Registered number: 11187338

PE Compass Holding II Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

PE Compass Holding II Limited
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Corporate Information

Directors	I M S Downie
	E M Kalawski
	M A Sigler
	R P Patel
Registered office	100 New Bridge Street London EC4V 6JA
Independent auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

Strategic Report for the Year Ended 31 December 2020

The Directors present the strategic report of PE Compass Holding II Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020.

Principal activities

The Company is an investment holding company and the principal activity of the Group is the provision of holiday rental services to property owners and guests throughout Europe.

Business review

The Company was formed on 5 February 2018 and acquired, through its subsidiaries, the entire share capital of Hoseasons Holidays Limited, Novasol A/S, Wimdu GmbH, Novasol Holiday Homes Switzerland GmbH and Vacation Rental B.V. together with their subsidiary undertakings (collectively, "Awaze") on 9 May 2018. As a result of this acquisition the Group became Europe's leading managed vacation rentals group. Its principal operating units are Awaze UK (our UK based cottage and park rental business and James Villas), Novasol (our Danish based cottage rental business) and Landal (our Dutch based park operating business).

Awaze is the largest managed vacation rentals and holiday resorts business in Europe which brings together some of the most trusted travel brands in the continent, including cottages.com, Hoseasons, James Villa Holidays, Landal GreenParks and Novasol.

Our market-leading brands offer hundreds of years of combined travel industry experience, as well as an incredible range of properties in some of the world's most popular destinations.
- cottages.com - over 20,000 holiday homes across the UK and Europe
- Hoseasons - over 27,000 self-catering places to stay in UK and Europe
- James Villas Holidays - over 3,000 villas and apartments across 60 destinations
- Landal GreenParks - 93 holidays resorts in 9 European countries
- Novasol - over 50,000 holidays homes in Europe

Awaze is fully-focused on leveraging its size and scale to deliver everyday amazing holiday experiences for its partners, guests and employees as part of a clear vision for growth.

Awaze is led by a London-based corporate team which comprises Group CEO Henrik Kjellberg, Group CFO Liliana Solomon and Group COO John Crosby.

With a relatively new corporate identity and leadership team, the Group has been able to share learnings, develop group-wide technological solutions and accelerate pace of growth in order to be well placed to take advantage of the strong market for self-catering breaks.

The five-point group strategy focuses on building its brands, adopting world-class technology, increasing the company's product footprint through acquisition and organic growth, working collaboratively between brands and developing a great team culture across the group.

Business performance

During year ended 31 December 2020, Group revenue was €500.5m (31 December 2019: €714.8m).

The Group's operating loss for the year was €92.3m on an unadjusted basis (31 December 2019: loss of €27.0m).

The following table summarises the operating results of the Group by principal operating unit for the year ended 31 December 2020:

	Awaze UK € 000	Landal € 000	Novasol € 000	Corporate € 000	Total € 000
Revenue	101,998	258,030	140,457	-	500,485
EBITDA	(320)	32,605	4,961	(5,020)	32,226

Capital resources and liquidity

The Group is funded by a €715.0m Senior lending facility, a €167.0m Second Lien lending facility, a €105.0m Revolving Credit Facility and €325.7m share capital and share premium. The Revolving Credit Facility expires on 9 May 2024, the Senior facility is due for repayment on 9 May 2025 and the Second Lien facility is due for repayment on 9 May 2026.

At 31 December 2020, the Group had €84.5 million (2019: €89.0 million) cash and cash equivalents, primarily in UK, Denmark and The Netherlands. Net debt was €997 million at 31 December 2020 (2019: €1,007 million).

The liquidity requirements consist of working capital needs and ongoing capital expenditure requirements. Our primary requirements for working capital are directly related to the level of our operations. The amount drawn down on the Revolving Credit Facility at 31 December 2020 was €nil (31 December 2019: €nil).

Post balance sheet events

The ongoing impact of the Covid-19 pandemic is considered in the going concern section of this report. There have been no other significant post balance sheet events.

Principal risks and uncertainties

The risks which could have a material impact on the performance of the Group include:

Competition

The travel industry is highly competitive and comprises a number of companies specialising in providing short-term holiday rental and tour operators. Competition may reduce fee structures, which may adversely impact profits. New competitor business models may put pressure on the Group to change existing business models in order to remain competitive.

Foreign currency

The Group operates in a variety of countries; sometimes those which are not in the functional currency of its subsidiary companies, and is therefore exposed to foreign exchange risk at a transactional level.

The Group is also exposed to translational currency risk when consolidating subsidiaries which have functional currencies that differ from the Group presentational currency (Euro).

COVID-19

The extent to which COVID-19 will impact our business, financial condition and results of operations is highly uncertain and cannot be reliably predicted at this moment. It will depend, inter alia, upon the duration and scope of the outbreak; governmental, business and individual actions taken in response to the outbreak; the impact of the outbreak on the financial markets and economic activity generally, as well as the effect of the outbreak on our customers, home-owners, business partners, and employees. The impact of COVID-19 is considered in more detail below in the going concern section of this report and note 39.

Brexit

The exit of the United Kingdom from the European Union continues to create a level of uncertainty for the travel industry as a whole.

Liquidity risk

The Group monitors its risk of a shortage of funds using regularly updated cash flow forecasts. The Group's objective is to ensure that all Group companies have sufficient liquidity to be able to meet their ongoing operations as they fall due, whilst at the same time keeping borrowings to a minimum.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Other risks

Our business is subject to numerous business, financial, operating and other risks common to the travel industry. These include economic slowdown and recession; economic factors which adversely impact consumers' discretionary income; terrorist incidents and associated heightened travel security measures; political and geographical strife; natural and environmental disasters; capacity constraints of air carriers and increases in gasoline and other fuel prices.

Section 172 statement

The directors of the Group have considered and applied their duty to promote the success of the Group, as defined under section 172 of the UK Companies Act 2006 and set out in the this statement.

Board and decision making process

The Board of Directors has assembled an Operating Council to provide day to day over-sight of the Group and an Audit Committee for over-sight of the Group's financial reporting.

The Operating Council meets monthly and makes recommendations to the Board of Directors for approval. Their monthly report includes:

- An executive summary addressing key items, key decisions and the required approvals.
- Summary of key initiatives and their progress.
- Talent Review.
- Commercial report and pipeline.
- M+A update.
- Operations update.
- Summary of operational improvement initiatives.
- Financials including forecasts.
- Covenant tests and headroom.
- IT tactical and strategic plan.

The Audit Committee includes Board representation and meets quarterly. The agenda includes:

- Review of Financial Statements.
- Significant accounting items.
- Update on internal controls assessments.
- Tax compliance.
- Financial Statement compliance.
- Legal / risk updates.
- Cyber security incidents and assessments.
- Review of auditors reports and discussion of findings.

The Board of Directors are supported by internal legal teams who provide them with guidance to ensure they are aware of their statutory responsibilities and capable of discharging their duties.

Board meetings are held as needed and at least once per year.

Key stakeholders

The directors have identified the following key stakeholders. These have been identified as those who are directly impacted or benefit from the successful operations of the Group.

- Guests - the Group provides holiday experiences to over 8 million each year. Guest are engaged via satisfaction surveys, contact through our multi-lingual call centres, targeted marketing initiatives etc.

- Property owners - the Group provides property management, marketing and booking services to owners of approximately 95,000 holiday properties and 85 holiday resorts. Property owners are serviced by dedicated teams of recruiters and property managers. Additionally the Group holds and attends property owner conferences across Europe.
- Workforce - the Group employs approximately 5,000 people across UK and Europe. Employees are engaged in a number of ways primarily through open communication (e.g. Town Halls), reward and recognition programs, training and development, promoting healthy work environments, setting clear responsibilities and objectives, giving feedback on performance via formal appraisal processes, encouraging positive work-life balance, incentive programs that create positive links between individual and company goals.
- Community and Environment - the Group's operations impact communities in some of the most popular vacation hotspots across UK and Europe.

  In recognition of its environmental footprint our Landal business has finalized and deployed its sustainability program Expedition Zero. This program aims at enhancing sustainability performance in a wide array of domains ranging from resource efficiency, biodiversity, local collaboration and sourcing, and employee engagement. Currently the focus areas are energy efficiency, biodiversity and waste management.

  The Group participates in a number of community based initiatives including employees supporting community based charities with fund-raising and time, sponsoring "Right to Play" by activities on and off our Landal parks, hosting a global Coastal Care Event annually, where Novasol employees, house owners, guests and local volunteers collect trash along the coast lines in 11 European Countries.
- Regulatory bodies - members of the group are also members of a number of industry bodies including ABTA and ATOL. In addition to satisfying the regulatory reporting requirements, the group engages with all associations on a variety of relevant topics.
- Shareholders and lenders - the ultimate holding company of Awaze Limited is Platinum Equity Capital Partners International IV (Cayman) LP, a Cayman Islands limited partnership, which is a private equity investment fund ultimately controlled by Platinum Equity LLC.

  The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders.

  Shareholders receive monthly financial updates. Lenders have the option to attend quarterly presentations from management and receive financial information each quarter.

Key decisions

The directors have identified the following key decisions made during the year. These have been identified by those which are of strategic importance to the Group, or have used a significant amount of Board or Management time during the year. The long-term effect of the Group's decisions and strategies during the financial year, together with impact on key stakeholders is described below.

Decision #1	The acquisition of two new businesses. In December 2020, the Group acquired Strandbergen B.V., a vacation rental agency located in the Netherlands. In December 2020, the Group acquired Vakantie Makelaar B.V., a provider of vacation property brokerage services based in the Netherlands.

Outcomes and impact on key stakeholders (where applicable):

Guests	Able to offer wider variety of accommodation choices.
Property owners	Early communication with "new" owners. Dedicated relationship teams describe the impact of any changes in process and explain the benefits to them of the new partnership.
Workforce	Communication of the changes and how the new businesses are planned to be integrated within the group.
Community & Environment	Normal press communication to promote awareness within the local communities.
Regulatory Bodies	Notification to relevant regulatory bodies.
Shareholders & Lenders	Notification to both parties explaining the rationale for the acquisitions as part of regular reporting communications.

Decision #2	Variety of initiatives in response to COVID-19. These included automation of refund processes, implementation of contactless check-in and supporting employees to work efficiently at home.

Outcomes and impact on key stakeholders (where applicable):

Guests	Improve guest experience for swifter refunds in the event of COVID cancellations and safer check-in.
Workforce	Enabling working from home wherever possible in line with government recommendations.
Regulatory bodies	Compliance with best practice guidance.
Shareholders & Lenders	Initiatives designed to improve profitability.

Streamlined energy and carbon report (SECR)

UK Energy Use and GHG Emissions

The tables below detail the energy used by the Group in their UK business activities involving the combustion of and fuels, the purchase of electricity and business mileage in both kWh and tCO2e. They also detail the total energy and emissions by scope and as a total.

	Activity	Usage	Measure	Greenhouse Gas Emissions (CO2e)
Scope 1	Gas	1,742,099	kWh	320,320
	Fleet cars	1,019,957	kWh	257,388
Scope 2	Grid electricity	1,159,681	kWh	270,368
Scope 3	Water supply	2,985	m3	1,027
	Business travel - road	85,825	kWh	21,231
	Business travel - air	185,314	miles	28,822
TOTAL				**899,156**

Intensity ratio

To convert absolute emissions to an emissions intensity metric, the Group has calculated emissions per a relevant unit of measure.

An intensity ratio is a way of defining the Group's emissions data in relation to an appropriate business metric, such as tonnes of CO2e per sales revenue, tonnes of CO2e per total square metres of floorspace or tonnes of CO2e per employee. This allows comparison of energy efficiency performance over time and with other similar types of organisations.

SECR Intensity ratios are calculated by dividing the Group's emissions by its organisation-specific metric. In the case of the Group the metric chosen to normalise its emissions is based on UK employees and its intensity ratio is detailed below.

Normalising metric - UK employees - 840
Intensity Ratio FY 2020 tCO2e / UK employees - 1,070

Principal Energy Efficiency Actions

During this financial reporting period the Group undertook the following energy reduction projects:

- A strategic UK wide review of the estate, leading to a streamlined operation and the closure of six sites, with one new centralised location with greater accessibility by public transport.
- A trial of using co-worker space where we share the overall building with other organisations maximising the use of communal space and shared facilities.
- Replacement of all fluorescent lighting for LED lighting at a 5,674 ft premises.
- A review of utility usage during unknown and unplanned periods of site shutdowns.
- A reduction in business travel. Whilst this was largely a direct result of the pandemic, rather than an energy reduction project, the impacts are noted because of the effect they have had on 2020 figures.

- An organisational wide review of roles and the requirement for them to be office-based post the COVID-19 pandemic and the associated lockdowns. It is also noted that the environmental impact of our employees commuting to work will have been dramatically reduced throughout 2020, but these figures are not included in our business mileage totals.
- The business was already embracing a greater use of collaboration tools and video conferencing, but the business has enabled this technology to dramatically increase the number of virtual meetings which we hope will have an enduring impact on business miles travelled.

