

Financial statements

52 weeks ended 20 April 2023

Center Parcs (Operating Company) Limited

Annual report and financial statements

For the 52 weeks ended 20 April 2023

Company registration number: 04379585

Financial statements

52 weeks ended 20 April 2023

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Financial statements

52 weeks ended 20 April 2023

Directors and auditor

Directors

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J B Hyler

Company Secretary

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Strategic report

For the 52 weeks ended 20 April 2023

The Directors present their Strategic report on the Company for the 52 weeks ended 20 April 2023 (2022: 52 weeks ended 21 April 2022).

Review of the Business

The principal activity of the Company is the operation of short break holiday villages, and the Company operates four holiday villages in the United Kingdom, at Sherwood Forest in Nottinghamshire, Elveden Forest in Suffolk, Longleat Forest in Wiltshire and Whinell Forest in Cumbria. Center Parcs targets the premium sector of the UK family short break market, offering an escape from the stresses and strains of modern life and helping families come together.

Center Parcs invests heavily to ensure that we deliver high quality service, accommodation and facilities, combined with an unrivalled array of activities that cater for the most discerning of families, as well as the most changeable of British weather. There is nothing prescriptive about a short break at Center Parcs, with each family free to choose to do as little or as much as they wish. Center Parcs remains a unique proposition for families in the UK market with a history of consistently high occupancy and continued revenue and EBITDA growth. This is combined with enviable guest feedback scores and consistently high levels of returning guests.

Each of the Company's holiday villages is set in a forest environment amongst approximately 400 acres of forest and lakes and is open 365 days per year. Woodland, water and a natural environment are the essential elements of a Center Parcs break. Within the comfortable, quiet and family-friendly setting, the Center Parcs villages provide guests with high-quality accommodation and more than 150 leisure and spa activities. The focal point and key attraction of each village is an all-weather indoor sub-tropical swimming paradise, featuring a selection of water activities including a wave pool, river slides and rides, children's pools and jacuzzis. Other on-site experiences include outdoor activities such as cycling, boating and quad bikes; indoor activities such as ten-pin bowling, badminton and pottery; and leisure amenities such as spas, dining and retail.

Financial performance

The results of the Company for the period show a loss after taxation of £39.7 million (2022: profit of £168.3 million). Adjusted EBITDA, being earnings before interest, taxation, depreciation, amortisation and adjusted items was a profit of £216.1 million (2022: profit of £194.2 million). Adjusted EBITDA is derived from the income statement as follows:

	2023	2022
	£m	£m
Revenue	478.5	406.9
Cost of sales	(130.6)	(104.3)
Gross profit	347.9	302.6
Administrative expenses before adjusted items	(131.8)	(108.4)
Adjusted EBITDA	216.1	194.2

The primary profit measure used by the Board of Directors is Adjusted EBITDA. International Financial Reporting Standards do not prescribe a standardised definition of Adjusted EBITDA and hence this measure may not be comparable to similar measures presented by other entities.

An adjusted loss in the fair value of financial derivatives of £7.6 million was recognised during the period (2022: loss of £8.1 million), the details of which are set out in note 14.

An impairment of £72.9 million was recognised in the current period (2022: a reversal of the £134.4 million of previous impairments), which are recognised as an adjusted item. Details are set out in note 11 to the financial statements.

Post year-end on 24 April 2023, the Company settled all £145.0 million of its tranche A2 secured notes, as set out in note 26.

During the period, the Company issued two shares to its parent company, Center Parcs (Holdings 3) Limited at a premium of £386.4 million as set out in note 18. Subsequently, on 18 April 2023, the Company undertook a capital reduction pursuant to which its share premium account was reduced by the £525.5 million.

Strategic report For the 52 weeks ended 20 April 2023 (continued)

Key performance indicators

The Directors use the following key performance indicators to set targets and measure performance:

- Revenue: Revenue for the period was £478.5 million (2022: £406.9 million).
- Occupancy: the average number of units of accommodation occupied as a percentage of the total number available. Occupancy for the period was 97.3% (2022: 80.6%).
- ADR (Average Daily Rate): the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total number of lodge nights sold. ADR for the period was £237.29 (2022: £253.61).
- RevPAL (Rent per available lodge night): the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total available number of lodge nights. RevPAL for the period was £230.95 (2022: £204.52).

Financing risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Center Parcs (Holdings 1) Limited Group.

The Group finances its operations through a mixture of retained earnings and borrowings as required. Historically, the Group has sought to reduce its cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

All tranches of the Group's secured debt are subject to financial covenants. The Directors have assessed future compliance and at this time do not foresee any breach of the financial covenants.

Interest rate risk

Principal sources of borrowings are fixed interest rate loan notes.

Financing risk management

Liquidity risk

The Group maintains sufficient levels of cash and committed funding to enable it to meet its medium-term working capital, lease liability and funding obligations. Rolling forecasts of liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

Whilst no borrowings are denominated in foreign currencies, a number of suppliers are exposed to the Euro and US Dollar. Accordingly, wherever possible the Group enters into supply contracts denominated in Sterling. The Group does not operate a hedging facility to manage currency risk as it is not considered to be material.

Credit risk

The Group's cash balances are held on deposit with a number of UK banking institutions. Credit risk in respect of the Group's revenue streams is limited as the vast majority of customers pay in advance.

Financial reporting risk

The Group's financial systems are required to process a large number of transactions securely and accurately; any weaknesses in the systems could result in the incorrect reporting of financial results and covenant compliance. This risk is mitigated by the production of detailed management accounts which are regularly compared to budgets and forecasts. The Group is also subject to an annual external audit.

Principal risks and uncertainties

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

Strategic report

For the 52 weeks ended 20 April 2023 (continued)

Section 172 (1) Statement

Pursuant to the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, we report here on how the Directors have discharged their duties under Section 172 (1) of the Companies Act 2006 ('CA 2006').

Section 172 (1) of the CA 2006 sets out the matters to which the Directors must have regard in performing their duties to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders and the likely consequences of any decision in the longer term.

The Directors of the Company (the "Directors") are aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the CA 2006 and are keen to ensure proper reflection on stakeholder engagement at Director level. The Directors consider it crucial that the Company and the Group maintains a reputation for high standards of business conduct.

As more particularly detailed in the Company's Wates Statement included in the Directors' report, the Company's indirect parent undertaking, Center Parcs (Holdings 1) Limited plays an important role in the governance of the operations of the Company, including consideration and approval of key commercial decisions which materially impact the Company and its operations.

The board of Center Parcs (Holdings 1) Limited ("the Board") meets quarterly and consists of all of the Company's Directors. Where the individuals are Directors of separate legal entities within the Group, they are aware of their responsibilities relating to each of the legal entities. Additionally, a group which comprises of the Chief Executive Officer and the Chief Finance Officer (the "Executive Directors") of the Company along with members of the senior management team, known internally as the Operating Board, (the "Operating Board"), meet monthly to discuss and make operational decisions in relation to the Company and to consider and implement decisions of the Board. The views of the Operating Board are considered by the Board in their decision making. In these meetings feedback from the business areas is considered and reviewed, with a particular focus on the stakeholder groups. The Board and Operating Board also review the quality of stakeholder engagement to ensure that they are receiving sufficient qualitative information to inform the decision-making process.

As the Board considers and makes recommendations which impact the other operating companies (which are then considered and if deemed appropriate, implemented by the other operating companies), it is important that the Board, the Directors and the Operating Board are involved in and aware of the output of stakeholder engagement. The outcome of the stakeholder engagement influences the ongoing review of the long-term strategy and financial planning to ensure the approach delivers long-term growth and protects the Company's reputation for high standards of business conduct.

The Directors consider the likely consequences of any decision in the long term and identify stakeholders who may be affected and carefully consider their interests and any potential impact as part of the decision-making process. This year there has been considerable focus on the evolution of the Company's strategy, longer-term people and talent reviews, customer experience and technology strategies of the business.

The Directors understand that it is vital that the Company is trusted by its stakeholders and they seek to do the right thing as a business for guests, colleagues and suppliers. The Board receives regular reports from internal audit which covers business conduct across the business and provides assurance to the Board about the way in which the business is conducted. A range of external organisations also provide assurance about the Company's controls, assumptions and calculations across the business. The Code of Business Conduct and Ethics applies across the business and is regularly reviewed by the Board. This Code covers conflict of interests, anti-bribery, whistleblowing, positive working environment and sets our expectations of personal conduct in the workplace. All senior management are required to certify compliance with the Code on an annual basis. The Board has a low-risk appetite for reputational risk and the reputational impact of the decisions made by the Directors is always considered. The Board is also focused on the wider social context in which the business operates including those issues related to climate change.

Strategic report For the 52 weeks ended 20 April 2023 (continued)

Stakeholder engagement

The table below sets out the approach to stakeholder engagement during the year.

Stakeholder group	Why are they important?	What is our approach?
<p>Guests</p>	<p>Understanding what is important to our guests is key to our long-term success.</p> <p>Understanding, acknowledging and appreciating how our guests view our business, product offering and service delivery ensures that we can adapt and change what we do and how we do it to maintain our competitive advantage.</p>	<ul style="list-style-type: none"> • After each break, guests are given the opportunity to complete a guest satisfaction survey, known as 'Delivering Excellent Service' (DES). This survey measures guest satisfaction in several areas, such as accommodation, facilities, amenities and service. The results determine an overall DES score for each village, and departments/units within the village. The DES score is used to constantly improve service and tailor our offering to our guests. The survey is managed by an external company to ensure independence. Engaging with our guests is key to achieving our purpose and strategy. • The DES scores show overall high levels of guest satisfaction with the score achieved being 86%. • The Board and the Operating Board receive reports on the DES scores and other guest related strategic initiatives at every board meeting. The DES results and other quantitative and qualitative reports are used to inform decisions around operational matters such as, availability of activities, opening hours and staffing levels. This year the range of activities available for younger children was expanded following guest feedback. • We use a range of research and wider engagement techniques to ensure that we obtain insight and an understanding of what our guests wants and need from a Center Parcs break e.g. we have an ongoing program of guest research to inform our plans and test key initiatives such as menu development and tastings and we conduct independent market research to obtain guests views on our facilities and activities such as the first time guest experiences. • The result of the research flows through to the changes within the business. This year we looked at improving the smart technology within the guest accommodation and refreshed the menus in various units. • The Operating Board and senior management undertake regular village visits, to ensure that the facilities and services which the guest experiences on village are in line with guest expectations and the strategic objectives.

