net 2021 £m**	Gross 2020 £m	Impairment 2020 £m	Net 2020 £m
Not past due	**5.4**	**-**	**5.4**	2.5	-	2.5
Past due 0-30 days	**18.0**	**-**	**18.0**	13.3	-	13.3
Past due 31-90 days	**2.5**	**-**	**2.5**	1.8	-	1.8
More than 90 days	**3.5**	**(2.0)**	**1.5**	3.6	(2.1)	1.5
	29.4	**(2.0)**	**27.4**	21.2	(2.1)	19.1

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 due to the Group structure. There is no history of default on these receivables, and no expected future default, therefore the credit risk is negligible.

25(c) Liquidity risk

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

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

Notes *(continued)*

25. Financial instruments *(continued)*

25(c) Liquidity risk (continued)

The Group has two Term Loans totalling £688.5m *(2020: £688.5m)*. These comprise the first lien loan facility of £538.5m *(2020: £538.5m)* and the second lien loan facility of £150.0m *(2020: £150.0m)*. The borrower of the Term Loans is Richmond UK Bidco Limited. The Term Loans are secured by charges on substantially all of the Group's assets. At the end of the financial year the Group had £nil *(2020: £90.0m)* of the RCF utilised. The RCF can be redrawn on 1 day's notice and expires in 2023.

In addition £221.5m of proceeds were raised in 2017 from a sale and leaseback transaction of the freeholds of 18 parks over 175 year lease terms and the leasehold of 1 park over a 130 year lease term, with aggregate ground rent of £7.9m per annum subject to Retail Price Index increases capped at 5% and with a floor of 0%.

The Group has no requirements to make any capital repayments on the £538.5m first lien loan facility or on the £150.0m second lien loan facility except for payments of excess cash flow in respect of the first lien loan facility.

The Group's facilities and support from the Company's ultimate parent undertaking by way of loan notes provide 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. In the prior year the Company received a £25.0m loan from its parent undertaking. The loan attracts interest at 10.0% per annum and the maturity date of this loan is 25 June 2026.

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 2021 £m	Interest payable 2021 £m	Revolving credit facility 2021 £m	Bank loans 2021 £m	Loans owed to parent 2021 £m	Lease liabilities 2021 £m	Total 2021 £m
Financial liabilities							
0-1 year	**80.2**	**1.1**	**-**	**38.3**	**-**	**13.5**	**133.1**
1-2 years	**-**	**-**	**-**	**38.3**	**-**	**12.9**	**51.2**
2-5 years	**-**	**1.5**	**-**	**747.5**	**84.2**	**37.7**	**870.9**
5 years and over	**-**	**-**	**-**	**-**	**-**	**1,302.5**	**1,302.5**
Contractual cash flows	**80.2**	**2.6**	**-**	**824.1**	**84.2**	**1,366.6**	**2,357.7**
Less: interest	**-**	**-**	**-**	**(135.6)**	**(23.8)**	**(1,078.2)**	**(1,237.6)**
Less: issue costs	**-**	**-**	**-**	**(6.8)**	**-**	**-**	**(6.8)**
Carrying amount	**80.2**	**2.6**	**-**	**681.7**	**60.4**	**288.4**	**1,113.3**

Notes *(continued)*

25. Financial instruments *(continued)*

25(c) Liquidity risk (continued)

	Trade payables 2020 £m	Interest payable 2020 £m	Revolving credit facility 2020 £m	Bank loans 2020 £m	Loans owed to parent 2020 £m	Lease liabilities 2020 £m	Total 2020 £m
Financial liabilities			-				
0-1 year	48.2	9.0	90.5	37.2	-	13.5	198.4
1-2 years	-	-	-	37.2	-	13.2	50.4
2-5 years	-	-	-	746.2	-	37.1	783.3
5 years and over	-	-	-	-	84.5	1,287.2	1,371.7
Contractual cash flows	48.2	9.0	90.5	820.6	84.5	1,351.0	2,403.8
Less: interest	-	-	(0.5)	(132.1)	(28.0)	(1,066.0)	(1,226.6)
Less: issue costs	-	-	-	(9.7)	-	-	(9.7)
Carrying amount	48.2	9.0	90.0	678.8	56.5	285.0	1,167.5

The Group has secured bank loans that contain loan covenants. As part of the waiver and amendment detailed in note 18 the original leverage based covenants were replaced with a minimum liquidity covenant until 30 September 2021, reverting to the leverage-based covenant for the quarter ending 31 December 2021.