Methodology

Data for this report has been provided from supplier databases and invoices, as well as our own internal systems for tracking employee use of transportation.

The DEFRA 2020 conversion figures were used for CO2e and road miles were converted to kWh using the Energy Institute ESOS conversion tool.

Going concern

Current Situation

The coronavirus ("COVID-19") continues to affect many areas of the global economy, including travel and tourism. Temporary border closures, self-isolation, strict social distancing regulations and air travel restrictions continue to impact the industry.

The vacation rentals sector performs better than other segments in the travel industry, as customers are looking for domestic, safe accommodations in individual bungalows and houses, with more space than hotels and the ability to self-cater.

All the brands were impacted in 2020 and continue to be affected in 2021 with ongoing travel restrictions. Awaze Vacation Rentals has been impacted by the closure of UK holiday accommodation between the end of March and beginning of July in 2020. In 2021, UK accommodation was closed until 12th April. Demand has been exceptionally strong following government announcements on re-opening. Novasol was impacted in 2020 by international restrictions but benefited from strong domestic demand, particularly within Denmark where accommodation has remained open throughout 2020 and 2021. Similarly, in Landal, the largest destination market of the Netherlands has remained open with restrictions since June 2020.

There remains some uncertainty on the extent to which COVID-19 will continue to impact our business, financial condition, and results. It will depend, upon the success of the vaccine roll-out in our main markets, the efficacy of the vaccines to new variants and governmental decisions on travel restrictions.

However, by applying the experience of 2020 and early 2021, we are better able to assess the impact of future lockdown restrictions on our business.

In comparison to prior year, in the twelve months to 31 December 2020, revenue was €214m lower and Adjusted EBITDA (excluding COVID-19 addbacks) was €86m lower. Cash and cash equivalents at 31 December 2020 was €84m, a decrease of €5m in the year. The Group's cash flow benefited from favourable working capital movements mainly as a result of re-bookings and vouchers which will mostly unwind in 2021.

Going concern analysis

The Directors have prepared a base case scenario covering the period until December 2022 that reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends in the agency part of the business. The base case assumes no further restrictions or lockdowns after May 2021 across our core businesses and a continued preference for domestic over international travel. The number of weeks for the critical Q2 and Q3 2021 arrival periods are expected to perform very strongly as reflected in current booking patterns and as experienced in 2020 when accommodation and borders re-opened.

In the base case scenario, management expects 2021 adjusted EBITDA to be €18m higher than the 2021 budget, which was comparable with the 2019 achieved EBITDA, primarily due to higher demand in Awaze Vacation Rentals UK and Landal, on the back of very strong demand for domestic accommodations in a safe and social distancing environment.

In addition, the Directors have applied recent experience from winter season 2020/2021 to model a severe and plausible downside scenario that includes the same lockdown restrictions in the fourth quarter of 2021 and first quarter of 2022 as experienced in the comparable periods of the prior year.

It is assumed that there will be no international travel between November 2021 and March 2022. Furthermore, it assumes that domestic travel restrictions will mirror November 2020 to March 2021 local guidelines.

Although the Directors consider this to be a highly unlikely scenario given the progress of the vaccine roll-out, it is a stress scenario that allows the Directors to plan monitoring and mitigating actions for this severe downside case.

Under both base case and downside scenarios, the Group has sufficient liquidity to maintain operations prior to taking into account mitigating actions the Group could undertake.

Cash and liquidity

The Group is funded by way of €882m of borrowings, as detailed in note 20, and also has access to a €105m Revolving Credit Facility (“RCF”) which was undrawn at 31 December 2020 and 31 March 2021. The cash low point for the Group is forecast to be at 31 December 2021 in both the base and downside cases.

In the base case scenario, the Group would not draw on the RCF. In the downside scenario, a drawing of around €15m would be required at 31 December 2021, with the value dependent upon the Group's use of mitigating actions, such as reducing capex, reducing discretionary spend and cash management to preserve cash.

Covenant

The term loan debt of the Group does not have any covenants. The sole springing financial covenant in connection with the RCF, which requires testing each quarter only in the event the RCF is drawn by over 35% (€36m).

The Consolidated first lien net leverage ratio (the ratio of Consolidated First Lien Secured Debt to Consolidated EBITDA) must not exceed 8.6x.

Under the base case and downside scenarios, the Group does not expect to require a covenant test. Under the downside scenario, the Group would not require a covenant test based on the €15m drawdown and would also be within the covenant ratio.

Conclusion

The Directors consider that even with a repeat of the Q4 2020 and Q1 2021 lockdowns at a similar scale and duration, the Group has sufficient liquidity to meet its obligations for the foreseeable future and therefore it remains appropriate to continue to adopt the going concern basis in preparing these financial statements.

On behalf of the Board

Mary Ann Sigler
Director
22 April 2021

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Future developments

The direction and future focus of the Group is described in the strategic report.

Financial instruments

The financial risk management objectives and policies, and the primary risk exposures are set out in the strategic report.

Directors

The directors, who held office during the year and to the date of this report, were as follows:

I M S Downie

E M Kalawski

M A Sigler

R P Patel

Dividends

No dividends have been declared or paid during the period.

Post balance sheet events

Post balance sheet events are described in the strategic report.

Employees

Employees are of considerable importance to the success of the business and their welfare and development is always high on the agenda. A changing environment provides opportunity for career progression and focus is therefore being placed on the development of management skills to ensure all individuals receive the best chance of progression. The Group is committed to a culture in which extensive dialogue and team working is strongly prevalent and continues to keep them informed on the various factors affecting the performance of the company. Employees are consulted on matters directly impacting their business areas wherever practicable. A good benefits package is already offered but is under continual review to ensure it remains competitive or better than comparable companies in the local areas. Employee involvement in the performance of the business is encouraged by various incentive schemes across the Group.

The Group's policy is to provide equal recruitment and other opportunities for all employees, regardless of sex, religion, colour, age and race. Our policy is to give full consideration to employment applications from disabled people and to ensure that disabled employees have equal opportunity with other employees for advancement and access to training programs. It is also our policy to provide every possible help to retain employees who have become disabled whilst working within the company. It is the practice to encourage lines of employee communications through means such as briefing groups and newsletters.

Auditors and disclosure of information to auditors

The directors who were members of the board at the date of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of the directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have takento be aware of relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 22 April 2021 and signed on its behalf by:

....
M A Sigler
Director

PE Compass Holding II Limited
Annual Report and Financial Statements
Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Mary Ann Sigler
Director
22 April 2021

Independent auditors' report to the members of PE Compass Holding II Limited

Report on the audit of the group financial statements

Opinion

In our opinion, PE Compass Holding II Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position as at 31 December 2020; the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group'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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors Report , we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors Report .

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with ABTA and ATOL legislation, employment legislation and UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals to revenue or manipulating accounting estimates which could be subject to management bias.. Audit procedures performed included:

- Enquiries of management, those charged with governance and in-house legal counsel around actual and potential litigation and claims;
- Review of legal expense accounts, board minutes and in-house legal counsel reports;
- Agreement of the financial statement disclosures to underlying supporting documentation to assess compliance with applicable laws and regulations;
- Obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- Auditing the risk of management override of controls, including through testing unusual journal entries and unpredictable procedures; and
- Testing of accounting estimates which could be subject to management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of PE Compass Holding II Limited for the year ended 31 December 2020.

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
22 April 2021

PE Compass Holding II Limited
Annual Report and Financial Statements
Consolidated Statement of Profit or Loss for the Year Ended 31 December 2020

	Note	Year ending 31 December 2020 € 000	Non-recurring items for year ending 31 December 2020 € 000	Year ending 31 December 2020 after non-recurring items € 000
Continuing operations				
Revenue from contracts with customers	4	500,485	-	500,485
Operating expenses	9	(592,801)	12,698	(580,103)
Operating (loss)/profit		(92,316)	12,698	(79,618)
Finance income	12	794	-	794
Finance costs	12	(75,466)	-	(75,466)
Finance costs - net		(74,672)	-	(74,672)
(Loss)/profit before tax		(166,988)	12,698	(154,290)
Income tax	14	28,471	(1,923)	26,548
(Loss)/profit from continuing operations		(138,517)	10,775	(127,742)
Loss from discontinued operations	13	(179)	179	-
(Loss)/profit for the year		(138,696)	10,954	(127,742)

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2020 (continued)

	Note	Year ending 31 December 2019 € 000	Non-recurring items for year ending 31 December 2019 € 000	Year ending 31 December 2019 after non-recurring items € 000
Continuing operations				
Revenue from contracts with customers	4	714,772	-	714,772
Operating expenses	9	(741,778)	41,533	(700,245)
Operating (loss)/profit		(27,006)	41,533	14,527
Finance income	12	1,064	-	1,064
Finance costs	12	(82,758)	-	(82,758)
Finance costs - net		(81,694)	-	(81,694)
(Loss)/profit before tax		(108,700)	41,533	(67,167)
Income tax	14	6,371	(7,790)	(1,419)
(Loss)/profit from continuing operations		(102,329)	33,743	(68,586)
Income from discontinued operations	13	225	(225)	-
(Loss)/profit for the year		(102,104)	33,518	(68,586)

PE Compass Holding II Limited
Annual Report and Financial Statements
Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Loss for the year		(138,696)	(102,104)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(15,747)	7,869
Hedging gains reclassified to profit or loss		-	(203)
Share based payment transactions	31	656	714
		(15,091)	8,380
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net of tax)	30	(1,144)	(2,749)
Total comprehensive (expense)/income for the year		(154,931)	(96,473)
Total comprehensive (expense)/income for the year attributable to equity holders:			
Arising from continuing operations		(154,752)	(96,698)
Arising from discontinued operations		(179)	225
		(154,931)	(96,473)

The notes on pages 26 to 98 form an integral part of these financial statements.

PE Compass Holding II Limited
Annual Report and Financial Statements
(Registration number: 11187338)
Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 € 000	31 December 2019 € 000
Assets			
Non-current assets			
Intangible assets	15	942,264	1,002,782
Property, plant and equipment	17	365,020	389,330
Right of use assets	18	191,382	212,414
Deferred tax assets	14	-	4,505
Contract assets	4	6,026	4,521
Other non-current assets	19	19,974	20,290
Total non-current assets		1,524,666	1,633,842
Current assets			
Trade and other receivables	22	222,519	270,256
Inventories	21	4,983	5,263
Contract assets	4	851	851
Other current assets	23	51,483	63,216
Cash and cash equivalents	25	84,496	89,780
Assets classified as held for sale	24	24,318	-
Total current assets		388,650	429,366
Total assets		1,913,316	2,063,208

The notes on pages 26 to 98 form an integral part of these financial statements.

PE Compass Holding II Limited
Annual Report and Financial Statements
(Registration number: 11187338)
Consolidated Statement of Financial Position as at 31 December 2020 (continued)

	Note	31 December 2020 € 000	31 December 2019 € 000
Non-current liabilities			
Employment benefit obligations	30	18,943	16,679
Borrowings	20	1,057,075	1,074,863
Deferred tax liabilities	14	108,751	143,081
Provisions	28	74,881	64,743
Other non-current liabilities	33	53,018	57,999
Total non-current liabilities		1,312,668	1,357,365
Current liabilities			
Trade and other payables	32	305,309	325,926
Borrowings	20	23,752	22,006
Contract liabilities	4	57,162	68,839
Current tax liabilities	14	254	1,772
Provisions	28	23,210	10,657
Other current liabilities	34	174,905	105,656
Total current liabilities		584,592	534,856
Total liabilities		1,897,260	1,892,221
Net (liabilities)/assets		16,056	170,987
Equity			
Share capital and premium	27	334,797	334,797
Other reserves		(20,198)	(3,963)
Non-controlling interest		4,253	6,406
Accumulated losses		(302,796)	(166,253)
Capital and reserves attributable to equity holders		16,056	170,987

On behalf of the Board

Mary Ann Sigler
Director
22 April 2021

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital € 000	Share premium € 000	Other reserves € 000	Accumu -lated losses € 000	Total € 000	Non-controlling interests € 000	Total equity € 000
At 1 January 2020	-	334,797	(3,963)	(166,253)	164,581	6,406	170,987
Loss for the year	-	-	-	(136,543)	(136,543)	(2,153)	(138,696)
Other comprehensive expense	-	-	(16,891)	-	(16,891)	-	(16,891)
Total comprehensive expense	-	-	(16,891)	(136,543)	(153,434)	(2,153)	(155,587)
Share based payment transactions	-	-	656	-	656	-	656
At 31 December 2020	-	334,797	(20,198)	(302,796)	11,803	4,253	16,056

	Share capital € 000	Share premium € 000	Other reserves € 000	Accumu -lated losses € 000	Total € 000	Non-controlling interests € 000	Total equity € 000
At 1 January 2019	-	334,797	(9,594)	(65,439)	259,764	6,416	266,180
Loss for the year	-	-	-	(100,814)	(100,814)	(1,290)	(102,104)
Other comprehensive income	-	-	4,917	-	4,917	-	4,917
Total comprehensive income	-	-	4,917	(100,814)	(95,897)	(1,290)	(97,187)
Share based payment transactions	-	-	714	-	714	-	714
Increase in non-controlling interest in subsidiaries that do not result in loss of control	-	-	-	-	-	1,280	1,280
At 31 December 2019	-	334,797	(3,963)	(166,253)	164,581	6,406	170,987

The notes on pages 26 to 98 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Cash flows from operating activities			
Cash generated from operations	26	144,278	151,802
Interest received		371	1,051
Income taxes received/(paid)		3,258	(11,545)
Net cash inflow/(outflow) from operating activities		147,907	141,308
Cash flows from investing activities			
Acquisition of Awaze - purchase price adjustments		-	21,456
Acquisition of Awaze - payments of deferred and contingent consideration		(7,549)	(4,549)
Payment for other acquisitions of subsidiaries		(4,611)	(25,023)
Payments for property, plant, equipment & software	17	(30,839)	(57,753)
Payments for assets held for sale	15	(22,168)	-
Net cash outflow from investing activities		(65,167)	(65,869)
Cash flows from financing activities			
Proceeds from issues of shares and other capital contributions		-	1,278
Proceeds from borrowings	20	103,631	130,000
Repayment of borrowings	20	(102,657)	(78,629)
Interest paid		(51,929)	(45,830)
Lease payments	18	(33,416)	(58,516)
Net cash outflow from financing activities		(84,371)	(51,697)
Net increase in cash and cash equivalents		(1,631)	23,742
Cash and cash equivalents at the beginning of the financial period		89,780	65,006
Effects of exchange rate changes on cash and cash equivalents		(3,653)	1,032
Cash and cash equivalents at the end of the financial period		84,496	89,780

The notes on pages 26 to 98 form an integral part of these financial statements.