Strategic report

For the 52 weeks ended 20 April 2023 (continued)

Stakeholder engagement (continued)

Stakeholder group	Why are they important?	What is our approach?
Colleagues	<p>The Company's colleagues' well-being (both physical and mental), levels of engagement and motivation as well as overall commitment are essential for our long-term success.</p> <p>The Company is one of the Group's employing companies, along with Center Parcs Limited and CP Woburn (Operating Company) Limited.</p>	<ul style="list-style-type: none"> • Various methods of engagement are used with colleagues including Colleague Councils, which meet quarterly to discuss issues and concerns with a Director. The Board receives feedback from the Colleague Councils on a regular basis and acts on issues of concern such as the development of dynamic working. • Colleague engagement surveys are undertaken every two years and drive ongoing engagement activities, helping to formulate the KPIs for the coming years. Ad hoc surveys are also conducted to assess specific topics e.g. returning to working in an office environment. • The results of the colleague surveys and the proposed actions to be taken as a consequence are reported back to the Board and Operating Board. • This year's colleague survey had an overall engagement score of 79%, which demonstrates that the engagement strategies are effective. • All colleagues receive a regular newsletter via email which shares both corporate and location-specific news and information. • Annual Communications Forums give colleagues the opportunity to hear the company results, understand the direction for the year ahead and to ask questions of the Chief Executive and Directors in face-to-face sessions at each village. • All colleagues also have access to an independent Whistleblowing Hotline, where anonymous reports of unethical behaviour or misconduct can be made at any time. • We believe our engagement methods allow our colleagues to influence change in relation to matters that affect them for example the Diversity, Equity and Inclusion Strategy. • An independent Colleague Assistance Programme is available to all our colleagues offering advice and guidance on a range of issues that could impact wellbeing, including financial and legal support, family support, physical and mental health. The programme is completely free to access and fully confidential. • A Digital Healthcare service is available to all colleagues to help detect, manage and prevent physical and mental health problems. • This year a Diversity, Equity and Inclusion Strategy has been introduced with the aim of improving focus in this area right across the business, along with a training programme to support the strategy. • We hold annual Star Performer and Long Service Awards gala dinners, as a way of recognising and thanking our colleagues. • This year we implemented a Transformation Office to manage project governance in conjunction with the business and the IT PMO, which will ensure that colleague representation on major projects is integral throughout the project life cycle such as the new workwear and new time and attendance IT system.

Strategic report For the 52 weeks ended 20 April 2023 (continued)

Stakeholder engagement (continued)

Stakeholder group	Why are they important?	What is our approach?
Suppliers	Working with a wide range of suppliers to deliver services to our guests is vital for our long-term success.	<ul style="list-style-type: none"> • The Operating Board maintains oversight of the management of our critical suppliers and receives regular reports on their performance. • We have a Procurement team who work closely with our suppliers across the business and aim to work in partnership with critical suppliers. • All suppliers are managed in line with our Procurement Policy and Sanctions Policy and must comply with our Ethical Trading Policy. This ensures supply risk is managed appropriately and provides oversight of risks such as contractual and financial issues, corporate responsibility, modern slavery and sustainable sourcing and data security. • Our Safety Management Group regularly reviews our contractor management policy and ensures that all relevant health and safety policies apply equally to suppliers and contractors. • The supplier on-boarding process is regularly reviewed and feedback from suppliers has led to a more streamline process. • The Board reviews the actions we have taken to prevent modern slavery in our supply chain and approves the Modern Slavery Statement each year. • The Operating Board regularly reviews the payment practices and policies to ensure they are in line with agreed terms and best practice and approves the Payment Practices Report.

Strategic report For the 52 weeks ended 20 April 2023 (continued)

Stakeholder engagement (continued)

Stakeholder group	Why are they important?	How we engage with them?
Community and Environment	Being a responsible member of the community plays a vital part in our long-term success.	<ul style="list-style-type: none"> • The Board and the Operating Board receive regular updates on community activities including support for our corporate charity partnership with Together for Short Lives, donated breaks and colleague volunteering. • The Board agreed the extension of the corporate charity partnership with Together for Short Lives to 2027, as the relationship has grown from strength to strength with a shared passion for creating quality family time. Through colleague fundraising and guest donations, together we have raised an incredible £1.5m for seriously ill children and their families, during the period of partnership. • Colleagues are actively encouraged to volunteer and fundraise for our corporate charity. Guests are also able to make donations to our corporate partner when booking a break. The Board approves matched donations on an annual basis. • The Center Parcs Community Fund allows each village and Head Office to sponsor local projects and charities. The Board and Operating Board receives regular updates on the support provided by the Community Fund. • We are committed to minimising the impact of our business operations on the environment and recognise our responsibility to carefully manage the natural resources. • This year we have extended the remit of the Environmental, Social and Governance (ESG) Steering Committee to review the climate-related financial disclosures and all aspect of ESG across the business. • The CEO chairs the ESG Committee and it is attended by the CFO and other senior management. • We aim to reduce carbon emissions by 30% by 2030 and are committed to Net Zero by 2050. • The ESG section on our website provides further details of our activities in these areas. • Further information on the work done in this area is in our climate-related financial disclosures in the Strategic report.
Shareholder, investors in the funds held by the ultimate parent and debtholders.	We recognise the importance of our shareholder and their representatives having a good understanding of our strategy, business model and culture.	<ul style="list-style-type: none"> • The Executive Directors are the primary communication route with the shareholder investor, outside of regular Board meetings. • The Board has quarterly meetings with the shareholder to update on strategic developments and financial targets. • Shareholder approval is required for significant capital projects and refinancing activities. • The Group's quarterly results are presented to debt holders and the Chief Finance Officer is available to answer questions during the presentations. • Corporate reports and stock exchange announcements are published on the website. • A Shareholder Agreement sets out the rights of the shareholder in relation to the Company and the matters which require specific investor consent.

Strategic report For the 52 weeks ended 20 April 2023 (continued)

Key strategic decisions

For each matter, the Board considers the likely consequences of any decision in the long term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process. The key strategic decisions taken during the year were informed and supported by stakeholder engagement activities as set out above.

- In December 2022, following the Group's concession partner Joules going into administration, the Board decided to wait for the results of the administration before deciding on the future of the relationship and subsequently agreed to enter into new concession agreements with the new owners of the Joules brand, to ensure the continuity of the retail units and meet guest expectations for high end retail outlets on the village.
- In response to the diversity and inclusion activities in the previous year the Board supported the introduction of a diversity, equity and inclusion strategy, 'Everyone is welcome' to be embedded across the business. The Board recognises the benefits of a diverse workforce and an inclusive culture and aims to drive progress in this area.
- The Board gave a Net Zero commitment, with the aim to reduce carbon emissions by 30% by 2030 and to be Net Zero by 2050.
- The Board approved the extension of the corporate charity partnership with Together for Short Lives.
- As part of the Group's long-term financing arrangements, the Board approved the refinancing of the tranche A2 secured notes and the issue of new tranche A6 and A7 notes as set out in note 14 to the financial statements.
- During the period the Board approved distributions to the Company's shareholder totalling £112.4 million.

Approved by the Board



K Jamieson
Director
30 June 2023

Directors' report For the 52 weeks ended 20 April 2023

The Directors present their report and the audited financial statements for the 52 weeks ended 20 April 2023 (2022: 52 weeks ended 21 April 2022). The registration number of the Company is 04379585.

Information about the use of financial instruments by the Company is provided in note 16 to the financial statements.

Future developments

No changes to the nature of the business are anticipated.

Financial risk management objectives

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

Dividends

During the period the Company paid dividends of £112.4 million (2022: no dividends paid). The Directors have not proposed the payment of a final dividend (2022: £nil).

Events after the reporting period

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

Directors

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

M P Dalby
C G McKinlay
K Jamieson (appointed 12 December 2022)
Z B Vaughan (resigned 14 April 2023)
B T Annable
A Colasanti
J B Hyler (appointed 24 April 2023)

The Group headed by Center Parcs (Holdings 1) Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors and Officers that may be incurred as a result of their position within the Company and the companies within the Group. The Directors and Officers have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the period ended 20 April 2023 and as at the date of the report.

Colleagues

The Company is committed to providing equal opportunities to all colleagues, irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age or religion. Center Parcs is an inclusive employer and values diversity among its colleagues. These commitments extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal.

Colleague consultation

The Company engages with its colleagues through a variety of methods. Further details are provided in the Strategic report.

Colleagues with a disability or impairment

Center Parcs is an Equal Opportunity Employer, meaning that selection, training, development and promotion is accessible and inclusive. We have a duty to make reasonable adjustments throughout the employment lifecycle to ensure everyone can perform to the best of their ability.

Political donations

No political donations were made in the current or prior period.

Directors' report For the 52 weeks ended 20 April 2023 (continued)

Charity partner

The Company raises funds for its charity partner, Together for Short Lives, by matching guest donations and organising on-village fundraising and events.

Energy and Carbon Regulation

The UK energy use of the Company and the associated GHG emissions are disclosed within the Directors' report of the Center Parcs (Holdings 1) Limited Group and are not managed separately.

Going concern

The Company reported a loss for the year of £39.7 million (2022: profit of £168.3 million) and generated operating cash inflows of £194.1 million (2022: £213.0 million). The Directors have received confirmation that Center Parcs (Holdings 1) Limited, will provide sufficient support to the Company to allow it to meet its debts as they fall due for a period of at least 12 months from the date of signing these financial statements. The Group's (companies headed by Center Parcs (Holdings 1) Limited, the "Group"), financial statements and those of the Company have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

The Group has significant cash balances and current forecasts show continued profitability and cash generation for a period of at least 12 months from the date of approval of these financial statements.

The Group recognises that as at 20 April 2023 its net current liabilities were in excess of deferred revenue. This is consistent with guest booking patterns and other anticipated working capital movements; cash flow forecasts confirm that the Group will have sufficient cash to settle liabilities as they fall due. The Group's net liabilities position is purely a function of adopting the cost basis for PPE rather than the revaluation basis. As set out in the Center Parcs (Holdings 1) Limited financial statements the value of the Group's properties is significantly higher than book value and if the value were recognised in the balance sheet the Group would have significant net assets.

No borrowings have expected maturity dates within 12 months of the date of approval of these financial statements and there is significant headroom on both the Class A and Class B covenant tests.

Brookfield, the Group's parent shareholder, has confirmed that it is exploring strategic alternatives which may, or may not, result in a transaction. The Directors have satisfied themselves that any such transaction would have no impact on the going concern position of the Group.

In light of all of the above, the financial statements have been prepared on the going concern basis.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

Directors' report For the 52 weeks ended 20 April 2023 (continued)

Statement of disclosure of information to the auditor

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

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

Independent auditor

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

CORPORATE GOVERNANCE REPORT

Introduction

Whilst the Company is not required by the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") to include a statement as to which corporate governance code has been applied, the Company has chosen to voluntarily adopt the Wates Corporate Governance Principles for Large Private Companies. This report aims to bring transparency to our governance approach which is aligned to the Wates Principles.

Role of Center Parcs (Holdings 1) Limited

Center Parcs (Holdings 1) Limited, the indirect parent undertaking of the Company, plays an important role in the governance of the operations of the Company. The narrative below discusses the governance arrangements of the Company and how its governance arrangements interact with governance arrangements of Center Parcs (Holdings 1) Limited, in order to give a holistic view of the Group's governance arrangements.

The board of Center Parcs (Holdings 1) Limited ("the Board") meets quarterly and comprises of all of the Company's Directors. Additionally, a group which includes the Chief Executive Officer and the Chief Finance Officer (the "Executive Directors") of the Company and members of the senior management, known internally as the Operating Board, (the "Operating Board"), meet monthly to discuss and make operational decisions relating to the Company and to consider and implement decisions of the Board. The Board has delegated oversight of the Group's day-to-day operations and activities to the Operating Board.