25(d) Market risk

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

Interest rate risk
The Group is exposed to interest rate risk on the £688.5m bank debt. The Group's exposure to interest rate risk is managed by use of an interest rate cap which covers the period until September 2023.

The Group's interest rate instruments in place at the current and prior year balance sheet date are detailed below:

Instrument	**Nominal value £m**	**Cap/swap rate**	**Commencement date**	**Maturity date**	**Fair value 2021 £m**	Fair value 2020 £m
SONIA cap	425.0	0.750%	30 September 2021	30 September 2023	3.0	-
Swap	300.0	0.560%	31 May 2017	31 May 2021	-	(0.8)
Swap	200.0	0.569%	31 May 2017	31 May 2021	-	(0.5)

On 7 September 2021 the Group procured an interest rate cap, effective from 30 September 2021. The cap has a nominal value of £425.0m and a cap rate of 0.75%. The interest rate cap runs until 30 September 2023.

The interest rate cap at the balance sheet date caps the interest rate on 62% of the Term Loan bank debt.

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 expired on 31 May 2021.

Sensitivity analysis
The prevailing rate of interest at the balance sheet date on the bank debt was 5.57% *(2020: 5.58%)*. Based on the net debt at 31 December 2021 the annualised interest cost would increase by £2.6m *(2020: £0.4m)* if SONIA *(2020: LIBOR)* increased by 50 basis points and the annualised interest cost would decrease by £1.0m *(2020: £0.4m)* if SONIA *(2020: 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 cap as at 31 December 2021.

Notes *(continued)*

25. Financial instruments *(continued)*

25(e) Capital management

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

The Group's objectives for managing capital include:

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

26. Capital commitments

The Group had capital commitments to purchase property, plant and equipment for which no provision had been made at the balance sheet date of £73.8m (*2020: £34.6m*). The Company had no capital commitments (*2020: £nil*).

27. Related parties

Transactions with other companies owned or controlled by Onex Corporation

Group

	Management fees paid 2021 £000	**Interest payable 2021 £000**	**Receivable/ (payable) at 31 December 2021 £000**	Management fees paid 2020 £000	Interest payable 2020 £000	Receivable/ (payable) at 31 December 2020 £000
Richmond Holdings (Jersey) Limited	**-**	**-**	**21,046**	-	-	14,902
Richmond UK Top Holdco Limited	**-**	**4,124**	**(64,441)**	-	3,098	(57,772)
Onex Partners Manager LP	**-**	**-**	**-**	16	-	-
Richmond TowerCo	**-**	**-**	**-**	-	199	-
	-	**4,124**	**(43,395)**	16	3,297	(42,870)

Notes *(continued)*

27. Related parties *(continued)*

Company

	Management fees paid 2021 £000	**Interest payable 2021 £000**	**Receivable/ (payable) at 31 December 2021 £000**	Management fees paid 2020 £000	Interest payable 2020 £000	Payable at 31 December 2020 £000
Richmond UK Top Holdco Limited	**-**	**4,124**	**(64,436)**	-	3,098	(57,768)

Transactions with key management personnel

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

	2021 £000	2020 £000
Wages and salaries	**4,052**	3,230
Social security costs	**444**	375
Contributions to defined contribution plans	**1**	1
Long-term incentive schemes	**766**	754
	5,263	4,360

There are 6 people included within key management personnel *(2020: 6)*.

	Preference shares held 2021 £000	**Interest payable during the year 2021 £000**	**Interest outstanding at 31 December 2021 £000**
Directors and key management personnel of the Company	**13,625**	**3,491**	**10,930**

	Preference shares held 2020 £000	Interest payable during year 2020 £000	Interest outstanding at 31 December 2020 £000
Directors and key management personnel of the Company	11,967	2,211	7,439

Directors and key management personnel also hold 122,789 B and C ordinary shares *(2020: 117,058)*.

In the year key management personnel purchased £1.7m of shares from Richmond Holdings (Jersey) Limited, funded by limited recourse loans. The loans are repayable upon the sale of the shares or upon the employee becoming entitled to receive any amounts in respect of the shares, or in the event of employee exit. In the event that the proceeds of sale of all of the shares are less than the amount of the loan, the loan is reduced and the shortfall is not payable.

Notes *(continued)*

27. Related parties *(continued)*

In the prior year a senior manager included in key management personnel purchased £0.7m of shares from Richmond Holdings (Jersey) Limited, funded by a limited recourse loan. The loan is repayable upon the sale of the shares or upon the employee becoming entitled to receive any amounts in respect of the shares, or in the event of employee exit. In the event that the proceeds of sale of all of the shares are less than the amount of the loan, the loan is reduced and the shortfall is not payable.