1 Corporate information

The consolidated financial statements of PE Compass Holding II Limited (the parent company) and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 22 April 2021.

PE Compass Holding II Limited is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The registered office is located at 100 New Bridge Street, London, EC4V 6JA, United Kingdom

The Group comprises the following businesses:

- Awaze UK (formerly Wyndham Vacation Rentals UK) - operating a number of well-recognised and established brands within the vacation rental market, including Hoseasons, cottages.com, Blue Chip Holidays and James Villa Holidays, and offering access to properties across the UK and continental Europe.
- Novasol AS - a vacation rental company featuring properties in continental European countries with exclusive holiday homes available for rent through well-recognised and established brands such as Novasol, Dansommer, Fincallorca and Ardennes Etape. Novasol also operates an urban apartment rental business.
- Landal GreenParks - a holiday park company that owns, manages and franchises holiday parks offering holiday park chalets, and campsite pitches throughout mainland Europe.

Up to 9 May 2018, these three businesses operated as a single division (the “Awaze Group”) of Wyndham Worldwide Corporation. In 2018, Awaze Limited entered into an agreement (the “transaction”) to acquire 100% of the share capital of each of the parent companies of the three businesses described above. The acquisition closed on 9 May 2018.

2 Significant accounting policies

Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and with the Companies Act 2006 as applicable to companies reporting under IFRS.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities (including derivative instruments)
- Defined benefit pension plans - plan assets measured at fair value

2 Significant accounting policies (continued)

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Further information on the Group's borrowings is given in the Strategic Report and note 20.

The outbreak of COVID-19 has had and will continue to have an impact on the Group, the directors' full evaluation of this is described in note 39.

Having assessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of PE Compass Holding II Limited, the parent and its subsidiary undertakings as at 31 December 2020.

Subsidiaries are consolidated from the date the Group obtained control and continue to be consolidated until the date when such control ceases. The financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 Significant accounting policies (continued)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Summary of significant accounting policies and key accounting estimates

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2 Significant accounting policies (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-recurring items

Non-recurring items are items of income or expense that are abnormal or one-off and do not arise from the Group's normal business operations.

Joint operations

The Group has entered into maintenance agreements with property owners at certain of its company managed parks, whereby contributions are made by both parties into a separately administered maintenance fund.

Under IFRS the Group classifies these maintenance funds as joint operations and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation on a line-by-line basis.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2 Significant accounting policies (continued)

Fair value measurement

The Group measures financial instruments such as derivatives, and certain non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group’s external valuers where appropriate, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

2 Significant accounting policies (continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Notes 3 and 20
- Quantitative disclosures of fair value measurement hierarchy - Note 8
- Financial instruments (including those carried at amortised cost) - Note 20
- Contingent consideration - Note 20

Revenue from contracts with customers

The Group applies IFRS 15 Revenue from contracts with Customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The Group follows the 5-step approach of IFRS 15 for the recognition of revenues:
1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when performance obligations are satisfied

When the Group enters into transactions involving a range of the Group’s products and services, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised when a customer obtains control of the goods or services at a point in time or over time (i.e. when the Group satisfies the performance obligations). Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

At the same point in time as revenue is recognised the Group recognises a refund liability comprising of provisions for expected cancellations.

Revenue of the Group is derived from a number of different revenue streams, which are as follows:

Cottages and Agency Parks

The Group provides reservation services to the independent property owners and receives the agreed-upon commission fee for the services provided. The Group remits the gross rental fee received from the guest to the independent property owner, net of the Group’s agreed-upon fee. The Group acts solely as a booking agent and accordingly the revenue from such fees are presented on a net basis and are recognised once a booking is placed by the guest.

In some cases, the Group also provides additional services to the independent property owners (e.g. property management), the revenue attributed to these services is recognised when the services are provided.

2 Significant accounting policies (continued)

Managed Parks and Franchise Parks

For parks where the Group provides the independent park owners the right to use the Group's brand name (which is considered to be akin to a licence) and acts as either the booking agent or both the booking and managing agent the Group receives the agreed-upon commission fee for the services provided. The Group remits the gross rental fee received from the guest to the independent property owner, net of the Group's agreed-upon fee and the revenues from such fees are presented on a net basis when the guest arrives at the park for their holiday.

Villas and Owned Parks

In certain instances where the Group has sole responsibility for the performance and fulfilment of the services offered to rental customers the Group is considered to be acting as the principal. The gross rental fee received from the rental customer, as well as the amounts paid to the homeowners or other third-party vendors, are recognised and presented on a gross basis rateably over the rental customer's stay.

On-park sales

Revenue related to on-park sales of retail goods or food and beverage products or other services are recognised when the transaction is executed at the point-of-sale or prepaid goods or services are delivered upon redemption by the customer and presented on a gross basis with any costs of operating the retail shops or food and beverage facilities presented as operating expenses.

Unsatisfied performance obligations

The Group has applied the practical expedient in IFRS15.121-129 to not disclose the transaction price allocated to unsatisfied performance obligations on the basis that the contracts in scope have an original expected duration of one year or less.

Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2 Significant accounting policies (continued)

Taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 Significant accounting policies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2 Significant accounting policies (continued)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the report date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note XX. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Property, plant and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

2 Significant accounting policies (continued)

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold land and buildings	30 years
Leasehold improvements	Up to 20 years
Vacation rental properties	Up to 30 years
Furniture, fixtures and equipment	3 to 7 years
Computer equipment	3 to 5 years

Vacation rental properties are categorised within freehold land and buildings in the financial statements.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold properties and vacation rental properties	Up to 30 years
Motor vehicles	3 to 5 years
Other equipment	3 to 7 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the impairment of non-financial assets accounting policy.

2 Significant accounting policies (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 20).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

2 Significant accounting policies (continued)

The useful lives of intangible assets are assessed as either finite, with the exception of Goodwill which is assessed as having an indefinite life. The expected useful lives in these financial statements have been assessed as:

Trademarks	20 years
Contracts	5 to 20 years
Software for internal use	3 to 5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2 Significant accounting policies (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans to park owners and developers.

2 Significant accounting policies (continued)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include defined benefit pension scheme assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes forward contract instruments and contingent consideration.

2 Significant accounting policies (continued)

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Debt instruments at fair value through OCI Note 20
- Trade receivables, including contract assets Note 22

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 Significant accounting policies (continued)

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2 Significant accounting policies (continued)

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 20.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 3
- Property, plant and equipment - Note 17
- Intangible assets - Note 15
- Goodwill - Note 16
- Leases - note 18

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2 Significant accounting policies (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of any outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses in the consolidated statement of profit or loss.

Pensions and other post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

2 Significant accounting policies (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group continues to pay a guarantee cost for certain closed defined benefit plans in the Netherlands. The present value of future guarantee payments is recorded as a liability.

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The cost of these transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and /or service conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent of fulfilment of the vesting period and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (note 11).

No expense is recognised for awards that do not ultimately vest, except for options for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

2 Significant accounting policies (continued)

When an award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Government grants

Government grant income is recognised when there is reasonable assurance that the grant will be received and that group will comply with the conditions attached to the grant.

Changes in accounting policies and disclosures

Several IFRS amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgements, other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

i) Identifying performance obligations

The Group has identified all of the promises in the arrangement. It has exercised judgement and applied the guidance within IFRS 15 to determine which services are performance obligations as opposed to fulfilment obligations. For arrangements where there is more than one performance obligation, they are distinct where the services are separately identifiable within the contract and the Group considers the customer can benefit from each service on its own.

ii) Determining the timing of satisfaction of performance obligations

Revenue is recognized when performance obligations are satisfied by transferring control of a promised service to a customer. The Group has exercised judgement in differentiating where it acts as an agent, and therefore its main performance obligation is to arrange for the provision of services by another party, and where it acts as a principal and therefore satisfies its performance obligations over time, being the period of the rental customer’s stay.

3 Significant accounting judgements, estimates and assumptions (continued)

Principal versus agent considerations

The key judgement is to distinguish where the Group acts in the capacity of principal or agent and hence where revenue should be recognised on a gross or net basis. The Group has concluded it is the principal in revenue arrangements where it is the primary obligor, it has pricing discretion and is exposed to inventory and credit risk.

Indirect taxation

With assistance from our advisors, we continually monitor changes in VAT legislation to assess any impact on our obligations and exposures. Exposures are assessed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Valuation of intangible assets

The Group obtained an independent assessment of the fair value of intangible assets as part of the transaction and reflected these values in the special purpose financial statements. Ongoing, the Group will consider whether any indicators of impairment to these assets exist and will re-asses the carrying values of assets should this be the case.

Presentation of non-recurring items

The Group considers all costs incurred and determines whether by virtue of their nature, size and expected frequency, if they warrant separate disclosure in order to fully understand the underlying performance of the Group.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has some lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Useful lives of intangible assets

The Group must make assumptions about the useful life of acquired intangible assets, which might be affected by external factors, such as increased competition. The useful lives were initially determined with reference made to third-party valuation reports and are reassessed annually to take account of significant changes in business operations. The useful lives are described in the intangible assets section of note 2.

Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3 Significant accounting judgements, estimates and assumptions (continued)

Recoverability of goodwill

The Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. Details of impairment testing and sensitivity analysis for goodwill are given in note 16.

Cancellation provisions

For the Cottages and Agency parks, the commission fee for services to the independent property owners is predominantly recognised once a booking is placed by the guest. The Group estimates, using historical experience, the amount of revenue that is expected to reverse from cancellations and establishes a cancellation provision for that amount upon booking. The Group has had to exercise significant judgement to calculate the estimated impact that COVID-19 will have on cancellations. At 31 December, the number of COVID-19 cases was increasing in many European countries and travel restrictions had been imposed in many markets.

The 31 December 2020 cancellation provision of €18m is based upon the following assumptions:

Novasol:

- Full provision for international and Germany domestic stays between 1 January and 30 April and a 30% provision for May.
- All other domestic stays continue.

Awaze UK:

- Full provision for stays between 1 January and 30 April and a 30% provision for May.

Contingent consideration

The Group has a contingent consideration provision relating to royalties payable to Wyndham Worldwide over the next 18 years. The provision is calculated based on estimated growth rates and the current applicable discount rate.

Management have performed sensitivity analysis to show the impact of a change in the discount rate:

	-1% € 000	0% (base assumption) € 000	+1% € 000	Range of fair values € 000
Assumption:				
Discount factor	73,964	66,702	60,358	13,606

4 Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2020			
	Awaze UK	**Novasol**	**Landal**	**Total**
	€ 000	**€ 000**	**€ 000**	**€ 000**
Type of goods or service				
Cottages	44,369	139,267	-	183,636
Villas	18,785	-	-	18,785
Parks - agency	33,563	-	-	33,563
Parks - owned	-	-	92,091	92,091
Parks - managed and franchised	-	-	101,887	101,887
On-park sales	-	-	64,041	64,041
Other	5,281	1,190	11	6,482
Total revenue from contracts with customers	101,998	140,457	258,030	500,485
Timing of revenue recognition				
Transferred at a point in time	83,530	140,457	105,525	329,512
Transferred over time	18,468	-	152,505	170,973
Total revenue from contracts with customers	101,998	140,457	258,030	500,485

4 Revenue from contracts with customers (continued)

	For the year ended 31 December 2019			
	Awaze UK	Novasol	Landal	Total
	€ 000	€ 000	€ 000	€ 000
Type of goods or service				
Cottages	73,981	171,674	-	245,655
Villas	97,167	-	-	97,167
Parks - agency	39,352	-	-	39,352
Parks - owned	-	-	120,495	120,495
Parks - managed and franchised	-	-	103,835	103,835
On-park sales	-	-	93,055	93,055
Other	6,553	8,660	-	15,213
Total revenue from contracts with customers	217,053	180,334	317,385	714,772
Timing of revenue recognition				
Transferred at a point in time	119,886	180,334	154,888	455,108
Transferred over time	97,167	-	162,497	259,664
Total revenue from contracts with customers	217,053	180,334	317,385	714,772

Geographical analysis (by origin of revenue)

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Netherlands	203,911	240,062
United Kingdom	102,304	216,428
Denmark	79,703	79,727
Germany	43,908	48,478
Other	70,659	130,077
	500,485	714,772

4 Revenue from contracts with customers (continued)

Contract balances

	At 31 December 2020 € 000	At 31 December 2019 € 000
Trade receivables	222,519	270,256
Contract assets	6,877	5,372
Contract liabilities	(57,162)	(68,839)

Trade receivables are non-interest bearing and are generally due in advance of the guests' vacation.