Purpose and Leadership

The board of the Company ("the Board"), sets the long-term strategy and monitors the performance of the Group. The Board meets quarterly to discuss the performance of the Group against its strategic objectives and the current and future projects and innovations. The Board for the current financial period consists of the Chief Executive Officer and the Chief Finance Officer of the Company and three shareholder representative directors. Details of the Directors of the Company (the "Directors") who served during the year are included below.

The Non-Executive Chair provides leadership to the Board, facilitates open debate and challenge and ensures effective decision-making processes are embedded. The Chair also provides guidance and support to the Chief Executive Officer and other Directors and focus on the areas of governance, strategy, performance and culture. The roles and responsibilities of the Non-Executive Chair and the Chief Executive Officer are clearly set out and approved by the Board.

The Board has delegated oversight of the Group's day-to-day operations and activities to a group which is known internally as the Operating Board. The Operating Board meets monthly and consists of the Chief Executive Officer and the Chief Finance Officer of the Company and four members of senior management.

The Group's purpose is to be the leading provider of short break holidays in the UK.

The purpose is supported by the strategy which sets out the vision, mission and essence of the Group:

- Our Vision: to be known as the escape where families come together;
- Our Mission: we bring families together by championing free-range family time;
- Our Essence: Center Parcs is family togetherness.

The People Framework supports the strategy and embeds a set of values which are expected to be demonstrated by all, across the business. These values are key to the Group's strategy and achieving the purpose.

Directors' report

For the 52 weeks ended 20 April 2023 (continued)

Purpose and Leadership (continued)

The People Framework is embedded across the Group and is supported by a set of behaviours which are expected to be demonstrated by all colleagues:

- Natural – we talk and act like real people;
- Family – we care for and support one another;
- Respectful – we think before we act and empathise with others;
- Confident – we proudly stand by our people, our brand and our product;
- Passionate – we go above and beyond for our guests and each other;
- Always growing – we ask hard questions of ourselves and restlessly look for new answers.

These behaviours are key to the Group's culture and are embedded across the business. These behaviours are exhibited by the Directors, the Board and Operating Board and are continually communicated to colleagues through inductions, ongoing training, appraisals and briefings. The Group also seeks to recruit new colleagues that are aligned to these values. The People Framework involves "natural conversations" to talk about the knowledge, skills, experience, qualifications and behaviours that are required to be a member of the Center Parcs family. The appraisal system looks at how the colleague has delivered against these behaviours, as well how they have performed in their role. A suite of face-to-face management development courses was rolled out to all senior managers this year, to refresh and help reinforce the values and behaviours.

The Board and Operating Board monitor the culture through a bi-annual colleague survey. This gives colleagues the opportunity to provide anonymous feedback and helps the Board and Operating Board to monitor engagement and take action to address any concerns. The colleague survey conducted this year saw an engagement score of 79% and plans have been developed based on the feedback. Details of how engagement with colleagues impacts decision making can be found in the Section 172 (1) Statement within the Strategic report.

The Group's approach to stakeholder engagement is reported in the Section 172 (1) section of the Strategic report. This outlines how the Board and Operating Board engaged with principal stakeholder groups, including colleagues. The Operating Board receives regular reports from key areas of the business and considers how the strategy is delivering the purpose. An example of this can be seen in the long-term capital expenditure plans which look to continually update and improve on village accommodation and facilities in line with guest and colleague feedback.

The Group is owned by investment funds advised by Brookfield Corporation (which changed its name from Brookfield Asset management Inc on 9 December 2022), a Canadian global asset management company.

Board Composition

During the year, the Board comprised of the Chief Executive Officer ("CEO"), Chief Finance Officer and three shareholder representative Directors. Further details on each Director are provided below.

Martin Peter Dalby — Non-Executive Chair

Martin Dalby served as CEO of Center Parcs from July 2000 to March 2022. Prior to that he was the Finance Director of Center Parcs from 1997 to 2000 and Financial Controller from 1995 to 1997. Mr. Dalby joined Scottish and Newcastle in 1978 where he held various accounting positions before joining Center Parcs UK in January 1995 as Financial Controller. Mr. Dalby led the Center Parcs Group through the change of company ownership from Scottish and Newcastle to Deutsche Bank Capital Partners (subsequently MidOcean Partners) as well as the acquisition and integration of Oasis Whinfall Forest. Mr. Dalby led the listing of the business on AIM in December 2003, the transition to the London Stock Exchange's main list on 1 March 2005 and the subsequent purchases by the Blackstone Funds in 2006 and the Brookfield Funds in 2015. In addition, he oversaw the building and opening of both Woburn Forest in 2014 and Longford Forest in 2019.

Colin McKinlay — Chief Executive Officer

Colin McKinlay joined Center Parcs in July 2017. Prior to joining Center Parcs, Mr. McKinlay served as Finance Director for TUI Northern Europe, part of the TUI Group, between 2010 and 2017. Mr. McKinlay has held a number of senior financial roles with businesses operating in the travel industry, including serving as Chief Financial Officer at Thomas Cook UK & Ireland between 2004 and 2006. Mr. McKinlay holds a degree in Accountancy & Financial Management from the University of Essex and is ICAEW qualified.

Directors' report

For the 52 weeks ended 20 April 2023 (continued)

Board Composition (continued)

Katrina Jamieson – Chief Finance Officer (appointed 12 December 2022)

Katrina Jamieson joined Center Parcs as Chief Finance Officer in December 2022. Prior to this, Ms. Jamieson held the position of Group Financial Controller at Currys plc (2019-2022), with responsibility for the UK, Ireland, Nordics and Greece, and has held a number of senior roles across retail businesses, including Digital Director, Business Transformation Director and Interim Group CFO at Halfords (2001-2019).

Zach Vaughan — Shareholder Director (resigned 14 April 2023)

Zach Vaughan is Managing Partner in Brookfield's Property Group, responsible for Brookfield's European real estate investments. Mr. Vaughan joined Brookfield in the United States in 2012 and relocated to London in 2015. Since joining Brookfield, he has been involved in several M&A and asset transactions including Thayer Lodging, Center Parcs, MPG Office Trust, UK Student Housing, Associated Estates and Interhotels. Before relocating to London, he oversaw Brookfield's North American multifamily investments and its operating company, Fairfield Residential. Prior to joining Brookfield, Mr. Vaughan worked at Canada Pension Plan Investment Board (CPPIB) and Reichmann International. Mr. Vaughan received an Honours Economics degree from The University of Western Ontario.

Benedict Tobias Annable— Shareholder Director

Benedict Annable is a Senior Vice President of Brookfield Property Group and is responsible for advising on all legal aspects of Brookfield's real estate platform, specifically focusing on European acquisitions, dispositions and related financings. Since joining Brookfield in 2018, Mr. Annable has been involved in a number of acquisitions across various asset classes and jurisdictions, including offices, student housing and apart'hotel businesses and assets in the UK, France and Spain. Prior to joining Brookfield, Mr. Annable was a Partner at the law firm of Mishcon de Reya LLP where he focused on acquisitions, disposals, investments and joint ventures, primarily in the real estate sector. Mr. Annable holds a BA (Hons) from Durham University.

Andrea Colasanti – Shareholder Director

Andrea Colasanti is a Vice President in Brookfield's Property Group, involved in the Asset Management for Brookfield's European real estate investments. Since joining Brookfield in London in 2018, Mr. Colasanti has been involved in several Asset Management activities and transactions for Brookfield's real estate group across hospitality, student housing and logistics in various European countries (UK, France, Germany, Portugal). Before joining Brookfield, Mr. Colasanti worked for PwC, where he focused on financial due diligence and corporate finance in the real estate sector. Mr. Colasanti holds a Bachelor's Degree in Business Administration and a Master's Degree in Economics and Business from Luiss Guido Carli University in Rome.

Brad Hyler – Shareholder Director (appointed post year-end on 24 April 2023)

Brad Hyler is a Managing Partner in Brookfield's Real Estate Group and Head of Real Estate in Europe. He is responsible for overseeing all real estate activities in the region, including investments, portfolio management and new fund formation. He has been instrumental in the creation and expansion of Brookfield's logistics and student housing operating platforms. Prior to joining Brookfield in 2011, he held various positions at O'Connor Capital Partners and Jones Lang Lasalle. He holds a Bachelor of Arts from the University of North Carolina at Chapel Hill.

The Board recognises the benefits of having a diverse equitable and inclusive environment and is committed to improving the diversity of the Board. The Group continues to invest in its female development leadership programme to address the under-representation of females in leadership roles. Following the diversity and inclusion benchmarking project in the previous year a diversity, equity and inclusion strategy has been launched with the support of an external consultancy.

The Directors have equal voting rights when making decisions, but the shareholder has the casting vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense. The duties of the Directors are delegated through a series of committees.

The Directors attend and act as chair of relevant committees, so they can challenge and influence a broad range of areas across the Group. The Board ensures that the purpose and strategy align and are embedded and communicated throughout the Group. This can be seen at the regular senior management meetings and the colleague forums. Directors update their skills, knowledge and familiarity with the business by meeting with senior management, visiting the villages and by attending appropriate external seminars and training courses.

Directors' report

For the 52 weeks ended 20 April 2023 (continued)

Board Composition (continued)

There is an induction programme for all new Directors which is tailored to their specific experience and knowledge and which provides access to all parts of the business and shareholders. The Board also considers the professional development of the Directors on a regular basis and will arrange for ad hoc training on matters such as data protection and climate related risks.

The Board has not undergone a self-evaluation or independent effectiveness review however, various Board committees have undergone self-evaluation reviews and the Board will consider this in the future. The self-evaluation reviews of the committees have found the committees to be effective following significant changes that were introduced in the prior year.

Director responsibilities

The Group and the Company recognise that good corporate governance and transparency is essential for long-term growth. The Company ensures that every decision considers the views and needs of all stakeholders. Whilst the Board has oversight, key decisions are made by the relevant committees and people with the most appropriate knowledge and experience. Each Director has a clear understanding of their accountability and responsibilities. The Directors meet on a quarterly basis. The Directors and senior management complete an Annual Code of Conduct declaration confirming that they have behaved in accordance with the Group's behaviours and values. Senior management are also required to declare any potential conflicts of interest, as they occur, and these are reviewed by the Board.

The primary role of the Non-Executive Chair is to oversee the operation of the Board and the Company's governance structures and in particular to ensure that the Board is effective in setting and implementing the Group's direction and strategy. The Non-Executive Chair is also responsible for ensuring that the Company maintains an appropriate level of dialogue with its stakeholders, in particular the shareholders. The role of the Group CEO is to oversee the operational management of the Group's business, in line with the strategy and long-term objectives set by the Board.

To allow the Board to operate effectively, they have delegated oversight of day-day operations to the Operating Board authority and key areas to committees in particular the Risk Committee, the Safety Management Committee, the Competition Committee, the Data Protection Governance Committee and the Environmental Social and Governance (ESG) Committee. These committees are chaired by the relevant Director and are attended by the relevant senior management. The Board receives regular reports on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions, data protection, sustainability and climate change. Key financial information is collated from the various accounting systems. The finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is currently externally audited by Deloitte LLP on an annual basis, and financial controls are reviewed by the internal audit function and the shareholders' internal audit function. The shareholder also receives reports on key financial and operational metrics and corporate governance issues on a quarterly basis and regularly undertake audits for Sarbanes Oxley requirements.