In the prior year, the terms of three loans to directors totalling £1.9m were amended so that such loans became limited recourse loans. In the event of a shortfall arising when the shares are ultimately sold, that shortfall element of the loan does not become repayable. In line with the original loan, this loan incurs interest of the higher of 2.5% per year or the rate specified to be the HMRC Official Rate, which is capitalised on an annual basis from the loan start date to be treated as part of the principal amount. In the year £0.1m *(2020: £0.1m)* has been capitalised. All loans remain outstanding at 31 December 2021.

There was one transaction in the prior year being the purchasing of COVID-19 testing kits from a related party, related through the ultimate parent undertaking and controlling party. This totalled £43,000 and was an arm's length transaction, all of which was paid within the year.

28. Ultimate parent undertaking and controlling party

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

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

29. Accounting estimates and judgements

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

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

Cash generating unit
Goodwill is allocated to a single cash generating unit 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.

Impairment of investments
The Company annually tests whether investments have been impaired. The estimation of the recoverable amount of the investment is based on fair value less costs to sell. See investments in note 13.

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

Impairment of trade and other receivables
A bad debt provision is based on the expected credit loss, under the simplified approach as prescribed by IFRS 9 *Financial Instruments*. We use actual historical debt recovery rates which are applied to outstanding debt to create the provision.

Notes *(continued)*

29. Accounting estimates and judgements *(continued)*

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

Provisions
Provisions are based on the most recent information that represent our future estimated costs, or where required on historic information of up to a five year look-back period, with an adjustment based on current market conditions if required.

Share-based payments
At the grant date and reporting date, there is a valuation performed of share options based on the Black-Scholes model. This is based on the inputs listed in note 23(b).

30. Change in accounting policy and prior year restatement

In April 2021, the IFRS Interpretations Committee ('IFRIC') published an agenda decision on the clarification of accounting in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') as follows:

- amounts paid to the cloud vendor for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term;
- in limited circumstances, other configuration and customisation costs incurred in implementing SaaS arrangements may give rise to an identifiable intangible asset, for example, where code is created that is controlled by the entity; and
- in all other instances, configuration and customisation costs will be expensed as the customisation and configuration services are received.

Due to the nature of this agenda decision and the level of spend incurred in relation to the Group's digital transformation programme, the Group's accounting policy in relation to such customisation and configuration costs has been reviewed and changed to align with the IFRIC guidance issued in relation to SaaS costs previously capitalised. There is no impact on the Company's own financial statements.

The restatement represents a non-cash adjustment. The revision to the accounting policy has been accounted for retrospectively resulting in a prior year restatement.

The Group identified £3.5m additions made across the years ending 31 December 2019 and 31 December 2020 in relation to software and development costs. £2.6m (whilst all of these additions related to software intangible assets, based on where the costs were previously recognised within the consolidated financial statements the adjustments to be made are £1.7m in relation to plant and equipment within property, plant and equipment and £0.9m in relation to software intangible assets) of these costs capitalised for the year ended 31 December 2020 related to cloud computing arrangements that should be expensed after the consideration of the IFRIC guidance and a further £0.9m for the year ended 31 December 2019 (all in relation to software within intangible assets).

In relation to the year ended 31 December 2020 assets, £0.8m of depreciation and amortisation (£0.5m in relation to plant and equipment within property, plant and equipment and £0.3m in relation to software within intangible assets) previously charged on these assets has been reversed. £0.2m of amortisation (all in relation to software within intangible assets) previously charged to the year ended 31 December 2019 has also been reversed.

These adjustments give rise to a reduction in the tax charge for the year ended 31 December 2020 of £0.5m and a corresponding decrease in the Group's deferred tax liability.

Notes *(continued)*

30. Change in accounting policy and prior year restatement *(continued)*

The impact of the restatement on the financial statements is as follows:

	31 December 2020 (previously reported) £m	Restatement £m	31 December 2020 (as restated) £m
Consolidated statement of profit and loss impact			
Depreciation	(54.6)	0.5	(54.1)
Amortisation	(4.6)	0.3	(4.3)
Exceptional items (including cloud configuration and customisation costs)	(7.0)	(2.6)	(9.6)
Administrative expenses	(256.4)	(1.8)	(258.2)
Operating loss	**(17.0)**	**(1.8)**	**(18.8)**
Loss before tax	**(86.6)**	**(1.8)**	**(88.4)**
Tax charge	(2.6)	0.5	(2.1)
Loss for the year	**(89.2)**	**(1.3)**	**(90.5)**
Consolidated balance sheet impact			
Software intangible assets (note 12)	5.1	(1.3)	3.8
Intangible assets (note 12)	**86.6**	**(1.3)**	**85.3**
Plant and equipment (note 10)	156.9	(1.2)	155.7
Property, plant and equipment (note 10)	**758.3**	**(1.2)**	**757.1**
Total non-current assets	**1,444.3**	**(2.5)**	**1,441.8**
Total assets	**1,581.9**	**(2.5)**	**1,579.4**
Deferred tax	(121.3)	0.5	(120.8)
Total liabilities	**(1,385.4)**	**0.5**	**(1,384.9)**
Net assets	**196.5**	**(2.0)**	**194.5**
Retained losses	**(270.8)**	**(2.0)**	**(272.8)**
Total equity	**196.5**	**(2.0)**	**194.5**
Consolidated cash flow statement impact			
Loss for the year	(89.2)	(1.3)	(90.5)
Depreciation and amortisation	59.2	(0.8)	58.4
Tax	2.6	(0.5)	2.1
Net cash generated from operating activities	**25.2**	**(2.6)**	**22.6**
Acquisition of intangible assets	(2.8)	0.9	(1.9)
Acquisition of plant and equipment	(67.9)	1.7	(66.2)
Net cash used in investing activities	**(70.4)**	**2.6**	**(67.8)**
Net increase in cash and cash equivalents	**54.5**	**-**	**54.5**

Notes *(continued)*

30. Change in accounting policy and prior year restatement *(continued)*

A third balance sheet has been presented in accordance with IAS 1 *Presentation of Financial Statements* to illustrate the impact in the opening balance sheet for the prior financial year. The Group identified that £0.9m (all in relation to software within intangible assets) of costs previously capitalised at 1 January 2020 under cloud computing arrangements should have been expensed and £0.2m of amortisation previously charged on those assets has now been reversed, reducing brought forward amounts at 1 January 2020 by £0.7m.

The opening balance sheet of the prior year has accordingly been restated to correct for these, as shown below. Balances at 1 January 2020 are those disclosed after the application of IFRS 16 *Leases* which was adjusted prospectively on inception.

The impact of the restatement on the financial statements is as follows:

	1 January 2020 (previously reported)	Restatement	1 January 2020 (as restated)
	£m	£m	£m
Consolidated balance sheet impact			
Software intangible assets	4.0	(0.7)	3.3
Intangible assets	**88.4**	**(0.7)**	**87.7**
Total non-current assets	**1,418.9**	**(0.7)**	**1,418.2**
Total assets	**1,516.5**	**(0.7)**	**1,515.8**
Net assets	**284.9**	**(0.7)**	**284.2**
Retained losses	**(181.6)**	**(0.7)**	**(182.3)**
Total equity	**284.9**	**(0.7)**	**284.2**

31. Non-current assets held for sale

In 2021, the Group committed to a plan to sell Hayling Island Holiday Park. The related assets and liabilities were classified as held for sale at 31 December 2021. No gain or loss arose on the measurement to fair value less cost to sell.

Assets held for sale/disposal group
Details of assets and liabilities regarded as assets held for sale are illustrated below:

	2021
	£m
Assets classified as held for sale:	
Property, plant and equipment	**17.7**
Inventories	**0.1**
Trade and other receivables	**0.5**
	18.3
Liabilities classified within disposal groups:	
Trade and other payables	**(1.2)**

Notes *(continued)*

32. Post balance sheet events

Subsequent to the balance sheet date, Parkdean Resorts Limited, a subsidiary undertaking, acquired the entire issued share capital of Hanson European Caravan Transport Limited on 4 January 2022. Hanson European Caravan Transport Limited is a leading specialist haulier of static caravans in the UK. Parkdean Resorts Limited acquired the share capital for a consideration of £3.3m of which £2.6m was paid at completion on 4 January and the remaining £0.7m is payable on 4 July 2022. The consideration will be adjusted on finalisation of the completion accounts to the extent that at completion the working capital exceeds or is less than the target (normalised) working capital or the net cash is greater than or less than zero at completion. No confirmation of acquisition accounting or any fair value adjustments have been made as at the date of signing these financial statements.

On 1 March 2022 the Group completed the sale of Hayling Island Holiday Park Limited (which at the date of sale was the owner of Hayling Island holiday park) for initial consideration of £30.4m. No confirmation of acquisition accounting or any fair value adjustments have been made as at the date of signing these financial statements.