Contract assets represent contributions made to the renovation of parks for the benefit of customers.

Contract liabilities represent deferred revenue and is expected to be utilised within 1 year.

The movements in the contract balances are primarily attributable to the seasonal nature of the Group's activities. Set out below is the amount of revenue recognised from:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Amounts included in contract liabilities at the beginning of the year	68,839	53,806

Right of return assets and refund liabilities

The Group's refund liabilities comprise provisions for expected cancellations recorded against revenue recognised at point of guest booking, which were €18,463,000 at 31 December 2020 (31 December 2019: €1,906,000). These provisions are detailed further in note 28.

5 Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

In order to achieve its overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the period.

The issued share capital of the Group is described in note 27.

The Group's borrowings are described in note 20.

6 Group information

Information about subsidiaries

The consolidated financial statements of the Group include the following material subsidiaries:

Name	Principal activities	Country of incorporation	Address	Holding %
Awaze Vacation Rentals Ltd	Holiday rentals	United Kingdom	Spring Mill, Earby, Lancashire BB94 0AA, UK	100
James Villas Holidays Limited	Holiday rentals	United Kingdom	20/20 Business Park, St Leonards Road, Maidstone, Kent, ME16 0LS	100
Novasol A/S	Holiday rentals	Denmark	Virumgårdsvej 27, 2830 Virum	100
Landal GreenParks Holding BV	Sub-holding company	Netherlands	Bezuidenhoutseweg 78, 2594 AX, Den Haag, the Netherlands	100
Landal GreenParks BV	Holiday rentals	Netherlands	Bezuidenhoutseweg 78, 2594 AX, Den Haag, the Netherlands	100
Landal Nooitgedacht BV	Holiday rentals	Netherlands	Bezuidenhoutseweg 78, 2594 AX, Den Haag, the Netherlands	100
Landal Beheer and Projection BV	Holiday rentals	Netherlands	Bezuidenhoutseweg 78, 2594 AX, Den Haag, the Netherlands	100
Landal Exploitatieparken BV	Holiday rentals	Netherlands	Bezuidenhoutseweg 78, 2594 AX, Den Haag, the Netherlands	100
Landal GreenParks GmbH	Holiday rentals	Germany	Max-Planck-Straße 12, 54296 Trier, Germany	100

Holding company

The immediate holding company of PE Compass Holding II Limited is PE Compass Holding SARL, a company registered in Luxemburg.

The ultimate holding company of Awaze Limited is Platinum Equity Capital Partners International IV (Cayman), LP, a Cayman Islands limited partnership, which is a private equity investment fund ultimately controlled by Platinum Equity, LLC.

7 Business combinations

In December 2020, the Group made two small acquisitions, Vakantie Makelaar BV, a company incorporated in the Netherlands that provides brokerage services to holiday homeowners and holiday park project developers, and Strandbergen BV, a vacation rentals agency incorporated in the Netherlands.

The total cash consideration paid was €4.6m, net of cash acquired. The fair values of the net assets acquired were not material to the Group and remain provisional for a period of 12 months from the date of acquisition.

8 Fair value measurement

The following table provides the fair value measurement hierarchy for the Group's asset and liabilities as at 31 December 2020:

			Fair value measurement using		
	Valuation date	Total € 000	Quoted prices in active markets (Level 1) € 000	Significant observable inputs (Level 2) € 000	Significant unobservable inputs (Level 3) € 000
Assets measured at fair value					
Derivative financial assets					
Foreign exchange forward contracts	31 December 2020	150	-	150	-
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign exchange forward contracts	31 December 2020	27	-	27	-
Provisions					
Contingent consideration	31 December 2020	66,702	-	66,702	-
Other provisions	31 December 2020	31,389	-	31,389	-

There were no transfers between Level 1 and Level 2 during 2020.

At 31 December 2020, the foreign exchange forward contracts were hedging against gross future cash flows of €4.9m.

8 Fair value measurement (continued)

The following table provides the fair value measurement hierarchy for the Group's asset and liabilities as at 31 December 2019:

	Valuation date	Total € 000	Fair value measurement using: Quoted prices in active markets (Level 1) € 000	Significant observable inputs (Level 2) € 000	Significant unobservable inputs (Level 3) € 000
Assets measured at fair value					
Derivative financial assets					
Foreign exchange forward contracts	31 December 2019	-	-	-	-
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign exchange forward contracts	31 December 2019	558	-	558	-
Provisions					
Contingent consideration	31 December 2019	57,948	-	57,948	-
Other provisions	31 December 2019	17,452	-	17,452	-

There were no transfers between Level 1 and Level 2 during 2019.

At 31 December 2019, the foreign exchange forward contracts were hedging against gross future cash flows of €25.7m.

9 Operating expenses

	Year ending 31 December 2020 €'000	Year ending 31 December 2019 €'000
Breakdown of expenses by nature		
Inventory recognised as an expense	17,230	26,033
Other direct costs	89,525	159,100
Depreciation and amortisation expense	124,543	150,368
Employee benefits expense	162,256	177,162
Sales and marketing	57,202	67,156
Rent and facilities expense	42,898	35,438
Legal and professional fees	9,413	11,277
Platinum advisory fees and travel expenses	7,586	7,892
Deal costs and integration	3,491	1,993
Bank and bonding fees	1,121	2,374
Realised and unrealised currency losses	4,944	3,090
Transaction expenses	169	1,868
Business optimisation and integration	2,888	20,786
Restructuring	6,727	11,946
Impairment of assets	3,083	-
Covid-19 related costs	2,825	-
Other non-recurring items	-	3,129
Other expenses	56,900	62,166
Total operating expenses	592,801	741,778

Included within other expenses are property recruitment costs, software and hardware maintenance, computer and office supplies, phone and data costs, bad debts and other general expenses of the business.

Auditors remuneration

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Audit of the group and subsidiary financial statements	1,676	1,695
Non-audit services - tax advisory and compliance	414	1,297
Non-audit services - other	280	260
	2,370	3,252

10 Non-recurring items

The Group incurred the following non-recurring items within the operating loss for the year:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Realised and unrealised currency losses	-	3,090
Transaction expenses - non-recurring	-	1,868
Business optimisation and integration	2,888	20,786
Restructuring	6,727	11,946
Impairment of assets	3,083	-
Share based payment expense	-	714
Other non-recurring items	-	3,129
	12,698	41,533

Other realised and unrealised losses on currency relate to currency exposures on transactions and balances held in non-functional currencies. As these are expected to occur annually, they are no longer considered to meet the Group's definition of non-recurring.

Transaction expenses relate to professional costs incurred which are directly attributable to the acquisition of the Group on 10 May 2018.

Business Optimisation and integration costs relate to procurement, yield management and organisation optimisation initiatives which started after and as a consequence of the acquisition and change of ownership on 10 May 2018.

Restructuring costs relate to the restructuring of the Group following the acquisition and change of ownership on 10 May 2018 and other susbsequent restructuring plans. These costs include provisions for severance costs arising as a result.

Impairment of assets costs relate to adjustments to asset carrying values arising from management review of the estimated recoverable amount of assets during the year.

Share-based payment expenses relate to the Group management incentive plan. As these are expected to occur annually, they are no longer considered to meet the Group's definition of non-recurring.

Other non-recurring items relate to other significant one-off costs incurred during the year.

11 Employee costs and directors' remuneration

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Wages and salaries	136,192	151,286
Share-based payment expenses	656	714
Social security costs	15,416	14,946
Pension and other post-employment benefit costs	9,992	10,216
	162,256	177,162

	Year ending 31 December 2020 Number	Year ending 31 December 2019 Number
Management	201	180
Operations, sales and administration	4,873	5,529
	5,074	5,709

Director's remuneration was as follows:

	For the year ended 31 December 2020 € 000	For the year ended 31 December 2019 € 000
Wages and salaries	200	-
Social security costs	26	-
Other pension costs	8	-
	234	-

All bar one of the directors of the Company did not receive any remuneration from Group companies. The Group is recharged for the cost of these directors along with other services and it is not possible to separate the amount recharged between the cost of the directors and the other services. The total amount recharged to the Group in the year was €7.6 million (2019: €7.9 million).

The remuneration of key management personnel is included in note 36.

12 Finance costs and income

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Finance costs		
Bank interest	520	147
Unwind of debt issue costs (note Financial assets and financial liabilities)	4,896	4,449
Loan interest (note Financial assets and financial liabilities)	49,771	43,018
Interest on lease liabilities (note 18)	10,410	9,824
Other finance costs	22	3,593
Total interest expense	65,619	61,031
Unwind of discount on deferred and contingent consideration	9,847	21,727
Total finance costs	75,466	82,758
Finance income		
Bank interest	260	1,018
Other interest	534	46
Total finance income	794	1,064

The loan interest rates are disclosed in note 20.

13 Discontinued operations

During the third quarter of 2018, the Group assessed the profitability of Wimdu GmbH ("Wimdu"), a subsidiary of the Group, and decided to discontinue the operations. For both periods presented, the Group has classified the results of Wimdu as discontinued operations in the consolidated statement of profit or loss.

The results for the year are presented below:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Revenue	9	530
Operating expenses	(188)	(307)
Operating (loss)/profit	(179)	223
Finance income	-	2
(Loss)/profit before tax from discontinued operations	(179)	225
(Loss)/profit from discontinued operations	(179)	225

The major classes of assets and liabilities of Wimdu disposal group included in the balance sheet at 31 December are:

	31 December 2020 € 000	31 December 2019 € 000
Assets		
Debtors	320	714
Cash and short term deposits	356	-
Total current assets	676	714
Liabilities		
Creditors	(355)	(208)
Total current liabilities	(355)	(208)
Net assets directly associated with discontinued operations	321	506
Amounts included in accumulated OCI		
Retained earnings	321	506
Amounts included in equity associated with discontinued operations	321	506

The net cash flows incurred by Wimdu GmbH are:

13 Discontinued operations (continued)

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Net cash inflow/(outflow)	356	(802)

These are presented within cash generated from operations in the consolidated statement of cash flows.

14 Income tax

The major components of income tax for the year ended 31 December are:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Consolidated profit or loss		
Current taxation		
Current income tax	1,376	3,950
Adjustments relating to prior years	(2,183)	1,514
Deferred taxation		
Arising from origination and reversal of temporary differences	(34,991)	(12,744)
Arising from changes in tax rates and laws	12,453	3,863
Adjustments relating to prior years	(5,126)	(2,954)
Income tax reported in the statement of profit or loss	(28,471)	(6,371)
Consolidated other comprehensive income ("OCI")		
Deferred tax related to items recognised in OCI during the year	(832)	(929)

14 Income tax (continued)

The reconciliation of tax credit and the accounting loss multiplied by the domestic tax rate of Awaze Limited is as follows:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Accounting loss before tax from continuing operations	(166,991)	(108,700)
(Loss)/profit before tax from a discontinued operation	(179)	225
	(167,170)	(108,475)
At parent's statutory income tax rate of 19% (2019: 19%)	(31,762)	(20,610)
Expenses not deductible for tax purposes	3,007	9,520
Losses arising in the year not relievable against current tax	-	(114)
Other unrecognised deferred tax assets	-	3,071
Adjustments relating to prior years	(7,310)	(1,440)
Effect of change of tax rate on deferred tax liability	12,428	3,863
Differential on overseas tax rates	(4,834)	(664)
Total tax credit	(28,471)	(6,374)
Income tax reported in the statement of profit or loss	(28,471)	(6,374)
Income tax attributable to a discontinued operation	-	-
Total tax credit	(28,471)	(6,374)

Current income tax

	2020 € 000	2019 € 000
Current income tax recoverable	12,154	14,970
Current income tax payable	(254)	(1,772)
	11,900	13,198

14 Income tax (continued)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position 2020 € 000	Consolidated statement of profit or loss 2020 € 000	Consolidated statement of financial position 2019 € 000	Consolidated statement of profit ot loss 2019 € 000
Accelerated depreciation for tax purposes	(52,017)	(716)	(50,098)	12,195
Pension and employee benefits	5,593	231	5,363	312
Tax losses	10,637	5,096	2,150	(67)
Intangible assets	(92,943)	305	(95,439)	8,059
Provisions	-	-	1,274	(13,396)
Corporate interest restriction	14,670	14,670	-	-
Other	5,309	8,078	(1,826)	4,731
Deferred tax credit		27,664		11,834
Net deferred tax liabilities	(108,751)		(138,576)	

	31 December 2020 € 000	31 December 2019 € 000
Reflected in the statement of financial position as follows:		
Deferred tax assets	-	4,505
Deferred tax liabilities	(108,751)	(143,081)
Net deferred tax liability	(108,751)	(138,576)

	2020 € 000	2019 € 000
Reconciliation of net deferred tax liabilities		
As at 1 January	(138,576)	(148,777)
Tax benefit during the year recognised in profit or loss	27,664	11,834
Tax benefit during the year recognised in OCI	832	929
Deferred tax on business combinations	-	(2,140)
Effect of movement in exchange rates	1,329	(422)
As at 31 December	(108,751)	(138,576)

14 Income tax (continued)

The majority of the net deferred tax liability at the year end is not expected to reverse within 12 months.