Opportunity and Risk

The Group and the Company have a proactive approach to the management of opportunity and risk. The Board has overall responsibility for setting the risk appetite for the business and ensuring the overall risk profile is aligned with this. Long term strategic opportunities are reviewed by the Board on an annual basis, whilst short term opportunities are reviewed on an ongoing basis.

The Board is also responsible for ensuring that the business maintains sound internal control and risk management systems, as well as reviewing the effectiveness of those systems. The Board receives regular reports, via the Operating Board, on the effectiveness of the systems of internal control and risk management. The Board is satisfied that the systems are embedded within the day-to-day activities of the business and cover all material controls, including financial, operational and compliance controls.

The risk management framework is designed to identify, measure, manage, monitor and report the principal and emerging risks to the achievement of the Group's business objectives and is embedded throughout the Group. The risk management frameworks set out the approach to risk management, risk appetite and the minimum requirements and key controls for the business.

In-depth monitoring of the risk management is delegated to the Risk Committee which report regularly to the Board. However, the Board retains ultimate responsibility for the Group's systems of risk management and internal control and has reviewed their effectiveness during the year.

Directors' report For the 52 weeks ended 20 April 2023 (continued)

Opportunity and Risk (continued)

The Risk Committee meets quarterly to consider the nature and review the risks facing the business, review the framework to mitigate such risks, and notifies the Board of changes in the status and control of risks. It reviews the key risk registers, challenging and making changes where appropriate and receives reports from its committees. The Risk Committee is chaired by the Chief Executive Officer and attended by the other Executive Director, the Operating Board members and other appropriate senior management. Opportunity and risk are also considered by the Safety Management Committee, the Competition Committee, the Data Protection Governance Committee and the ESG Committee. These committees are chaired by the relevant Director and are attended by the appropriate senior management. The Group's key operational risks and mitigations are outlined in the Strategic report.

This year the Risk Committee received updates on emerging risks and associated mitigating actions covering the conflict in Ukraine, cyber security, risks posed by climate change and sources of economic uncertainty, including inflation and the cost of living crisis in the UK.

Remuneration

The shareholder is involved in the setting of the remuneration strategy and policies that affect the Directors of the Company and the Group as a whole. The strategy takes into account the recruitment framework and long-term incentive plans for senior executives, legislative requirements, best market practice and remuneration benchmarking. Pay is aligned with performance and considers fair pay and conditions across the business.

The Directors' remuneration is disclosed in note 21. The Group's Gender Pay Report can be found on the Center Parcs website. The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development.

Stakeholder Relationships and Engagement

The Board considers stakeholder engagement to be a matter of strategic importance and recognises that it is vital for the long-term growth and performance of the Company.

The Non-Executive Chair is responsible for ensuring that the Company maintains an appropriate level of dialogue with its stakeholders, in particular the shareholders.

The Group's approach to stakeholder engagement is reported in the Section 172 (1) section of the Strategic report. This outlines how the Board and Operating Board engaged with principal stakeholder groups.

Approved by the Board and signed on its behalf by



K Jamieson
Director
30 June 2023

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

Independent auditor's report to the members of Center Parcs (Operating Company) Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 20 April 2023 and of its loss for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

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

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls over the going concern assessment process;
- Evaluating the Directors' plans for future actions in relation to the going concern assessment;
- Analysis of the cash flow forecasts produced by management and challenge of the underlying data through comparison to historic trading;
- Assessing the entity's forecast covenants compliance; and
- Assessing the appropriateness of management's disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Center Parcs (Operating Company) Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements including UK Companies Act and pension and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty, such as Health and Safety legislation.

We discussed among the audit engagement team and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

Independent auditor's report to the members of Center Parcs (Operating Company) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

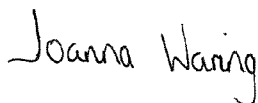
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Joanna Waring FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
30 June 2023

Income Statement

For the 52 weeks ended 20 April 2023

	Note	52 weeks ended 20 April 2023			52 weeks ended 21 April 2022		
		Before adjusted items £m	Adjusted items £m	Total £m	Before adjusted items £m	Adjusted items £m	Total £m
Revenue		478.5	-	478.5	406.9	-	406.9
Cost of sales		(130.6)	-	(130.6)	(104.3)	-	(104.3)
Gross profit		347.9	-	347.9	302.6	-	302.6
Administrative expenses		(131.8)	-	(131.8)	(108.4)	-	(108.4)
Depreciation and amortisation	3	(89.7)	-	(89.7)	(85.8)	-	(85.8)
Total operating expenses		(221.5)	-	(221.5)	(194.2)	-	(194.2)
Operating profit	3	126.4	-	126.4	108.4	-	108.4
Movement in fair value of financial derivatives	14	-	(7.6)	(7.6)	-	(8.1)	(8.1)
Finance income	5	1.2	-	1.2	17.1	-	17.1
Finance expense	5	(110.0)	-	(110.0)	(106.8)	-	(106.8)
Impairment of investments	11	-	(72.9)	(72.9)	-	-	-
Reversal of impairment of investments	11	-	-	-	-	134.4	134.4
Income from Group undertakings	6	22.4	-	22.4	27.8	-	27.8
Profit/(loss) before taxation		40.0	(80.5)	(40.5)	46.5	126.3	172.8
Taxation	7	(0.2)	1.0	0.8	(7.8)	3.3	(4.5)
Profit/(loss) for the period attributable to equity shareholders	18	39.8	(79.5)	(39.7)	38.7	129.6	168.3

All amounts relate to continuing activities.

Statement of Comprehensive Income

For the 52 weeks ended 20 April 2023

	Note	2023 £m	2022 £m
(Loss)/profit for the period		(39.7)	168.3
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	22	(1.6)	0.8
Tax relating to components of other comprehensive income	17	0.3	(0.3)
Other comprehensive (expense)/income for the period	18	(1.3)	0.5
Total comprehensive (expense)/income for the period		(41.0)	168.8

The notes on pages 24 to 50 form part of these financial statements

Statement of Changes in Equity

	Attributable to owners of the parent			Total £m
	Share capital £m	Share premium £m	Retained earnings £m	
At 21 April 2022	-	139.1	(11.7)	127.4
Comprehensive expense				
Loss for the period	-	-	(39.7)	(39.7)
Other comprehensive expense	-	-	(1.3)	(1.3)
Transactions with owners				
Equity contribution	-	386.4	0.7	387.1
Capital reduction	-	(525.5)	525.5	-
Dividends	-	-	(112.4)	(112.4)
At 20 April 2023	-	-	361.1	361.1

	Attributable to owners of the parent			Total £m
	Share capital £m	Share premium £m	Retained earnings £m	
At 22 April 2021	-	139.1	(180.5)	(41.4)
Comprehensive income				
Profit for the period	-	-	168.3	168.3
Other comprehensive income	-	-	0.5	0.5
At 21 April 2022	-	139.1	(11.7)	127.4

The notes on pages 24 to 50 form part of these financial statements

Balance Sheet

	Note	As at 20 April 2023 £m	As at 21 April 2022 £m
Assets			
Non-current assets			
Goodwill	8	244.1	244.1
Other intangible assets	8	13.8	15.0
Property, plant and equipment	9	280.1	267.2
Right-of-use assets	10	792.3	785.7
Investments in subsidiary undertakings	11	651.8	412.1
Deferred tax asset	17	13.8	16.6
Pension surplus	22	0.3	1.0
		1,996.2	1,741.7
Current assets			
Inventories		3.6	2.8
Trade and other receivables	12	265.8	142.3
Current tax asset		11.3	9.2
Derivative financial instruments	14	1.2	8.8
Cash and cash equivalents		35.1	126.0
		317.0	289.1
Liabilities			
Current liabilities			
Borrowings	14	(145.0)	-
Lease liabilities	15	(19.4)	(20.0)
Trade and other payables	13	(200.9)	(178.1)
		(365.3)	(198.1)
Net current (liabilities)/assets			
		(48.3)	91.0
Non-current liabilities			
Borrowings	14	(722.8)	(866.5)
Lease liabilities	15	(864.0)	(838.8)
		(1,586.8)	(1,705.3)
Net assets			
		361.1	127.4
Equity			
Share capital	18	-	-
Share premium	18	-	139.1
Retained earnings	18	361.1	(11.7)
Total equity		361.1	127.4

The financial statements on pages 20 to 50 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



K Jamieson
Director

Center Parcs (Operating Company) Limited
Registered no. 04379585

The notes on pages 24 to 50 form part of these financial statements

Cash Flow Statement

	Note	52 weeks ended 20 April 2023 £m	52 weeks ended 21 April 2022 £m
Cash flows from operating activities			
Operating profit		126.4	108.4
Depreciation and amortisation	3	89.7	85.8
Working capital and non-cash movements	19	(15.2)	26.3
Difference between the pension charge and contributions	22	(0.9)	(0.8)
Corporation tax paid		(6.3)	(4.9)
Payments for taxation group relief	23	0.4	(1.8)
Net cash from operating activities		194.1	213.0
Cash flows used in investing activities			
Purchase of property, plant and equipment		(52.2)	(38.4)
Purchase of intangible assets		(4.2)	(3.3)
Sale of property, plant and equipment		0.2	0.3
Purchase of subsidiary undertaking	11	(74.9)	-
Dividends received	6	22.4	27.8
Interest received		1.2	0.1
Net cash used in investing activities		(107.5)	(13.5)
Cash flows used in financing activities			
Repayment of external borrowings	14	-	(167.7)
Proceeds from external borrowings	14	-	171.1
Issue costs on secured debt	14	-	(1.0)
Break costs on secured debt	5	-	(1.8)
Interest paid		(127.6)	(120.5)
Repayment of working capital facility to shareholder		-	(70.0)
Settlement of lease liabilities	15	(0.5)	(3.2)
Loans advanced to related party	23	-	(141.8)
Loans settled by related party	23	63.0	187.9
Dividends paid	18	(112.4)	-
Net cash used in financing activities		(177.5)	(147.0)
Net (decrease)/increase in cash and cash equivalents		(90.9)	52.5
Cash and cash equivalents at beginning of the period		126.0	73.5
Cash and cash equivalents at end of the period		35.1	126.0

The notes on pages 24 to 50 form part of these financial statements.

Notes to the financial statements

for the 52 weeks ended 20 April 2023

1. Accounting policies

General information

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

Basis of preparation

These financial statements for the 52 weeks ended 20 April 2023 (2022: 52 weeks ended 21 April 2022) have been properly prepared in accordance with United Kingdom adopted international accounting standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and retirement benefit obligations. All accounting policies disclosed have been applied consistently to both periods presented.

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements. The accounting reference date of Center Parcs (Operating Company) Limited is 22 April.