As at 31 December 2020, the Group has gross tax assets totalling €4,377,000 (31 December 2019: €23,141,000) on which deferred tax has not been recognised. These assets comprise of tax losses and interest expense with restrictions on deductibility. In the opinion of the Directors, the tax recoverability of these items is uncertain and hence the assets have not been recognised.

In its Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate would increase to 25%. As the proposal had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is estimated that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax liability by €2.6m.

15 Intangible assets

	Goodwill € 000	Trademarks € 000	Contracts € 000	Software & other € 000	Total € 000
Cost or valuation					
At 1 January 2019	466,544	252,801	269,931	80,479	1,069,755
Additions	-	-	-	21,934	21,934
Acquisition of Awaze Group	16,876	-	-	-	16,876
Other acquisitions	16,869	378	7,010	766	25,023
Disposals	-	-	-	(1,360)	(1,360)
Exchange differences	4,630	1,880	3,028	2,242	11,780
At 31 December 2019	504,919	255,059	279,969	104,061	1,144,008
Additions	-	-	-	13,631	13,631
Acquisitions	4,766	-	914	-	5,680
Disposals	-	-	-	(928)	(928)
Exchange differences	(9,880)	(3,926)	(7,648)	(1,892)	(23,346)
At 31 December 2020	499,805	251,133	273,235	114,872	1,139,045
Accumulated amortisation and impairment					
At 1 January 2019	-	(8,192)	(21,645)	(51,509)	(81,346)
Amortisation charge	-	(12,850)	(34,289)	(12,486)	(59,625)
Disposals	-	-	-	1,360	1,360
Exchange differences	-	(132)	(591)	(892)	(1,615)
At 31 December 2019	-	(21,174)	(56,525)	(63,527)	(141,226)
Amortisation charge	-	(12,118)	(35,446)	(13,574)	(61,138)
Disposals	-	-	-	928	928
Exchange differences	-	(247)	3,909	993	4,655
At 31 December 2020	-	(33,539)	(88,062)	(75,180)	(196,781)
Net book value					
At 31 December 2020	499,805	217,594	185,173	39,692	942,264
At 31 December 2019	504,919	233,885	223,444	40,534	1,002,782

16 Goodwill and intangible assets with indefinite useful lives

For impairment testing, goodwill acquired through business combinations is allocated to the relevant cash generating unit (CGU), which are also operating and reportable segments.

Carrying amount of goodwill allocated to each CGU:

	31 December 2020 € 000	31 December 2019 € 000
Awaze UK	180,725	191,454
Landal	234,827	230,252
Novasol	84,253	83,213
	499,805	504,919

The Group performed its annual impairment test in December 2020, which covered goodwill and all other assets and liabilities of each CGU.

Awaze UK

The recoverable amount of the Awaze UK CGU was determined based on a value in use calculation using cash flow projections covering a five-year period with a compound average growth rate on revenue of 3% from 2022. The pre-tax discount rate applied to the projections is 12.5% and cash flows beyond the five-year period are extrapolated using a 2.0% growth rate. Based on this analysis no impairment in the carrying value of goodwill has been identified.

Landal

The recoverable amount of the Landal CGU was determined based on a value in use calculation using cash flow projections covering a five-year period with a compound average growth rate on revenue of 5% from 2022. The pre-tax discount rate applied to the projections is 11.2% and cash flows beyond the five-year period are extrapolated using a 1.7% growth rate. Based on this analysis no impairment in the carrying value of goodwill has been identified.

Novasol

The recoverable amount of the Novasol CGU was determined based on a value in use calculation using cash flow projections covering a five-year period with a compound average growth rate on revenue of 3% from 2022. The pre-tax discount rate applied to the projections is 10.8% and cash flows beyond the five-year period are extrapolated using a 1.6% growth rate. Based on this analysis no impairment in the carrying value of goodwill has been identified.

16 Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for all three CGU's is most sensitive to the following assumptions:

- Discount rates
- Forecasted cash flows
- Growth rates used to extrapolate cash flows beyond the forecast period

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments.

Growth rates

Growth rates used in the forecast period are based on recent management forecasts for the CGU's. Growth rates used to extrapolate cash flows beyond the forecast period are based on the expected long-term average expected growth rate for the business.

Sensitivities

As a result of the Covid-19 pandemic, the discount rate has increased markedly at 31 December 2020 in comparison to 31 December 2019. Whilst this has not resulted in any impairment, the headroom arising from the calculations has reduced across all CGU's.

Management have performed sensitivity analysis on the key assumptions. For Landal either a 0.2% reduction in the compound average revenue growth rate or a 0.1% increase in the discount rate would give rise to an impairment. For Awaze UK either a 2.6% reduction in the compound average revenue growth rate or a 1.3% increase in the discount rate would give rise to an impairment. For Novasol the level of headroom is such that no plausible movement in inputs would give rise to an impairment.

17 Property, plant and equipment

	Freehold land & buildings € 000	Leasehold improve -ments € 000	Construc -tion in progress € 000	Furniture fixtures & equipment € 000	Computer equipment € 000	Capital leases € 000	Total € 000
Cost or valuation							
At 1 January 2019	394,863	17,267	4,562	153,202	25,355	135,339	730,588
Effect of IFRS 16	-	(1,382)	-	-	-	(135,339)	(136,721)
Additions	7,409	10,491	25,143	1,099	1,372	-	45,514
Transfers	7,142	2,016	(24,825)	15,554	113	-	-
Disposals	(1,746)	-	-	(781)	-	-	(2,527)
Exchange differences	320	31	34	231	235	-	851
At 31 December 2019	407,988	28,423	4,914	169,305	27,075	-	637,705
Additions	1,248	2,592	16,470	655	1,573	-	22,538
Acquisitions	-	-	-	40	-	-	40
Impairments	(1,996)	-	-	-	-	-	(1,996)
Transfers	15,899	(4,595)	(15,193)	2,130	1,759	-	-
Disposals	(151)	(5,300)	(126)	(21,300)	(13,043)	-	(39,920)
Exchange differences	(546)	137	(844)	907	(346)	-	(692)
At 31 December 2020	422,442	21,257	5,221	151,737	17,018	-	617,675

17 Property, plant and equipment (continued)

	Freehold land & buildings € 000	Leasehold improve -ments € 000	Construc -tion in progress € 000	Furniture fixtures & equipment € 000	Computer equipment € 000	Capital leases € 000	Total € 000
Accumulated depreciation and impairment							
At 1 January 2019	(75,432)	(10,641)	-	(101,103)	(22,442)	(88,847)	(298,465)
Effect of IFRS 16	-	617	-	-	-	88,847	89,464
Depreciation charge	(20,698)	(1,645)	-	(15,189)	(2,662)	-	(40,194)
Disposals	538	-	-	733	-	-	1,271
Exchange differences	(111)	(20)	-	(152)	(168)	-	(451)
At 31 December 2019	(95,703)	(11,689)	-	(115,711)	(25,272)	-	(248,375)
Depreciation charge	(20,600)	(1,961)	-	(14,026)	(1,970)	-	(38,557)
Impairment charge	(1,864)	-	-	-	-	-	(1,864)
Transfers	(4,477)	2,460	-	2,808	(791)	-	-
Disposals	(80)	1,505	-	19,109	13,681	-	34,215
Exchange difference	2,570	560	-	(651)	(553)	-	1,926
At 31 December 2020	(120,154)	(9,125)	-	(108,471)	(14,905)	-	(252,655)
Net book value							
At 31 December 2020	302,288	12,132	5,221	43,266	2,113	-	365,020
At 31 December 2019	312,285	16,734	4,914	53,594	1,803	-	389,330

18 Leases

The Group has lease contracts for various items of property and equipment used in its operations. Leases of land and buildings generally have lease terms of up to 30 years, while leases of other equipment generally have lease terms between 3 and 7 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year ended 31 December 2020:

	Right-of-use assets				
	Property € 000	**Motor vehicles € 000**	**Other equipment € 000**	**Total € 000**	**Lease liabilities € 000**
At 1 January	205,718	5,163	1,533	212,414	(241,281)
Additions	25,457	2,691	59	28,207	(29,461)
Transfer	(1,985)	(232)	(334)	(2,551)	2,551
Disposals	(21,153)	(22)	-	(21,175)	24,234
Depreciation expense	(20,669)	(2,769)	(573)	(24,011)	-
Interest expense	-	-	-	-	(10,410)
Payments	-	-	-	-	33,416
Exchange (losses)/gains	(1,505)	3	-	(1,502)	1,583
At 31 December	185,863	4,834	685	191,382	(219,368)

In March 2020, as a result of the Covid-19 pandemic, James Villa Holidays reassessed the exercise of a termination clause in certain of its rental agreements with homeowners, which was exercised during Q2 2020. As a result of this reassessment, right-of-use assets were reduced by €13.4 million and lease liabilities were reduced by €14.1 million.

In December 2020, Landal completed the purchase of the leased central facilities at two of its parks with a view to arranging a subsequent sale and leaseback arrangement which is expected to conclude during the first half of 2021. Right-of-use assets were reduced by €7.8 million and lease liabilities were reduced by €10.1 million. The acquired assets are classified as held for sale at the year-end (note 24).

18 Leases (continued)

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year ended 31 December 2019:

	Right-of-use assets				
	Property € 000	Motor vehicles € 000	Other equipment € 000	Total € 000	Lease liabilities € 000
At 1 January	207,748	6,524	1,641	215,913	(237,023)
Additions	44,997	1,484	349	46,830	(59,333)
Depreciation expense	(46,904)	(3,045)	(597)	(50,546)	-
Interest expense	-	-	-	-	(9,824)
Payments	-	-	-	-	58,526
Other	-	-	-	-	5,985
Exchange (losses)/gains	(123)	200	140	217	388
At 31 December	205,718	5,163	1,533	212,414	(241,281)

The maturity analysis of lease liabilities is disclosed in note 20.

The following are the amounts recognised in profit or loss:

	2020 € 000	2019 € 000
Depreciation expense of right-of-use assets	24,011	50,546
Interest expense on lease liabilities	10,410	9,824
Expense relatting to leases of low-value assets	41	178
Variable lease payments	246	246
	34,708	60,794

The Group had total cash outflows for leases of €33.4m (2019: €58.5m). The Group also had non-cash additions to right-of-use assets and lease liabilities of €28.2m (2019: €34.9m). The future cash outflows relating to leases that have not yet commenced are disclosed in note 35.

19 Other non-current assets

	31 December 2020 € 000	31 December 2019 € 000
Loans to park owners and developers	147	677
Other loans	2,345	2,807
Reimbursement rights	7,370	6,883
Deferred property recruitment costs	4,098	4,141
Deposits and other prepayments	5,960	5,647
Other financial assets	54	135
	19,974	20,290

Reimbursement rights relate to amounts receivable under reinsurance policies in connection with the German pension scheme in Landal. The receivable is calculated in line with the estimated pension and will be released upon retirement of employees.

20 Financial assets and financial liabilities

Financial assets

	31 December 2020 € 000	31 December 2019 € 000
Financial assets at fair value through profit or loss		
Foreign exchange forward contracts	150	-
Total financial assets at fair value	150	-
Debt instruments at amortised cost		
Trade receivables	222,519	270,256
Loans to park owners and developers	717	1,322
Other loans	7,938	9,340
Amounts receivable from related parties	628	635
Security deposits	5,960	5,647
Restricted cash	10,058	16,792
Other financial assets	538	839
	248,358	304,831
Total financial assets	248,508	304,831
Current financial assets	240,002	295,565
Non-current financial assets	8,506	9,266
	248,508	304,831

Financial assets at fair value through profit or loss related to currency forward contracts, typically to purchase EUR at GBP value.

Debt instruments at amortised cost include trade receivables and other receivables.

Loans to park owners and developers relate to amounts advanced to park owners and developers by Awaze UK. The amount comprises various individual advances; these advances are generally made for the purposes of park improvements and are typically secured upon park assets. The loan terms range from two to five years, and the interest rate ranges from between 2% and 4%.

20 Financial assets and financial liabilities (continued)

Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	31 December 2020 € 000	31 December 2019 € 000
Current interest-bearing loans and borrowings				
Lease liabilities	Various	Various	28,317	26,777
Other debt	Various	Various	206	-
			28,523	26,777
Debt issue costs - current			(4,771)	(4,771)
Total current interest-bearing loans and borrowings			23,752	22,006
Non-current interest-bearing loans and borrowings				
Lease liabilities	Various	Various	191,051	214,504
First lien debt facility B1	Euribor +4.5%	May 2025	599,140	599,140
First lien debt facility B2	Euribor +4.5%	May 2025	115,860	115,860
Second lien debt facility	Euribor +8%	May 2026	167,000	167,000
Other debt	Various	Various	894	-
			1,073,945	1,096,504
Debt issue costs - non-current			(16,870)	(21,641)
Total non-current interest-bearing loans and borrowings			1,057,075	1,074,863
Total interest-bearing loans and borrowings			1,080,827	1,096,869

20 Financial assets and financial liabilities (continued)

On 7 May 2018 the Company, along with subsidiary companies Compass III Limited and Compass Bidco B.V., signed a €857m Loan Facility which included a €105m revolving credit facility. In December 2019, the Loan Facility was increased by a further €130m. The makeup of the loan together with interest rates and maturities are set out in the table above. In addition, Compass Bidco A/S and Compass Bidco II Limited are included in the agreement as additional obligors. A number of Accession Deeds were signed to include other Group companies as guarantors under the facility. The additional companies are listed below:-

Vacation Rental B.V.
Novasol A/S
Landal GreenParks Holding B.V.
Landal Nooitgedacht B.V.
Landal GreenParks B.V.
Landal GreenParks Beheer en Projecten B.V.
Landal GreenParks GmbH
Landal Exploitatieparken BV
Hoseasons Limited
Awaze Vacation Rentals Ltd

Security is granted over the present and future assets of the Company plus those of the guarantor companies against all obligations under the loan facility.

20 Financial assets and financial liabilities (continued)

Other financial liabilities

	31 December 2020 € 000	31 December 2019 € 000
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contracts	27	558
Deferred consideration	50,051	55,545
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables	305,309	325,926
Other financial liabilities	88,455	83,594
Total other finacial liabilities	443,842	465,623
Current financial liabilities	394,140	410,885
Non-current financial liabilities	49,702	54,738
	443,842	465,623

Financial liabilities at fair value through profit or loss related to currency forward contracts, typically to purchase EUR at GBP value; and also contingent consideration.

The forward contracts are described below under ‘Hedging activities and derivatives’.

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The risk managed using derivative instruments is foreign currency risk.

The Group’s risk management strategy and how it is applied to manage risk are explained below.

Derivatives not designated as hedging instruments

The Group uses foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally within the next 12 months.

20 Financial assets and financial liabilities (continued)

Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	31 December 2020		31 December 2019	
	Carrying amount € 000	Fair value € 000	Carrying amount € 000	Fair value € 000
Financial assets				
Foreign exchange forward contracts	150	150	-	-
	150	150	-	-
Financial liabilities				
Foreign exchange forward contracts	27	27	558	558
Borrowings	1,080,826	1,080,826	1,096,870	1,096,870
	1,080,853	1,080,853	1,097,428	1,097,428

Management have assessed that the fair values of all other assets and liabilities, including cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair values of foreign exchange forward contracts are calculated by management based upon the foreign exchange rates existing at the date the contract was entered into and the reporting date. The amounts involved are not considered to be material to these financial statements.

20 Financial assets and financial liabilities (continued)

Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 December 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided above, within the fair value section of this note.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2020.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at 31 December 2020 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk through its Treasury function who regularly monitor interest rates and advise the Group Chief Financial Officer of any significant interest rate exposures.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

20 Financial assets and financial liabilities (continued)

	Increase/decrease in basis points	Effect on profit before tax € 000
EURIBOR rate	+25	-
EURIBOR rate	+50	-

The Senior Facility debt is subject to a EURIBOR floor of 0% and the Second Lien debt is subject to a EURIBOR floor of 1%. The EURIBOR was negative during the year ended 31 December 2020, and therefore increase in basis points of +25 is not sufficient to have any impact on profit before tax.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk through use of forward contracts, as described above within this note.

The majority of the Group's subsidiaries have functional currency of Euro or Danish Kroner. Historically, the Danish Kroner has been pegged to the Euro and so does not carry significant risk of foreign currency exposure. Less than one third of the Group's profit is derived from subsidiaries with GBP functional currency. Management estimate that a +/- 5% change in EUR:GBP foreign exchange rate would have had an impact of +/- €300,000 on the profit before tax, upon translation of the GBP results to EUR, for the year ended 31 December 2020.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date. The maximum actual credit risk would typically be higher in the second quarter of the year when balances on holidays taking place in the third quarter of the year typically become due (for example, trade receivables in March would typically be expected to be €140m higher than at December). However, this credit risk is limited by the amount that is payable to the homeowner, which at March exceeds the trade receivables.

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low.

20 Financial assets and financial liabilities (continued)

Set out below is the information about the credit risk exposure at the reporting dates on the Group's trade receivables using a provision matrix:

	31 December 2020 € 000	31 December 2019 € 000
Estimated total gross carrying amount at risk of default	231,160	276,350
Expected credit loss	(4,474)	(3,354)
Specific bad debts	(4,167)	(2,740)
Net amount	222,519	270,256
Expected credit loss rate (%)	1.9	1.2

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's Treasury function in accordance with the Group's policy.

Liquidity risk

The Group monitors its risk of a shortage of funds using regularly updated cash flow forecasts. The Group's objective is to ensure that all Group companies have sufficient liquidity to be able to meet their ongoing operations as they fall due, whilst at the same time keeping borrowings to a minimum.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted payments:

	< 1 year € 000	1 to 5 years € 000	> 5 years € 000	Total € 000
Interest-bearing loans and borrowings	41,300	811,648	282,073	1,135,021
Deferred consideration	-	21,407	76,960	98,367
Trade and other payables	305,310	-	-	305,310
Other financial liabilities	82,987	5,468	-	88,455
	429,597	838,523	359,033	1,627,153

20 Financial assets and financial liabilities (continued)

The table below summarises the changes in liabilities in 2020 arising from financing activities.

	1 January 2020 € 000	Cash flows € 000	Foreign exchange movement € 000	Transfers (ageing) € 000	New leases € 000	Other € 000	31 December 2020 € 000
Current interest-bearing loans and borrowings	(4,771)	4,977	-	(4,771)	-	-	(4,565)
Current lease liabilities	26,777	(23,431)	(27)	20,221	431	4,346	28,317
Non-current interest-bearing loans and borrowings	860,359	894	-	4,771	-	-	866,024
Non-current lease liabilities	214,504	-	(57)	(20,221)	13,800	(16,975)	191,051
Total liabilities from financing activities	1,096,869	(17,560)	(84)	-	14,231	(12,629)	1,080,827

The table below summarises the maturity profile of the Group’s financial liabilities as at 31 December 2019 based on contractual undiscounted payments:

	< 1 year € 000	1 to 5 years € 000	> 5 years € 000	Total € 000
Interest-bearing loans and borrowings	48,974	119,772	1,006,705	1,175,451
Deferred consideration	-	23,416	90,316	113,732
Trade and other payables	325,926	-	-	325,926
Other financial liabilities	78,656	4,938	-	83,594
	453,556	148,126	1,097,021	1,698,703

20 Financial assets and financial liabilities (continued)

The table below summarises the changes in liabilities in 2019 arising from financing activities:

	1 January 2019 € 000	Cash flows € 000	Foreign exchange movement € 000	Transfers (ageing) € 000	New leases € 000	Other € 000	31 December 2019 € 000
Current interest-bearing loans and borrowings	74,177	(78,629)	-	-	-	(319)	(4,771)
Current obligations under finance leases	9,984	-	129	(10,113)	-	-	-
Current lease liabilities	27,797	(51,714)	(169)	41,913	12,994	(4,044)	26,777
Non-current interest-bearing loans and borrowings	727,395	130,000	-	-	-	2,964	860,359
Non-current obligations under finance leases	54,824	-	(76)	(54,748)	-	-	-
Non-current lease liabilities	144,417	(17)	(285)	22,948	49,241	(1,800)	214,504
Total liabilities from financing activities	1,038,594	(360)	(401)	-	62,235	(3,199)	1,096,869

21 Inventories

	31 December 2020 € 000	31 December 2019 € 000
Goods and consumables	4,983	5,263

22 Trade and other receivables

Trade receivables

	31 December 2020 € 000	31 December 2019 € 000
Trade receivables	231,160	276,350
Provision for impairment of trade receivables	(8,641)	(6,094)
Net trade receivables	222,519	270,256

Contract assets

The Group has contract assets of €6,877,000 at 31 December 2020 (31 December 2019: €5,373,000). These contract assets relates to contributions made to the renovation of parks for the benefit of customers.

Allowance for expected losses

Set out below is the movement in the allowance for expected losses of trade receivables and contract assets:

	31 December 2020 € 000	31 December 2019 € 000
At 1 January	(6,094)	(4,493)
Provision for expected losses	(2,570)	(1,634)
Foreign exchange differences	23	33
At 31 December	(8,641)	(6,094)

Further details on the balances of trade receivables and contract assets are disclosed in note 4 and information about credit exposures is disclosed in note 20.

23 Other current assets

	31 December 2020 €'000	31 December 2019 €'000
Foreign exchange forward contracts	150	-
Loans to park owners and developers	570	645
Other loans	5,593	6,533
Other financial assets	484	705
Amounts receivable from related parties	628	635
Taxes receivable	17,819	18,439
Prepayments	7,494	8,666
Restricted cash	10,058	16,792
Deferred costs	8,687	10,801
	51,483	63,216

24 Assets classified as held for sale

	31 December 2020 €'000	31 December 2019 €'000
Assets classified as held for sale	24,318	-
	24,318	-

In December, Landal completed the purchase of the central facilities at two of its parks with a view to arranging a subsequent sale and leaseback arrangement which is expected to conclude during the first half of 2021.

25 Cash and cash equivalents

	31 December 2020 € 000	31 December 2019 € 000
Cash at bank and on hand	84,496	89,780

25 Cash and cash equivalents (continued)

The cash at banks and on hand at 31 December 2019 was held in the following currencies:

	31 December 2020 € 000	31 December 2019 € 000
Euro	30,258	65,462
British pound	45,353	21,141
Danish krone	5,093	1,212
Other currencies	3,792	1,965
	84,496	89,780

At 31 December 2020, the Group had available €105,000,000 of undrawn committed borrowing facilities (31 December 2019: €105,000,000).

26 Cash flow information

Cash was generated from operations as follows:

	Year ending 31 December 2020 € 000	Year ending 31 December 2019 € 000
Operating loss	(92,316)	(27,006)
Adjustments for:		
Depreciation and amortisation	124,543	150,368
Discontinued operations	(179)	225
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	45,682	(37,808)
Decrease/(increase) in inventories	278	(154)
(Increase) in other assets	5,484	(19,216)
(Decrease)/increase in trade payables	(4,956)	34,644
(Decrease)/increase in contract liabilities	(11,389)	15,033
Increase in other liabilities	77,131	35,716
Cash generated from operations	144,278	151,802

27 Issued capital and reserves

	No.	€
Ordinary shares issued and fully paid		
Issued on incorporation on 5 February 2018	1	-
Issued on 22 June 2018	1,000,041,582	1
At 31 December 2020 & 31 December 2019	1,000,041,583	1

	No.	€
Preference shares issued and fully paid		
Issued on 22 June 2018	1	-
At 31 December 2020 & 31 December 2019	1	-

On 5 February 2018, the company was incorporated and 1 ordinary share of £0.000001 was issued.

On 22 June 2018, a further 1,000,041,582 ordinary shares were issued for consideration of £1000.04. On the same day, 1 preference share of nominal value £0.000001 was also issued for consideration of £0.000001.

	€ 000
Capital reserve	
Capital contribution - December 2018	334,797
At 31 December 2020 & 31 December 2019	334,797

On 9 May 2018 a loan of US$284,512,000 was made to the company by its parent, PE Compass Holding SARL and a loan of US$99,429,000 was made to the company by Platinum Equity Capital QIQ Partners International IV (Cayman) LP. On 21 December 2018, both amounts were converted to equity by means of a capital contribution agreement.