Going concern

The Company reported a loss for the year of £39.7 million (2022: profit of £168.3 million) and generated operating cash inflows of £194.1 million (2022: £213.0 million). The Directors have received confirmation that Center Parcs (Holdings 1) Limited, will provide sufficient support to the Company to allow it to meet its debts as they fall due for a period of at least 12 months from the date of signing these financial statements. The Group's (companies headed by Center Parcs (Holdings 1) Limited, the "Group"), financial statements and those of the Company have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

The Group has significant cash balances and current forecasts show continued profitability and cash generation for a period of at least 12 months from the date of approval of these financial statements.

The Group recognises that as at 20 April 2023 its net current liabilities were in excess of deferred revenue. This is consistent with guest booking patterns and other anticipated working capital movements; cash flow forecasts confirm that the Group will have sufficient cash to settle liabilities as they fall due.

No borrowings have expected maturity dates within 12 months of the date of approval of these financial statements and there is significant headroom on both the Class A and Class B covenant tests.

Brookfield, the Group's parent shareholder, has confirmed that it is exploring strategic alternatives which may, or may not, result in a transaction. The Directors have satisfied themselves that any such transaction would have no impact on the going concern position of the Group.

In light of all of the above, the financial statements have been prepared on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Critical judgements in applying the Company's accounting policies

Discount rate used to determine the value of the Company's defined benefit pension scheme obligation (note 22):

The Company's defined benefit pension scheme obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Useful economic lives and residual values of property, plant and equipment and other intangible assets (notes 8/9):
The Company reviews the estimated useful lives of property, plant and equipment and other intangible assets at the end of each reporting period. During the current period, the Directors have concluded that no revision is required to either useful economic lives or residual values of these assets, and that residual values exceed carrying values.

Impairment test for goodwill (note 8):

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Impairment test for investment carrying values (note 11):

An assessment of the investment carrying values is undertaken by an appropriate third party. The calculation requires the third party to estimate future cash flows expected to arise from the investment and make judgements on the future market performance, see note 11.

Revenue

Revenue relates to accommodation rental income on holidays commenced during the period, together with other related income that primarily arises from on-village leisure, retail and food and beverage spend. Revenue relating to accommodation is recognised on a straight-line basis over the period of the holiday. Non-rental income is recognised when the related product or service is provided to the guest. All revenue is recorded net of VAT.

Payment for accommodation rental income is received in advance of holidays commencing, and is recorded as 'deferred income' within Trade and other payables until the holiday commences. A number of trading units on each holiday village are operated by concession partners. Revenue due in respect of such units is recognised on an accruals basis. All revenue arises in the United Kingdom.

Cost of sales

Cost of sales comprise the cost of goods and services provided to guests. All costs to the point of sale, including direct colleague costs, are included within cost of sales.

Adjusted items

Adjusted items are defined as those that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Company. Adjusted items are those that are not directly related to the ongoing trade of the business or that are unrepresentative of ongoing performance. Examples of adjusted items include the costs of Company restructures, impairments of investments, reversal of impairments of investments, the impact of the change in applicable deferred tax rate and movements in the fair value of embedded derivatives.

Goodwill

Goodwill arising on acquisitions is capitalised and represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets and liabilities acquired. Goodwill is not amortised but is instead tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the financial statements for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Other intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives, which are generally considered to be either four or seven years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development colleague costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication at the end of a reporting period that the asset may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Property, plant and equipment

Management chose the cost basis under IAS 16 'Property, plant and equipment', rather than to apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs.

Depreciation is provided on the cost of all property, plant and equipment (except assets in the course of construction) so as to write off the cost, less residual value, on a straight-line basis over the expected useful economic life of the assets concerned, which are typically as follows:

Installations	10 to 20 years
Fixtures and fittings	5 to 10 years
Motor vehicles	4 years
Computer hardware	4 years

Buildings are depreciated to residual value over 50 years. Land is not depreciated. Included in land and buildings are the Company's water boreholes which are depreciated on a straight-line basis over 13 years.

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Maintenance expenditure

It is the policy of the Company to maintain its land and buildings to a high standard. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement as incurred.

Investments in subsidiary undertakings

Investments are stated at cost, less any provision for impairment. If there are indications of impairment, an assessment is made of the recoverable amount. An impairment loss is recognised in the income statement when the recoverable amount is lower than the carrying value. Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Leases

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

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

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

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

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

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

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

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

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

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

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Inventories

The basis of valuation of inventories is the lower of cost on a first in first out basis and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory provisions are created where necessary to ensure that inventory is valued at the lower of cost and estimated net realisable value.

Financial instruments

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

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

Current and deferred tax

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

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax on properties assumes recovery through sale.

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

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

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less any expected credit losses.

Cash and cash equivalents

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

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Borrowings

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

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

Early termination costs

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

Derivative financial instruments

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

Details of the Company's financial risk management objectives are included in the Strategic report and note 2 to the financial statements.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Colleague benefits

Pensions

- Defined contribution pension scheme

Company colleagues can choose to be a member of a defined contribution pension scheme. A defined contribution pension scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all colleagues the benefits relating to colleague service in the current and prior periods. Contributions are charged to the income statement as incurred.

- Defined benefit pension scheme

A funded senior management defined benefit pension scheme also exists. A defined benefit pension scheme is a pension plan that defines the amount of pension benefit that an colleague will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus or liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-quality corporate bonds, which have terms to maturity approximating the terms of the related pension liability. Past-service costs are recognised immediately in the income statement. Remeasurement gains and losses are recognised in other comprehensive income.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

1. Accounting policies (continued)

Colleague benefits (continued)

Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday pay

The Company recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

Dividend distribution

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Governments grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the Group with no future related costs are recognised in the income statement in the period in which they become receivable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Share capital

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

Share premium

The amount by which the cash received by the Company in respect of a share issue exceeds the nominal value of those shares is recorded within share premium.

New standards and interpretations

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

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

IFRS 17	Insurance Contracts New accounting standard	1 January 2023
IAS 1	Presentation of Financial Statements Classification of Liabilities as Current or Non-current	1 January 2023
IAS 12	Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1	Presentation of Financial Statements Amended by Non-current Liabilities with Covenants	1 January 2024

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

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

2. Financial risk management

The Company finances its operations through a mixture of equity and borrowings as required. The Company has sought to reduce its cost of capital by refinancing and restructuring the Company's funding using the underlying asset value. All tranches of the Company's secured debt are subject to financial covenants. The Director have assessed future compliance and at this time do not foresee any breach of the financial covenants.

The overall policy in respect of interest rates is to reduce the exposure to interest rate fluctuations, and the Company's primary source of borrowings is fixed interest rate loan notes. The Company does not actively trade in derivative financial instruments.

Interest rate risk

As at 20 April 2023 and 21 April 2022 the Company had fixed rate loan notes as its only external funding source.

Liquidity risk

At 20 April 2023, the Group of companies headed by Center Parcs (Holdings 1) Limited had sufficient levels of cash and funds available to them to meet the Company's medium term working capital, lease liability and funding obligations. Rolling forecasts of the Company's liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

The Company is exposed to limited currency risk through foreign currency transactions. The Company does not operate a hedging facility to manage currency risk as it is considered to be insignificant.

Credit risk

The Company borrows from well-established institutions with high credit ratings. The Company's cash balances are held on deposit with a number of UK banking institutions.

3. Operating profit

The following items have been included in arriving at the Company's operating profit:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Colleague costs* (note 21)	120.6	105.2
Cost of inventories	38.5	29.0
Profit on disposal of fixed assets	(0.2)	(0.1)
Depreciation of property, plant and equipment – owned assets (note 9)	43.8	40.4
Depreciation of right-of-use assets (note 10)	40.5	38.4
Amortisation of intangible assets (note 8)	5.4	7.0
Repairs and maintenance expenditure on property, plant and equipment	12.7	10.5
Services provided by the Company's auditor	0.3	0.3

* In the prior period, Government grants of £0.1 million were received in respect of the UK Government's Job Retention Scheme to provide immediate financial support as a result of the Covid-19 pandemic. These grants were recognised as a deduction against colleague costs as set out in note 21.

During the period, the Company obtained the following services from the Group's auditor:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Charged to the income statement – admin expenses		
Audit of the parent company, subsidiary and consolidated financial statements	0.3	0.3
	0.3	0.3

The Directors monitor the level of non-audit work undertaken by the auditors and ensure it is work which they are best suited to perform and does not present a risk to their independence and objectivity.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

4. Adjusted items

The following adjusted items are reflected in the financial statements:

	52 weeks ended 20 April 2023 £m	52 weeks ended 21 April 2022 £m
Non-operating items		
Movement in fair value of financial derivatives (note 14)	(7.6)	(8.1)
Impairment of investments (note 11)	(72.9)	-
Reversal of impairment of investments (note 11)	-	134.4
Taxation	1.0	3.3
	(79.5)	129.6

Movements in the fair value of financial derivatives, impairments of investments and reversals of impairment of investments are considered to be adjusted items. Taxation on these items has also been treated as an adjusted item, as has the impact of the change in applicable deferred tax rate from 25% to 19% in the current and prior financial periods.

5. Net finance costs

	52 weeks ended 20 April 2023 £m	52 weeks ended 21 April 2022 £m
Finance expense		
Interest payable on borrowings	(45.9)	(45.5)
Interest expense on lease liabilities	(60.1)	(58.9)
Other interest and similar charges	(0.4)	(0.6)
Accelerated amortisation of deferred issue costs	(0.5)	-
Premium on settlement of the A2 notes	(3.1)	-
Premium on partial settlement of the B3 notes	-	(1.8)
Total finance expense	(110.0)	(106.8)
Finance income		
Bank interest receivable	1.2	0.2
Interest receivable from Group undertakings	-	16.9
Total finance income	1.2	17.1
Net finance costs	(108.8)	(89.7)

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

6. Income from Group undertakings

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Dividends receivable	22.4	27.8

The following dividends from subsidiary undertakings were received during the current and prior periods:

- £8.3 million (2022: £9.9 million) CP Sherwood Village Limited
- £8.5 million (2022: £9.8 million) CP Elveden Village Limited
- £5.6 million (2022: £8.1 million) CP Whinell Village Limited

7. Taxation

(a) Taxation

The Company made corporation tax payments of £6.3 million (2022: payments made of £4.9 million) during the period.

The tax (credit)/charge is made up as follows:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Current tax:		
- Current period	(1.8)	-
- Adjustments in respect of prior periods	(2.1)	-
	(3.9)	-
Deferred tax:		
- Origination and reversal of temporary differences	2.6	5.1
- Adjustments in respect of prior periods	0.5	(0.6)
Taxation (note 7(b))	(0.8)	4.5

(b) Factors affecting the tax charge

The tax assessed for the period is higher (2022: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2022: 19%). The difference is reconciled below:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
(Loss)/profit before taxation	(40.5)	172.8
(Loss)/profit before taxation multiplied by the standard rate of corporation tax in the UK	(7.7)	32.8
Adjustments in respect of prior periods	(1.6)	(0.6)
Permanent differences and expenses not deductible for tax purposes	14.1	(26.8)
Impact of change in corporation tax rate	(5.6)	(1.8)
Group relief not paid for	-	0.9
Tax (credit)/charge for the period (note 7(a))	(0.8)	4.5

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

The corporation tax rate changed to 25% on 1 April 2023 however 19% is considered the pervasive rate for the period due to the minimal time period the new rate was in effect.

In the year to 20 April 2023, the deferred tax liability was calculated at 25% (2022: 25%).

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

8. Goodwill and other intangible assets

	Goodwill £m	Software £m	Total £m
Cost			
At 22 April 2022	263.9	46.0	309.9
Additions	-	4.2	4.2
At 20 April 2023	263.9	50.2	314.1
Amortisation			
At 22 April 2022	19.8	31.0	50.8
Charge for the period	-	5.4	5.4
At 20 April 2023	19.8	36.4	56.2
Net book amount at 21 April 2022	244.1	15.0	259.1
Net book amount at 20 April 2023	244.1	13.8	257.9

	Goodwill £m	Software £m	Total £m
Cost			
At 23 April 2021	263.9	48.3	312.2
Additions	-	3.3	3.3
Disposals	-	(5.6)	(5.6)
At 21 April 2022	263.9	46.0	309.9
Amortisation			
At 23 April 2021	19.8	29.6	49.4
Charge for the period	-	7.0	7.0
On disposals	-	(5.6)	(5.6)
At 21 April 2022	19.8	31.0	50.8
Net book amount at 22 April 2021	244.1	18.7	262.8
Net book amount at 21 April 2022	244.1	15.0	259.1

Impairment test for goodwill

Goodwill relates to the acquisition of the Sherwood, Elveden, Longleat and Whinfall Villages. It is allocated equally to four cash-generating units (CGUs), being the four villages.

The Directors consider that the economic characteristics and future expectations are materially consistent across each of the four villages.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a rolling five-year period.

Key assumptions used for value-in-use calculations

The value-in-use calculation is based on forecasts approved by the Board covering the next ten years with a terminal value applied after year five.

The key assumptions of the value-in-use calculation are Adjusted EBITDA margin, growth rates and the discount rate; the long-term growth rate applied is 3% (2022: 3.0%) and the discount rate applied is 12.4% (2022: 10.6%).

Management determine forecast Adjusted EBITDA margins based on past performance and expectations of market development. The growth rates used reflect management's expectations of the future market. Discount rates used are pre-tax and reflect the specific risks to the Company.

Based on the value-in-use calculations performed, the Directors have concluded that there is no impairment of goodwill. The Directors have performed sensitivity analysis using the full range of reasonable assumptions and no impairment triggers have been identified.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

9. Property, plant and equipment

	Land and buildings £m	Installations £m	Fixtures and fittings £m	Motor vehicles and hardware £m	Assets in the course of construction £m	Total £m
Cost						
At 22 April 2022	116.7	349.9	154.7	24.1	7.9	653.3
Additions	-	23.3	23.1	4.1	6.2	56.7
Disposals	-	(9.3)	(13.5)	(1.4)	-	(24.2)
Transfers	0.2	5.7	1.5	-	(7.4)	-
At 20 April 2023	116.9	369.6	165.8	26.8	6.7	685.8
Depreciation						
At 22 April 2022	47.0	232.5	90.0	16.6	-	386.1
Charge for the period	1.1	17.9	22.3	2.5	-	43.8
On disposals	-	(9.3)	(13.5)	(1.4)	-	(24.2)
At 20 April 2023	48.1	241.1	98.8	17.7	-	405.7
Net book amount at 21 April 2022	69.7	117.4	64.7	7.5	7.9	267.2
Net book amount at 20 April 2023	68.8	128.5	67.0	9.1	6.7	280.1

	Land and buildings £m	Installations £m	Fixtures and fittings £m	Motor vehicles and hardware £m	Assets in the course of construction £m	Total £m
Cost						
At 23 April 2021	116.7	348.4	144.9	21.5	3.4	634.9
Additions	-	10.5	19.4	3.0	7.2	40.1
Disposals	-	(9.9)	(11.4)	(0.4)	-	(21.7)
Transfers	-	0.9	1.8	-	(2.7)	-
At 21 April 2022	116.7	349.9	154.7	24.1	7.9	653.3
Depreciation						
At 23 April 2021	45.9	225.7	80.9	14.7	-	367.2
Charge for the period	1.1	16.6	20.4	2.3	-	40.4
On disposals	-	(9.8)	(11.3)	(0.4)	-	(21.5)
At 21 April 2022	47.0	232.5	90.0	16.6	-	386.1
Net book amount at 22 April 2021	70.8	122.7	64.0	6.8	3.4	267.7
Net book amount at 21 April 2022	69.7	117.4	64.7	7.5	7.9	267.2

The Company's holiday village sites are held on a variety of leasehold interests with the original terms ranging from 15 years through to 999 years. The Company's head office is held on a freehold basis and the net book amount of the associated land and buildings at 20 April 2023 is £3.1 million (2022: £3.2 million).

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

10. Right-of use assets

	£m
Cost	
At 22 April 2022	935.3
Remeasurement	47.1
At 20 April 2023	982.4
Depreciation	
At 22 April 2022	(149.6)
Charge for the period ended 20 April 2023	(40.5)
At 20 April 2023	(190.1)
Net book amount at 21 April 2022	785.7
Net book amount at 20 April 2023	792.3

Right-of-use assets are predominantly in respect of land. The lease agreements include annual upwards only rent reviews calculated with reference to RPI.

	£m
Cost	
At 23 April 2021	901.8
Remeasurement	33.5
At 21 April 2022	935.3
Depreciation	
At 23 April 2021	(111.2)
Charge for the period ended 21 April 2022	(38.4)
At 21 April 2022	(149.6)
Net book amount at 22 April 2021	790.6
Net book amount at 21 April 2022	785.7

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

11. Investments in subsidiary undertakings

Company	£m
Cost	
At 22 April 2021 and 21 April 2022	417.6
Additions	74.9
Equity contributions	237.7
At 20 April 2023	730.2
Impairment	
At 22 April 2021	(139.9)
Reversal of impairment in the period to 21 April 2022	134.4
At 21 April 2022	(5.5)
Impairment in the period to 20 April 2023	(72.9)
At 20 April 2023	(78.4)
Net book value	
At 22 April 2021	277.7
At 21 April 2022	412.1
At 20 April 2023	651.8

Investments at 20 April 2023 relate to 100% of the ordinary shares of Comet Refico Limited, Center Parcs Limited, CP Whinfull Village Limited, CP Elveden Village Limited, CP Sherwood Village Limited and Centrepark Limited. Comet Refico Limited was purchased in the period, on 5 July 2022, for £74.9 million from Center Parcs (Holdings 3) Limited, the Company's parent company.

Investments at 21 April 2022 relate to 100% of the ordinary shares of Center Parcs Limited, CP Whinfull Village Limited, CP Elveden Village Limited, CP Sherwood Village Limited and Centrepark Limited. All subsidiaries are registered in England and Wales. The Directors believe that the carrying value of investments is supported by the underlying net assets of the investee.

The registered office for all subsidiary undertakings is the same as the Company (One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP).

During the period, on 14 April 2023, the Company purchased two additional shares in CP Whinfull Village Limited, CP Elveden Village Limited and CP Sherwood Village Limited at premiums of £83.0 million, £74.6 million and £80.1 million respectively.

An impairment review was undertaken as at 20 April 2023 which identified an impairment of £72.9 million to the carrying value of the investments in CP Whinfull Village Limited, CP Elveden Village Limited and CP Sherwood Village Limited (21 April 2022: reversal of previous impairments of £134.4 million). This was determined using a value-in-use calculation. The value in use valuations are performed by an appropriate third party expert and are compared against the carrying value of the investments to identify any impairments or reversals of impairments as at the balance sheet date.

The principal activity of CP Whinfull Village Limited is that of a property investment company. The company made a profit of £2.8 million in the 52 weeks ended 20 April 2023 (2022: profit of £4.4 million) and its net assets at that date were £129.2 million (2022: £49.0 million).

The principal activity of CP Elveden Village Limited is that of a property investment company. The company made a profit of £3.8 million in the 52 weeks ended 20 April 2023 (2022: profit of £6.4 million) and its net assets at that date were £77.1 million (2022: £7.2 million).

The principal activity of CP Sherwood Village Limited is that of a property investment company. The company made profit of £4.6 million in the 52 weeks ended 20 April 2023 (2022: profit of £5.3 million) and its net assets at that date were £85.9 million (2022: £9.5 million).

Comet Refico Limited is a non-trading company that holds certain debt instruments. The company made a pre-tax profit of £3.3 million in the 52 weeks ended 20 April 2023 (2022: £3.3 million) and its net assets at that date were £77.5 million (2022: £74.2 million).

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

11. Investments in subsidiary undertakings (continued)

Center Parcs Limited made a pre-tax profit of £nil (2022: profit of £nil) for the period ended 20 April 2023 and had net assets at that date of £nil (2022: £nil).

Centreparc Limited made a pre-tax profit of £nil (2022: profit of £nil) for the period ended 20 April 2023 and had net assets at that date of £39 (2022: £39).

12. Trade and other receivables

	2023	2022
	£m	£m
<i>Amounts falling due within one year:</i>		
Trade receivables	3.2	2.3
Prepayments	4.6	3.8
Other receivables	0.2	0.2
Amounts owed by Group undertakings	108.5	135.6
Amounts owed by related parties	149.3	0.4
	265.8	142.3

The fair value of trade and other receivables are equal to their book value and no impairment provisions have been made (2022: £nil). Credit risk in respect of the Company's revenue streams is limited as the vast majority of customers pay in advance. All of the amounts above are denominated in £ sterling.

The amounts owed by Group undertakings in the current period represents the following:

- £101.8 million due from CP Woburn (Operating Company) Limited as set out in note 23.
- £1.5 million due from CP Elveden Village Limited, £1.0 million due from CP Sherwood Village Limited and £2.6 million due from Longleat Property Limited in relation to taxation group relief.
- £1.6 million due from Center Parcs (Holdings 3) Limited in relation to cash transferred from the Company.

The amounts owed by Group undertakings in the prior period represented an interest-free loan advanced during the prior period as set out in note 23. All amounts owed by Group undertakings were unsecured and repayable on demand. The fair value of amounts owed to Group undertakings are equal to their book value.

The amounts owed by related parties in the current period represents £148.6 million due from CPUK Finance Limited for funds held to settle the Company's tranche A2 secured debt, which was settled after the balance sheet date on 24 April 2023 and £0.7 million due from BSREP II Center Parcs Jersey 2 Limited as set out in note 23.

CPUK Finance Limited is a company set up with the sole purpose of issuing debt secured on assets owned by the Center Parcs (Holdings 1) Limited Group and is therefore treated as a fellow subsidiary of the Company.

All amounts owed by Group undertakings and related parties are unsecured and repayable on demand. Further details are set out in note 23.