28 Provisions

	Contingent consideration € 000	Cancellations € 000	Severance and restructuring € 000	Other € 000	Total € 000
At 1 January 2020	57,948	1,906	6,539	9,007	75,400
New provisions recognised	-	47,663	5,871	1,530	55,064
Unused provisions reversed	(2,867)	(19)	(1)	(110)	(2,997)
Unwinding of discounts	4,360	-	-	(59)	4,301
Transferred to other current liabilities	-	(9,373)	(865)	1,057	(9,181)
Used during the year	(395)	(21,714)	(9,694)	(258)	(32,061)
Exchange differences	7,656	-	-	(91)	7,565
At 31 December 2020	66,702	18,463	1,850	11,076	98,091

	31 December 2020 € 000	31 December 2019 € 000
Current	23,210	10,657
Non-current	74,881	64,743
	98,091	75,400

Contingent consideration

The contingent consideration relates to royalty amounts (being 1% of revenues) payable to Wyndham Worldwide over 18 years.

Cancellation provisions

A provision for expected cancellations is recognised upon booking by the guest against non-managed cottage revenue (described in note 3). The provision is made using historical experience of cancellations in each region.

Severance and restructuring

A provision for severance and restructuring costs is recognised once there is a formal plan identifying the process, extent and expenditure to be incurred, and a valid expectation that it will take place.

Other provisions

Other provisions include provisions for property dilapidations, pension guarantees and legal settlements and tax exposures across the Group where the outcome of the can be estimated and is deemed to be more likely than not. The majority of these provisions are non-current.

29 Contract liabilities

The Group's contract liabilities at each reporting date relates solely to the deferred income recognised at the point of guest booking and released to income over the period of stay. See note 4.

30 Pension and other employee benefit plans

Defined benefit pension plans

The Group operates defined benefit pension plans in the UK, Netherlands and Germany. These plans provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Plan assets are held in trusts and are governed by local regulations and practice in each country. Actuarial valuations and reports are obtained periodically in accordance with the plan regulations and local legislation.

The Group's defined benefit obligations in Germany are reinsured by AXA and Volkswohlbund. The coverage by the reinsurance contracts depends on the contributions made by the Group to the reinsurance companies and on the surplus generated by the reinsurance companies.

30 Pension and other employee benefit plans (continued)

The consolidated amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year ending 31 December 2020 are as follows:

	Present value of obligation € 000	Fair value of plan assets € 000	Total € 000	Impact of asset ceiling € 000	Net total € 000
At 1 January	42,343	(28,637)	13,706	2,973	16,679
Current service cost	428	-	428	-	428
Net interest expense	538	(430)	108	52	160
Total amount recognised in profit or loss	966	(430)	536	52	588
Re-measurements:					
Gain on assets in excess of interest	-	(2,224)	(2,224)	-	(2,224)
Experience gain on defined benefit obligations	(619)	-	(619)	-	(619)
Gain from changes to demographic assumptions	(229)	-	(229)	-	(229)
Loss from changes to financial assumptions	5,831	-	5,831	-	5,831
Changes in effect of asset ceiling	-	-	-	(894)	(894)
FX movements	(742)	888	146	(131)	15
Actual costs and risk premiums	-	96	96	-	96
Total amount recognised in OCI	4,241	(1,240)	3,001	(1,025)	1,976
Contributions:					
Employers	-	(36)	(36)	-	(36)
Plan participants	3	(411)	(408)	-	(408)
Payments from plans:					
Benefit payments	(978)	1,122	144	-	144
At 31 December 2020	46,575	(29,632)	16,943	2,000	18,943
UK	14,197	(16,197)	(2,000)	2,000	-
Germany/Netherlands	32,378	(13,435)	18,943	-	18,943
At 31 December 2020	46,575	(29,632)	16,943	2,000	18,943

30 Pension and other employee benefit plans (continued)

The UK plan has a surplus of €2.0m (31 December 2019: €3.0m) that is not recognised on the basis that the Group does not have an unconditional right to the surplus.

The consolidated amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year ending 31 December 2019 are as follows:

	Present value of obligation € 000	Fair value of plan assets € 000	Total € 000	Impact of asset ceiling € 000	Net total € 000
At 1 January	35,752	(25,215)	10,537	2,249	12,786
Current service cost	345	-	345	-	345
Net interest expense	780	(605)	175	-	175
Total amount recognised in profit or loss	1,125	(605)	520	-	520
Re-measurements:					
Gain on assets in excess of interest	-	(2,926)	(2,926)	-	(2,926)
Experience loss on defined benefit obligations	202	-	202	-	202
Gain from changes to demographic assumptions	(222)	-	(222)	-	(222)
Loss from changes to financial assumptions	5,940	-	5,940	-	5,940
Changes in effect of asset ceiling	-	-	-	534	534
FX movements	661	(799)	(138)	190	52
Actual costs and risk premiums	-	98	98	-	98
Total amount recognised in OCI	6,581	(3,627)	2,954	724	3,678
Contributions:					
Employers	-	(34)	(34)	-	(34)
Plan participants	3	(416)	(413)	-	(413)
Payments from plans:					
Benefit payments	(1,118)	1,260	142	-	142
At 31 December 2019	42,343	(28,637)	13,706	2,973	16,679
UK	13,381	(16,354)	(2,973)	2,973	-
Germany/Netherlands	28,962	(12,283)	16,679	-	16,679
At 31 December 2019	42,343	(28,637)	13,706	2,973	16,679

30 Pension and other employee benefit plans (continued)

The fair values of each major class of plan assets are as follows:

	%	31 December 2020 € 000	%	31 December 2019 € 000
Quoted investments:				
Equities	10%	2,915	11%	3,107
Gilts and bonds	31%	9,070	30%	8,504
Unquoted investments:				
Property	7%	2,105	7%	2,126
Insured assets	51%	15,055	49%	14,082
Cash	2%	487	3%	818
		29,632		28,637

The principal assumptions used in determining obligations for the Group's plans are shown below:

	2020 %	2019 %
Discount rate	1.00%-2.00%	1.00%-2.00%
Future salary increases	2.00%	2.00%
Future pension increases	1.75%-2.20%	1.75%-2.20%

	Years	Years
Life expectancy at retirement age:		
Male	24-26	24-26
Female	26-28	26-28

30 Pension and other employee benefit plans (continued)

Defined contribution pension plans

The Group also operates defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to these contributions was €9,956,000 (31 December 2019: €10,182,000). The contributions accrue evenly over the year.

31 Share-based payments

Following the acquisition of Awaze, a management incentive plan was implemented under which shares were issued by Compass I Limited (a subsidiary of PE Compass Holding II Limited) to certain employees of the Group. 720,000 shares were issued in 2020 (2019: 1,790,000). The shares are subject to vesting conditions. 1,463,000 shares were cancelled in 2020 as a result of vesting conditions not being met (2019: 479,000).

The fair value of the shares has been estimated at €0.59 (2019: €0.59) based on a third-party valuation and the excess over the consideration paid will be expensed over the course of the vesting period based on current expectations of the number of shares that will vest.

The expense recognised in the period ended 31 December 2020 is €656,000 (31 December 2019: €714,000).

32 Trade and other payables

	31 December 2020 € 000	31 December 2019 € 000
Trade payables	50,498	36,608
Homeowner liabilities	254,811	289,318
	305,309	325,926

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on standard 30 day terms
- Homeowner liabilities (amounts owing to the owners of holiday rental properties used by the Group) are typically settled in the month of the guest stay or the month following the guest stay
- Amounts payable to related parties are generally repayable on demand

For explanations on the Group's liquidity risk management processes, refer to note 20.

33 Other non-current liabilities

	31 December 2020 €'000	31 December 2019 €'000
Other financial liabilities (note 20)	5,468	5,382
Deferred rent	768	765
Deferred consideration	44,235	49,800
Other non-current liabilities	2,547	2,052
	53,018	57,999

34 Other current liabilities

	31 December 2020 €'000	31 December 2019 €'000
Foreign exchange forward contracts (note 20)	27	558
Accrued employee costs	36,581	25,897
Deferred consideration	5,816	5,745
Other payables and accruals	132,481	73,456
	174,905	105,656

35 Commitments and contingencies

Commitments

At 31 December 2020, the Group had commitments of €10.5m (31 December 2019: €11.8m) including €nil (31 December 2019: €2.1m) relating to Chartered Flights, €3.2m (31 December 2019: €1.3m) relating to Villas, €nil relating to Marketing (31 December 2019: €0.6m), €8.5m relating to capital expenditure (31 December 2019: €6.1) and €2.0m (31 December 2019: €1.1m) relating to other commitments.

Guarantees

The Group is required to comply with all of the standards relevant to consumer protection and various regulators, trade associations and authorities.

A secured facility of £35.6m (31 December 2019: £35.6m) for travel bonds has been provided to ABTA and the CAA by third-party financial institutions on behalf of the Group. The bonds are secured by Wyndham Destination Inc. and Wyndham Hotels and Resorts Inc ("Wyndham"). The annual cost of the bonds is borne by the Group and is not material to the Group's results of operations.

Additionally, Wyndham entered into a perpetual deed of guarantee with ABTA for an aggregate amount of £58m (31 December 2019: £58m), potentially rising to £63m.

35 Commitments and contingencies (continued)

Material companies within the Group are guarantors under the financing facilities and have pledged assets as security. Several Group companies have also provided a guarantee to the CAA for the performance of James Villas as an ATOL licence holder.

36 Related party transactions

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The following table provides the related party balances which existed at 31 December 2020:

	Transactions during the period € 000	Amounts owed by related parties € 000	Amounts owed to related parties € 000
Intercompany accounts:			
PE Compass Holding SARL	(6)	628	-

The following table provides the related party balances which existed at 31 December 2019:

	Transactions during the period € 000	Amounts owed by related parties € 000	Amounts owed to related parties € 000
Intercompany accounts:			
PE Compass Holding SARL	67	634	-

The amounts owing at the period end are not subject to interest and are repayable on demand.

Transactions with owners

The Group receives corporate and advisory services from Platinum Equity Advisors, LLC and is invoiced for such services and related expenses. During the reporting period, the Group recorded €7.6 million (2019: €7.9m) in fees and expense reimbursement.

Transactions with key management personnel

Key management personnel are defined as the Group senior leadership team including directors of the parent.

There were no transactions with key management personnel other than compensation described below.

36 Related party transactions (continued)

Compensation of key management personnel of the Group

	31 December 2020 € 000	31 December 2019 € 000
Short term employee benefits	1,969	2,064
Share-based payment transactions	243	286
Total compensation paid to key management personnel	2,212	2,350

37 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

37 Standards issued but not yet effective (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

37 Standards issued but not yet effective (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

38 Events after the reporting period

There are no significant events after the balance sheet date to report.

39 COVID-19 impact assessment

Current Situation

The coronavirus ("COVID-19") continues to affect many areas of the global economy, including travel and tourism. Temporary border closures, self-isolation, strict social distancing regulations and air travel restrictions continue to impact the industry.

The vacation rentals sector performs better than other segments in the travel industry, as customers are looking for domestic, safe accommodations in individual bungalows and houses, with more space than hotels and the ability to self-cater.

39 COVID-19 impact assessment (continued)

All the brands were impacted in 2020 and continue to be affected in 2021 with ongoing travel restrictions. Awaze Vacation Rentals has been impacted by the closure of UK holiday accommodation between the end of March and beginning of July in 2020. In 2021, UK accommodation was closed until 12th April. Demand has been exceptionally strong following government announcements on re-opening. Novasol was impacted in 2020 by international restrictions but benefited from strong domestic demand, particularly within Denmark where accommodation has remained open throughout 2020 and 2021. Similarly, in Landal, the largest destination market of the Netherlands has remained open with restrictions since June 2020.

There remains some uncertainty on the extent to which COVID-19 will continue to impact our business, financial condition, and results. It will depend, upon the success of the vaccine roll-out in our main markets, the efficacy of the vaccines to new variants and governmental decisions on travel restrictions.

However, by applying the experience of 2020 and early 2021, we are better able to assess the impact of future lockdown restrictions on our business.

In comparison to prior year, in the twelve months to 31 December 2020, revenue was €214m lower and Adjusted EBITDA (excluding COVID-19 addbacks) was €86m lower. Cash and cash equivalents at 31 December 2020 was €84m, a decrease of €5m in the year. The Group's cash flow benefited from favourable working capital movements mainly as a result of re-bookings and vouchers which will mostly unwind in 2021.

Going concern analysis

The Directors have prepared a base case scenario covering the period until December 2022 that reflects the latest information on travel restrictions, the bookings already taken for future arrivals and the recent booking trends in the agency part of the business. The base case assumes no further restrictions or lockdowns after May 2021 across our core businesses and a continued preference for domestic over international travel. The number of weeks for the critical Q2 and Q3 2021 arrival periods are expected to perform very strongly as reflected in current booking patterns and as experienced in 2020 when accommodation and borders re-opened.

In the base case scenario, management expects 2021 adjusted EBITDA to be €18m higher than the 2021 budget, which was comparable with the 2019 achieved EBITDA, primarily due to higher demand in Awaze Vacation Rentals UK and Landal, on the back of very strong demand for domestic accommodations in a safe and social distancing environment.

In addition, the Directors have applied recent experience from winter season 2020/2021 to model a severe and plausible downside scenario that includes the same lockdown restrictions in the fourth quarter of 2021 and first quarter of 2022 as experienced in the comparable periods of the prior year.