13. Trade and other payables

	2023	2022
	£m	£m
Trade payables	10.4	8.3
Other tax and social security	21.1	6.8
Other payables	1.9	2.0
Accruals	63.4	47.1
Deferred income	104.1	113.9
	200.9	178.1

Deferred income represents revenues received at the period end date that relate to future periods; the principal component is accommodation income. Deferred income principally relates to bookings for holidays in the 12 months immediately following the balance sheet date; approximately 2% (2022: 2%) of bookings relate to the subsequent year.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

14. Borrowings

	2023	2022
	£m	£m
Current		
Secured debt	145.0	-
Non-current		
Secured debt	722.8	866.5

Secured debt

The secured debt is part of an overall £2,562.5 million (2022: £1,914.5 million) facility made available to the Group. Of this £2,562.5 million, £440.0 million was settled by the Group after the balance sheet date on 24 April 2023, as set out in note 26. The loans detailed below represent the issue proceeds recharged to the Company from CPUK Finance Limited, a related party which issued bonds on the external markets. The terms of the loans from CPUK Finance Limited are identical to the terms of the external borrowings.

The secured debt consists of the following:

	2023	2022
	£m	£m
Tranche A2	145.0	145.0
Tranche A4	125.4	126.3
Tranche A5	95.1	95.1
Tranche B4	167.7	167.7
Tranche B5	167.7	167.7
Tranche B6	171.1	171.1
Unamortised deferred issue costs	(4.2)	(6.4)
	867.8	866.5

The tranche A2 notes have an expected maturity date of 28 February 2024 and a final maturity date of 28 February 2042. The interest rate to expected maturity is fixed at 7.239% and the interest rate from expected maturity to final maturity is fixed at 7.919%. The tranche A2 notes were settled in full by the Company after the balance sheet date on 24 April 2023.

The tranche A4 notes have an expected maturity date of 28 August 2025 and a final maturity date of 28 February 2042. The interest rate to expected maturity is fixed at 3.588% and the interest rate from expected maturity to final maturity is 4.244%.

On 15 June 2017 the Group issued an additional £100.0 million of tranche A4 secured notes via a tap issue, at a premium of £9.5 million; this premium is being amortised over the period to expected maturity and amortisation of £0.8 million (2022: £0.8 million) was credited to the income statement of the Company during the period.

On 20 November 2018 the Group issued a further £100.0 million of tranche A4 secured notes via a tap issue, at a premium of £3.2 million; this premium is being amortised over the period to expected maturity and amortisation of £0.1 million (2022: £0.1 million) was credited to the income statement of the Company during the period.

The tranche A5 notes have an expected maturity date of 28 August 2028 and a final maturity date of 28 February 2047. The interest rate to expected maturity is fixed at 3.690% and the interest rate from expected maturity to final maturity is fixed at 4.190%.

The tranche B4 notes have an expected maturity date of 28 August 2025 and a final maturity date of 28 February 2047. The interest rate to both expected maturity and final maturity is fixed at 4.875%.

The tranche B5 notes have an expected maturity date of 28 August 2026 and a final maturity date of 28 August 2050. The interest rate to both expected maturity and final maturity is fixed at 6.500%.

The tranche B6 notes have an expected maturing date of 28 August 2027 and a final maturity date of 28 August 2051. The interest rate to both expected maturity and final maturity is fixed at 4.500%. The Group issued £255.0 million of tranche B6 secured notes during the prior period, of which, £171.1 million was issued by the Company.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

14. Borrowings (continued)

The tranche B4, B5 and B6 debt is subordinated to the Class A debt. All tranches of secured debt include optional prepayment clauses permitting the Group to repay the debt in advance of the expected maturity date. The options to repay the B4, B5 and B6 debt prior to maturity are considered to be derivative financial instruments with a fair value of £1.2 million (2022: £8.8 million, 2021: £16.9 million), such fair value being estimated with reference to the yields of similar corporate bonds with comparable terms and credit ratings. The movement in fair value has been recognised as an adjusted item in the income statement.

The derivative financial instrument recognised by the Group is £1.8 million (2022: £13.1 million) and this has been apportioned to the individual borrowers in line with the tranche B debt held by each entity.

All tranches of debt are subject to financial covenants.

As all tranches have fixed interest rates, the Company is not exposed to interest rate fluctuations.

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

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m	Premium and deferred issue costs £m	Total £m
At 20 April 2023						
Secured debt	145.0	-	629.6	95.1	(1.9)	867.8
Total borrowings	145.0	-	629.6	95.1	(1.9)	867.8
At 21 April 2022						
Secured debt	-	145.0	458.5	266.2	(3.2)	866.5
Total borrowings	-	145.0	458.5	266.2	(3.2)	866.5

The maturity profile reflects the expected maturity date of each tranche of secured debt.

The Company has no borrowings denominated in a foreign currency.

Reconciliation of opening and closing secured debt

	2023 £m	2022 £m
Secured debt at the beginning of the period	866.5	863.4
Cash flows		
- Proceeds from external borrowings	-	171.1
- Repayment of external borrowings	-	(167.7)
- Issue costs on secured debt		
- Cash settled	-	(1.0)
Non-cash movements and deferred issue costs	2.2	1.6
Amortisation of premium on issue of secured notes	(0.9)	(0.9)
Secured debt at the end of the period	867.8	866.5

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

15. Leases

Lease liabilities

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

	20 April 2023 £m	21 April 2022 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	85.5	80.3
One to five years	346.2	325.4
More than five years	1,298.2	1,324.5
Total undiscounted lease liabilities	1,729.9	1,730.2
Lease liabilities included in the balance sheet		
Current	(19.4)	(20.0)
Non-current	(864.0)	(838.8)
Total lease liabilities	(883.4)	(858.8)
Amounts recognised in the income statement		
Interest on lease liabilities	(60.1)	(58.9)
Total recognised in the income statement	(60.1)	(58.9)
Amounts recognised in the cash flow statement		
Repayment of lease liabilities	(0.5)	(3.2)
Interest on lease liabilities	(82.1)	(74.9)
Total recognised in the cash flow statement	(82.6)	(78.1)

The Company holds occupational leases for each of the villages with other companies within the Center Parcs (Holdings 1) Limited Group and immaterial equipment leases. The occupational leases are required to be remeasured on annual basis due to incremental increases in the rent payments. The Longleat Property Limited lease ends in 2032, with the remaining occupational leases ending in 2047. The discount rate applied in respect of the occupational leases is 7.25%.

16. Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the items below. As at 20 April 2023 and 21 April 2022 all of the Company's financial assets were classified as those measured at amortised cost, with the exception of derivative financial instruments which are classified as fair value through profit and loss. As at 20 April 2023 and 21 April 2022 all of the Company's financial liabilities were categorised as other financial liabilities.

	2023 £m	2022 £m
Financial assets		
<i>Amortised cost</i>		
Trade receivables	3.2	2.3
Other receivables	0.2	0.2
Amounts owed by Group undertakings	108.5	135.6
Amounts owed by related parties	149.3	0.4
Cash and cash equivalents	35.1	126.0
<i>Fair value through profit and loss</i>		
Derivative financial instruments	1.2	8.8
	297.5	273.3

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

16. Financial instruments (continued)

Financial liabilities	2023	2022
	£m	£m
<i>Other financial liabilities</i>		
Borrowings	867.8	866.5
Lease liabilities	883.4	858.8
Trade payables	10.4	8.3
Other payables	1.9	2.0
	1,763.5	1,735.6

Fair value hierarchy

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

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's derivative financial instruments have been categorised as Level 3 (2022: Level 3). All other fair value measurements of the Company have been categorised as Level 1 (2022: Level 1) and fair values have been derived from unadjusted quoted market prices in active markets.

Fair value of financial assets and financial liabilities

The fair value of the Company's gross secured debt is (before unamortised debt costs) at 20 April 2023 was £815.5 million (2022: £878.3 million). The fair value of other financial assets and liabilities of the Company are approximately equal to their book value.

Maturity of financial liabilities

The non-discounted minimum future cash flows in respect of financial liabilities based on expected maturity dates are:

At 20 April 2023	Secured debt	Total
	£m	£m
In less than one year	188.4	188.4
In one to two years	34.7	34.7
In two to five years	676.8	676.8
In more than five years	96.3	96.3
	996.2	996.2

At 21 April 2022	Secured debt	Total
	£m	£m
In less than one year	45.2	45.2
In one to two years	188.4	188.4
In two to five years	534.4	534.4
In more than five years	273.4	273.4
	1,041.4	1,041.4

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

17. Deferred tax

	2023 £m	2022 £m
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	13.8	16.6
	13.8	16.6

Forecasts agreed by the Directors indicate that the deferred tax assets will be utilised in the foreseeable future against taxable profits.

The movement on the deferred tax account is:

	52 weeks ended 20 April 2023 £m	52 weeks ended 21 April 2022 £m
At the beginning of the period	16.6	21.4
Charged to the income statement	(3.1)	(4.5)
Credited/(Charged) to the statement of comprehensive income	0.3	(0.3)
At the end of the period	13.8	16.6

	Depreciation in excess of capital allowances £m	Losses £m	Pension £m	Leases £m	Total £m
At 21 April 2022	4.6	8.0	(0.3)	4.3	16.6
(Charged)/credited to the income statement	(8.6)	5.8	(0.1)	(0.2)	(3.1)
Credited to the statement of comprehensive income	-	-	0.3	-	0.3
At 20 April 2023	(4.0)	13.8	(0.1)	4.1	13.8

	Depreciation in excess of capital allowances £m	Losses £m	Pension £m	Leases £m	Total £m
At 22 April 2021	3.5	14.3	0.1	3.5	21.4
Credited/(charged) to the income statement	1.1	(6.3)	(0.1)	0.8	(4.5)
Charged to the statement of comprehensive income	-	-	(0.3)	-	(0.3)
At 21 April 2022	4.6	8.0	(0.3)	4.3	16.6

As at the balance sheet date the Company has an unrecognised deferred tax asset of £8.6 million (2022: £6.1 million) which has no expiry date. This relates to carried forward interest expenses restricted under the Corporate Interest Restriction regime which are not forecast to be utilised in the foreseeable future. Deferred tax is calculated at a rate of 25% (2022: 25%).

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

18. Share capital, share premium and retained earnings

	2023	2022
	£m	£m
Allotted and fully paid		
93,490,332 (2022: 93,490,330) 'A' ordinary shares of £100/38,490,321	-	-

During the period, on 14 April 2023, the Company issued two shares to its parent company Center Parcs (Holdings 3) Limited at a premium of £386.4 million.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 21 April 2022	-	139.1	(11.7)	127.4
Comprehensive expense				
Loss for the period	-	-	(39.7)	(39.7)
Other comprehensive expense	-	-	(1.3)	(1.3)
Transactions with owners				
Equity contribution	-	386.4	0.7	387.1
Capital reduction	-	(525.5)	525.5	-
Dividends	-	-	(112.4)	(112.4)
At 20 April 2023	-	-	361.1	361.1

Dividends totalling £112.4 million, were declared and paid during the period. Of the £112.4 million, £35.3 million was paid on 30 August 2022, £4.0 million on 13 December 2022 and £73.1 million on 21 February 2023.

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 22 April 2021	-	139.1	(180.5)	(41.4)
Comprehensive income				
Profit for the period	-	-	168.3	168.3
Other comprehensive income	-	-	0.5	0.5
At 21 April 2022	-	139.1	(11.7)	127.4

19. Working capital and non-cash movements

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Profit on disposal of property, plant and equipment	(0.2)	(0.1)
Increase in inventories	(0.8)	-
(Increase)/decrease in trade and other receivables	(30.9)	8.0
Increase in trade and other payables	16.7	18.4
	(15.2)	26.3

20. Capital commitments

At the balance sheet date, the Company had capital expenditure contracted for but not provided of £16.4 million (2022: £12.6 million).

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

21. Colleagues and Directors

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Colleague costs during the period:		
Wages and salaries	110.7	96.5
Social security costs	6.6	5.5
Pension costs	3.3	3.2
	120.6	105.2

In the prior year, £0.1 million was reimbursable under the UK Government's Job Retention Scheme. The table above is presented net of those costs.

The monthly average number of people (including executive Directors) employed by the Company and another Group company on behalf of Center Parcs (Operating Company) Limited during the period was:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	Number	Number
By activity:		
Leisure, retail and food and beverage	3,039	2,790
Housekeeping, technical and estate services	3,416	3,100
Administration	805	734
	7,260	6,624

All payroll costs in respect of the above colleagues are borne by Center Parcs (Operating Company) Limited. Colleagues directly employed by the Company included in the table above were:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	Number	Number
By activity:		
Leisure, retail and food and beverage	688	602
Housekeeping, technical and estate services	709	641
Administration	91	85
	1,488	1,328

Colleague numbers include only those on contracts of service and hence exclude temporary workers.

Key management compensation

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Short-term benefits and pension contributions	3.0	3.1

Key management compensation encompasses the Directors and certain senior managers of the Company.

Directors' remuneration

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Remuneration in respect of qualifying services	1.5	1.7

Two Directors (2022: one Director) have retirement benefits accruing under the Company's money purchase pension scheme, in respect of which the Company made contributions of £9,000 (2022: £10,000) in the period. Retirement benefits are accruing to no Directors (2022: no Directors) under the Company's defined benefit pension scheme.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

21. Colleagues and Directors (continued)

Directors' remuneration (continued)

Included in the above totals are the following amounts in respect of the highest paid Director. In the prior year the highest paid Director was a member of the Company's defined benefit pension scheme:

	52 weeks ended 20 April 2023	52 weeks ended 21 April 2022
	£m	£m
Aggregate emoluments	1.0	1.1
Accrued pension at the end of the period	-	0.3

Advances to Director

During a previous period, a loan of £0.5 million was advanced to Mr C G McKinlay. This loan attracts interest at a rate of 2.5% per annum. As at 20 April 2023 the balance on this loan was £0.2 million (2022: £0.2 million). This balance is included within other receivables.

22. Pension commitments

Defined contribution pension scheme

The Company participates in the Center Parcs pension scheme, which is a defined contribution pension scheme with a contributory and a non-contributory membership level. Pension costs for the defined contribution scheme for the period ended 20 April 2023 were £3.3 million (2022: £3.0 million).

Accruals per note 13 include £0.4 million (2022: £0.4 million) in respect of defined contribution pension scheme costs.

Defined benefit pension scheme

The Company operates a funded defined benefit pension scheme for certain colleagues. Contributions are determined by an independent qualified actuary using assumptions on the rate of return on investments and rates of increases in salaries and benefits.

The last available actuarial valuation of the scheme at the balance sheet date was that performed as at 31 July 2020. This was updated to 20 April 2023 by a qualified independent actuary.

Actuarial assumptions used are as follows:

	2023	2022
Discount rate	4.90%	3.05%
Rate of price inflation (RPI)	3.15%	3.60%
Rate of price inflation (CPI)	2.65%	3.10%
Life expectancy from age 60, for a male:		
Currently age 60	29.4 years	29.4 years
Currently age 50	29.9 years	29.9 years

The amounts recognised in the balance sheet are determined as follows:

	2023	2022
	£m	£m
Present value of funded obligations	(9.9)	(13.8)
Fair value of plan assets	10.2	14.8
Net pension surplus	0.3	1.0

The Directors have assessed that in the event of the scheme being wound up the Company would have the legal right to the surplus and as such the surplus of £0.3 million (2022: £1.0 million) has been recognised.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

22. Pension commitments (continued)

At the balance sheet date, the present value of the defined benefit obligation was comprised as follows:

	Number of members	Liability split	Duration (years)
Deferred members	2	6%	14
Pensioners	5	94%	15
Total	7	100%	15

At the prior year balance sheet date, the present value of the defined benefit obligation was comprised as follows:

	Number of members	Liability split	Duration (years)
Deferred members	2	6%	17
Pensioners	5	94%	17
Total	7	100%	17

The major categories of plan assets as a percentage of total plan assets are as follows:

	2023 %	2022 %
Liability Driven Investments	37	21
Buy and Maintain Credit	1	9
Multi-Asset Funds	52	66
Cash and cash equivalents	5	4
Fixed-interest Gilts	5	-
	100	100

The movement in the defined benefit obligation over the period is as follows:

	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 21 April 2022	14.8	(13.8)	1.0
Current service cost	-	-	-
Interest income/(expense)	0.5	(0.4)	0.1
	0.5	(0.4)	0.1
Remeasurements:			
- Loss on plan assets, excluding amount included in interest	(5.5)	-	(5.5)
- Gain from change in financial assumptions	-	4.0	4.0
- Experience losses	-	(0.1)	(0.1)
	(5.5)	3.9	(1.6)
Employer contributions	0.8	-	0.8
Benefit payments from plan	(0.4)	0.4	-
At 20 April 2023	10.2	(9.9)	0.3

The impact of various changes in actuarial assumptions on the present value of the scheme obligation are set out below.

	Present value of obligation £m
0.5% decrease in discount rate	10.7
1 year increase in life expectancy	10.3
0.5% increase in inflation	10.6

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

22. Pension commitments (continued)

	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 22 April 2021	16.0	(16.6)	(0.6)
Current service cost	-	(0.2)	(0.2)
Interest income/(expense)	0.3	(0.3)	-
	0.3	(0.5)	(0.2)
Remeasurements:			
- Loss on plan assets, excluding amount included in interest	(0.7)	-	(0.7)
- Gain from change in financial assumptions	-	2.2	2.2
- Experience losses	-	(0.7)	(0.7)
	(0.7)	1.5	0.8
Employer contributions	1.0	-	1.0
Benefit payments from plan	(1.8)	1.8	-
At 21 April 2022	14.8	(13.8)	1.0

The current service cost and interest income/expense is recognised in the income statement. Remeasurements are recognised in other comprehensive income.

Expected contributions to the defined benefit pension scheme for the forthcoming financial year are £0.9 million.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

23. Related parties

During the current and prior period the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding, are as follows:

	Balance at 21 April 2022 £m	Trading movement £m	Cash settlement £m	Loan repayment £m	Balance at 20 April 2023 £m
CP Woburn (Operating Company) Limited					
- Loans	135.6	-	-	(33.8)	101.8
CP Elveden Village Limited	-	1.5	-	-	1.5
CP Sherwood Village Limited	-	1.0	-	-	1.0
Longleat Property Limited	-	2.6	-	-	2.6
Center Parcs (Holdings 3) Limited	-	1.6	-	-	1.6
CPUK Finance Limited	-	148.6	-	-	148.6
BSREP II Center Parcs Jersey 2 Limited	0.4	0.7	(0.4)	-	0.7

CP Woburn (Operating Company) Limited is part of the Group headed by Center Parcs (Holdings 1) Limited. All of the companies above, and below in the prior year table, have the same ultimate ownership as Center Parcs (Operating Company) Limited, however BSREP II Center Parcs Jersey 2 Limited and Center Parcs Finance Borrower Limited are not part of the Center Parcs (Holdings 1) Limited Group. CPUK Finance Limited is a company set up with the sole purpose of issuing debt secured on assets owned by the Center Parcs (Holdings 1) Limited Group and is therefore treated as a fellow subsidiary of the Company.

The loan repayment movement with CP Woburn (Operating Company) Limited in the period is made up of £63.0 million cash repaid and £29.2 million of trading movement.

The movement on the balances with CP Elveden Village Limited, CP Sherwood Village Limited and Longleat Property Limited represents taxation group relief.

The movement on the balance with Center Parcs (Holdings 3) Limited represents cash transferred from the Company.

The movement on the balance with CPUK Finance Limited in the period represents the funds held by CPUK Finance Limited to settle the Company's tranche of A2 secured debt after the period end on 24 April 2023.

The movement on the balance with BSREP II Center Parcs Jersey 2 Limited in the 52 weeks ended 20 April 2023 represents repayment of the balance due of £0.4 million and reimbursement of corporation tax payable of £0.7 million. This reimbursement of corporation tax payable has been treated as an equity contribution as set out in note 18.

During the period, Longleat Property Limited, CP Whinfell Village Limited, CP Sherwood Village Limited and CP Elveden Limited invoiced rent to the Company of £22.3 million, £18.0 million, £21.1 million and £20.3 million respectively, which was settled on invoice.

	Balance at 22 April 2021 £m	Interest receivable £m	Trading movement £m	Cash settlement £m	Interest- free loan advanced £m	Loan repayment £m	Balance at 21 April 2022 £m
CP Woburn (Operating Company) Limited							
- Loans	166.0	16.9	-	(182.9)	141.8	(6.2)	135.6
- Trading balances	-	-	(37.6)	37.6	-	-	-
BSREP II Center Parcs Jersey Limited	(70.0)	-	-	70.0	-	-	-
BSREP II Center Parcs Jersey 2 Limited	-	-	0.4	-	-	-	0.4
Center Parcs Finance Borrower Limited	(1.8)	-	-	1.8	-	-	-

The loan repayment movement with CP Woburn (Operating Company) Limited in the prior period was made up of £5.0 million cash repaid and £1.2 million of trading movement.

Notes to the financial statements

for the 52 weeks ended 20 April 2023 (continued)

23. Related parties (continued)

During the prior period, Longleat Property, CP Whinell Village Limited, CP Sherwood Village Limited and CP Elveden Limited invoiced rent to the Company of £20.1 million, £17.3 million, £20.3 million and £19.5 million respectively, which was settled on invoice.

The movement on the balance with BSREP II Center Parcs Jersey Limited in the 52 weeks ended 21 April 2022 represented repayment of the balance due.

The movement on the balance with BSREP II Center Parcs Jersey 2 Limited in the 52 weeks ended 21 April 2022 represented reimbursement of corporation tax payable by the Company.

The movement on the balance with Center Parcs Finance Borrower Limited in the 52 weeks ended 21 April 2022 represented repayment of the balance due.

24. Contingent liabilities

The Company, along with other members of the Group headed by Center Parcs (Holdings 1) Limited, is an obligor in securing the Group's external borrowings of £2,562.5 million (2022: £1,914.5 million). Of this £2,562.5 million, £440.0 million was settled by the Group after the balance sheet date on 24 April 2023, as set out in note 26.

25. Ultimate parent company and controlling parties

The immediate parent company is Center Parcs (Holdings 3) Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Brookfield Corporation (formerly Brookfield Asset Management Inc.), a company incorporated in Canada. The name of the ultimate parent company and controlling party was changed from Brookfield Asset Management Inc. to Brookfield Corporation on 9 December 2022.

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

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

26. Events after the reporting period

As set out in note 14, on 24 April 2023 the Group settled its tranche A2 secured notes in full, of which, £145.0 million was settled by the Company.