It is assumed that there will be no international travel between November 2021 and March 2022. Furthermore, it assumes that domestic travel restrictions will mirror November 2020 to March 2021 local guidelines.

Although the Directors consider this to be a highly unlikely scenario given the progress of the vaccine roll-out, it is a stress scenario that allows the Directors to plan monitoring and mitigating actions for this severe downside case.

Under both base case and downside scenarios, the Group has sufficient liquidity to maintain operations prior to taking into account mitigating actions the Group could undertake.

39 COVID-19 impact assessment (continued)

Cash and liquidity

The Group is funded by way of €882m of borrowings, as detailed in note 20, and also has access to a €105m Revolving Credit Facility ("RCF") which was undrawn at 31 December 2020 and 31 March 2021. The cash low point for the Group is forecast to be at 31 December 2021 in both the base and downside cases.

In the base case scenario, the Group would not draw on the RCF. In the downside scenario, a drawing of around €15m would be required at 31 December 2021, with the value dependent upon the Group's use of mitigating actions, such as reducing capex, reducing discretionary spend and cash management to preserve cash.

Covenant

The term loan debt of the Group does not have any covenants. The sole springing financial covenant in connection with the RCF, which requires testing each quarter only in the event the RCF is drawn by over 35% (€36m).

The Consolidated first lien net leverage ratio (the ratio of Consolidated First Lien Secured Debt to Consolidated EBITDA) must not exceed 8.6x.

Under the base case and downside scenarios, the Group does not expect to require a covenant test. Under the downside scenario, the Group would not require a covenant test based on the €15m drawdown and would also be within the covenant ratio.

Conclusion

The Directors consider that even with a repeat of the Q4 2020 and Q1 2021 lockdowns at a similar scale and duration, the Group has sufficient liquidity to meet its obligations for the foreseeable future and therefore it remains appropriate to continue to adopt the going concern basis in preparing these financial statements.

PE Compass Holding II Limited
Annual Report and Financial Statements
Company statement of financial position for the Year Ended 31 December 2020

	Note	31 December 2020 € 000	31 December 2019 € 000
ASSETS			
Non-current assets			
Investments	6	160,225	160,225
Deferred tax assets		233	204
Inter-company receivables	7	163,498	163,634
Total non-current assets		323,956	324,063
Current assets			
Trade and other receivables	7	21,767	11,523
Total current assets		21,767	11,523
Total assets		345,723	335,586
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,143	333
Tax payable		2,352	2,406
Total current liabilities		3,495	2,739
Total liabilities		3,495	2,739
Net assets		342,228	332,847
EQUITY			
Share capital	8	1	1
Capital reserve	8	334,796	334,796
Retained earnings		7,431	(1,950)
Total equity		342,228	332,847

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 to not present a separate profit and loss account for the company. The profit for the company for the year ended 31 December 2020 was €9,381,000 (2019: €9,133,000).

The company financial statements on pages 99 to 109 were authorised for issue by the board of directors on 22 April 2021 and were signed on its behalf

Director
PE Compass Holding II Limited - registered number 11187338

PE Compass Holding II Limited
Annual Report and Financial Statements
Company statement of changes in equity for the Year Ended 31 December 2020

	Share capital € 000	Capital reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2020	1	334,796	(1,950)	332,847
Loss and total comprehensive income	-	-	9,381	9,381
At 31 December 2020	1	334,796	7,431	342,228

	Share capital € 000	Capital reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2019	1	334,796	(11,083)	323,714
Loss and total comprehensive income	-	-	9,133	9,133
At 31 December 2019	1	334,796	(1,950)	332,847

1. Corporate information

The financial statements of PE Compass Holding II Limited (the Company) for the period ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 22 April 2021.

PE Compass Holding II Limited is a limited company incorporated and domiciled in the United Kingdom. It was incorporated on 5 February 2018. The registered office is located at 100 New Bridge Street, London, EC4V 6JA, England, United Kingdom.

The Company is principally engaged in holding company activities.

2. Significant accounting policies

Basis of preparation

The financial statements of PE Compass Holding II Limited have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006, as applicable to companies using FRS 101.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Financial Reporting Standard 101 - Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

This information is included in the consolidated financial statements of PE Compass Holding II Limited.

Summary of significant accounting policies

The significant accounting policies of the group are described in detail in note 2 of the consolidated financial statements. The policies that primarily impact the company are set out below.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

2. Significant accounting policies (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currencies

The functional currency of the Company for the year ended 31 December 2020 is the euro. The Company's financial statements are presented in euros to be consistent with the presentational currency in the consolidated financial statements of the Group. The euro is the predominant currency for the Group as a whole.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2. Significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company only holds financial assets held at amortised cost, which relate to amounts owing by subsidiaries.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Company's consolidated statement of financial position) when:

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities consist of trade and other payables, loans and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2. Significant accounting policies (continued)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, there are no judgements, estimates or assumptions that management consider to have a significant effect on the amounts recognised in the financial statements.

4. Employee costs and directors' remuneration

The company does not have any employees. None of the directors received any remuneration from the company.

5. Capital management

The capital of the Company is managed as part of the capital of the Group as a whole. Full details are contained in note 5 to the consolidated financial statements.

6. Investments

	2020	**2019**
	€ 000	**€ 000**
Investments in subsidiaries	160,225	160,225
	160,225	160,225

The investment held relates to the company's subsidiary, PE Compass Holding III Limited.

7. Financial assets and financial liabilities

Financial assets

	2020 € 000	2019 € 000
Debt instruments at amortised cost		
Loans to related parties	185,257	172,997
Trade and other receivables	8	2,160
Total financial assets	185,265	175,157
Current financial assets	21,767	11,523
Non-current financial assets	163,498	163,634
Total financial assets	185,265	175,157

There are two loans to related parties. €184,629,000 (2019: €172,363,000), including accrued interest of €21,628,000 (2019: €9,363,000), is owing by PE Compass Holding III Limited, a direct subsidiary of the company. Until 12 March 2019, this unsecured loan was interest free, from that date interest has been charged at 7% per annum. The loan is repayable by 9 May 2025. Additionally, a loan of €628,000 (2019: €634,000) is owing by PE Compass Holding SARL, the immediate parent of the company. This loan carries interest of 10%, is also unsecured and repayable by 9 May 2025.

Other financial liabilities

	2020 € 000	2019 € 000
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables	(1,143)	(333)
Total other financial liabilities	(1,143)	(333)
Current financial liabilities	(1,143)	(333)
Non-current financial liabilities	-	-

Fair values

Management have assessed that the carrying amounts of the Company's financial instruments are a reasonable approximation to their fair values.

Financial instruments risk management objectives and policies

The Company's exposure to financial risks is managed as part of the Group. Full details about the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in note 20 to the consolidated financial statements.

8. Issued capital and reserves

	No.	€ 000
Ordinary shares issued and fully paid		
At 31 December 2020 and 31 December 2019	1,000,041,583	1
Preference shares issued and fully paid		
At 31 December 2020 and 31 December 2019	1	-

On 5 February 2018, the company was incorporated and 1 ordinary share of £0.000001 was issued.

On 22 June 2018, a further 1,000,041,582 ordinary shares were issued for consideration of £1000.04. On the same day, 1 preference share of nominal value £0.000001 was also issued for consideration of £0.000001.

The ordinary shares carry full voting rights and entitlement to dividends declared by the company. The preference shares carry limited voting rights and entitlement to dividends as determined by ordinary resolution of the company.

	€ 000
Capital reserve	
At 31 December 2020 and 31 December 2019	334,796

On 9 May 2018 a loan of US$284,512,000 was made to the company by its parent, PE Compass Holding SARL and a loan of US$99,429,000 was made to the company by Platinum Equity Capital QIQ Partners International IV (Cayman), LP. On 21 December 2018, both amounts were converted to equity by means of a capital contribution agreement.

9. Related party disclosures

Note 6 to the consolidated financial statements provides information about the Company's material subsidiaries and its holding company.

The following table provides the total amount of transactions that have been entered into with related parties for 2020:

	Transactions during the period € 000	Amounts owed (to)/by related parties € 000
PE Compass Holding SARL	(6)	628
PE Compass Holding III Limited	12,266	184,629
Awaze Limited	(2,957)	(801)
Vacation Rentals (UK) Limited	4	8

The following table provides the total amount of transactions that have been entered into with related parties for 2019:

	Transactions during the period € 000	Amounts owed by related parties € 000
PE Compass Holding SARL	67	634
PE Compass Holding III Limited	9,363	172,363
Awaze Limited	2,155	2,155
Vacation Rentals (UK) Limited	3	3

10. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed in note 37 of the consolidated financial statements. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

11. Events after the reporting period

Events after the reporting period are disclosed in note 38 of the consolidated financial statements.

12. Subsidiary undertakings

The subsidiary undertakings of the company are listed below. All holdings are 100% of the ordinary share capital (or equivalent).

Subsidiary	Country of incorporation	Direct/indirect holding
PE Compass Holding III Limited	United Kingdom	Direct
Compass I Limited	United Kingdom	Indirect
Compass II Limited	United Kingdom	Indirect
Compass III Limited	United Kingdom	Indirect
Awaze Limited	United Kingdom	Indirect
Compass V Limited	United Kingdom	Indirect
Hoseasons Holidays Limited	United Kingdom	Indirect
English Country Cottages Limited	United Kingdom	Indirect
Holiday Cottages Group Limited	United Kingdom	Indirect
Welcome Holidays Limited	United Kingdom	Indirect
Welcome Holidays GmbH	Germany	Indirect
Hoseasons Cottages Limited	United Kingdom	Indirect
Awaze Vacation Rentals Limited	United Kingdom	Indirect
Sunway House Limited	United Kingdom	Indirect
James Transport Limited	United Kingdom	Indirect
James Villa Holidays Limited	United Kingdom	Indirect
Travel A La Carte Limited	United Kingdom	Indirect
Estuary Cottages Limited	United Kingdom	Indirect
Resort Proserve SA	Spain	Indirect
Compass Bidco Aps	Denmark	Indirect
Novasol A/S	Denmark	Indirect
Novasol Holiday Homes Switzerland GmbH	Switzerland	Indirect
Wimdu GmbH	Germany	Indirect
Friendly Rentals SL	Spain	Indirect
Asteria SPRL	Belgium	Indirect
Esoledad SA	Luxembourg	Indirect
Novasol AS	Norway	Indirect
Novasol Hungaria Kft	Hungary	Indirect

12. Subsidiary undertakings (continued)

Subsidiary	Country of incorporation	Direct/indirect holding
Novasol Polska Sp ZOO	Poland	Indirect
Novasol Sro	Czech Republic	Indirect
Vacation Rental SARL	France	Indirect
Novasol AB	Sweden	Indirect
Novasol Turisticka Agencija doo	Croatia	Indirect
Plan Adria doo	Croatia	Indirect
Novasol BV	Netherlands	Indirect
Strandbergen BV	Netherlands	Indirect
Novasol Service GmbH	Germany	Indirect
Novasol Reise GmbH	Germany	Indirect
Fincallorca GmbH	Germany	Indirect
Fincallorca Real Estate SLU	Spain	Indirect
Compass Bidco BV	Netherlands	Indirect
Vacation Rental BV	Netherlands	Indirect
Landal GreenParks Holding BV	Netherlands	Indirect
Landal Exploitatieparken BV	Netherlands	Indirect
Landal GreenParks Beheer en Projecten BV	Netherlands	Indirect
Landal GreenParks Gmbh	Austria	Indirect
Landal GreenParks BV	Netherlands	Indirect
Landal GreenParks GmbH	Germany	Indirect
Landal Nooitgedacht BV	Netherlands	Indirect
Vakation Makelaar BV	Netherlands	Indirect
Landal GreenParks BVBA	Belgium	Indirect
Landal Greenparks (UK) Limited	United Kingdom	Indirect
Landal GreenParks Aps	Denmark	Indirect
Sohojlandet Centerbybning Aps	Denmark	Indirect
Sohojlandet Attraktioner og Services AS	Denmark	Indirect
Oer Maritime Ferie Aps	Denmark	Indirect
Ronbjerg Centerbygning Aps	Denmark	Indirect

12. Subsidiary undertakings (continued)

Subsidiary	Country of incorporation	Direct/indirect holding
Ronbjerg Attraktioner og Services AS	Denmark	Indirect
Seawest Centerbygning Aps	Denmark	Indirect
Seawest Attraktioner og Services AS	Denmark	Indirect
Landal Formidling Aps	Denmark	Indirect

Independent auditors' report to the members of PE Compass Holding II Limited

Report on the audit of the company financial statements

Opinion

In our opinion, PE Compass Holding II Limited's company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Company statement of financial position as at 31 December 2020; the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals or manipulating accounting estimates which could be subject to management bias.. Audit procedures performed included:

- Enquiries of management, those charged with governance and the in-house counsel around actual and potential litigation and claims;
- Review of board minutes ;
- Obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Auditing the risk of management override of controls, including through testing unusual journal entries; and
- Testing of accounting estimates which could be subject to management bias;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of PE Compass Holding II Limited for the year ended 31 December 2020.

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
22 April 2021