Registered number: 12254895

PRIESTHOLM MIDCO LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Registered number: 12254895

PRIESTHOLM MIDCO LTD

Company Information

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PRIESTHOLM MIDCO LTD

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Strategic Report

Introduction

The directors present their strategic report for the year ended 30th September 2021.

The directors consider that the financial statements comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Business Model

Sykes Cottages Group (inclusive of Sykes Cottages Ltd and trading brands listed in Subsidiaries note 20) is dedicated to providing a holiday letting agency service in the UK, Ireland and New Zealand.

For guests, the Group provides a booking service and access to a portfolio of quality holiday properties, enabling the introduction of customers to our property owner business partners. The group also provides guest support services during and after travel.

For our portfolio of Cottage owners, the Group provides marketing, booking and payment services, alongside the provision of fully managed services when required.

From a Head office in Chester, combined with dedicated regional teams the business secures contracts to book and market properties across our geographical target areas, which is the life blood of the business. Properties are strategically targeted throughout the UK, Ireland and New Zealand to align to key areas of demand.

In addition to the organic property growth, Sykes Cottages Group has a proven buy-and-build platform having completed and integrated 15 acquisitions to date. Acquisitions are targeted to deliver synergies, via targeting areas with lower existing stock densities to meet demand and to provide further variety to our existing and potential customers bases. The Groups ability to integrate acquisitions successfully on to its platforms means owners receive access to international marketing platforms and yield managed prices and the guests receive more choice at competitive rates.

The holiday letting market is very competitive with regards to price, holiday options and stock acquisition. To ensure the Sykes Cottages Group remains competitive the prices of holiday cottages and other products are dynamically managed, and the Group ensures it maintains strong relationships with its property owners.

Sykes Cottages Group utilises its technology, digital marketing expertise and portfolio brands to deliver a market leading proposition to both owners and customers alike. For owners Sykes Cottages Regional offices deliver a full-service proposition, maintains local essence and community ties and for guests it provides them with local access to a wide range of properties to suit all budgets.

Sykes has consistently invested in people, product and infrastructure to create a leading platform in the vacation rental sector, capable of driving material long term international growth

The Group has 4 main revenue streams: booking fees, commission, Insurance and managed services income.

Booking fees
Variable Booking fees are charged per booking to guests, increasing in increments with the property rental, the income being recorded on the confirmation of the booking. The booking fee is charged as the Group acts as a booking agent by arranging the holiday let and providing owner details to guests.

Strategic Report (Continued)

Business Model (Continued)

Commission
A commission fee received is charged to property owners for the sales and marketing services provided by Sykes group companies. Commission is earned and recognised at the point of booking confirmation through arranging and facilitating letting of holiday cottages for the property owners.

Insurance
The company acts as an appointed representative of a regulated insurance provider (Currently Towergate, Underwritten by Ergo) and commission is earned for the sale of travel insurance and damage protection products.

Managed Service income
Managed service income is earned mainly in New Zealand and in the regional UK brands. It provides owners with a full in-house offering with local cleaning, maintenance and property management. For other owners, Sykes Cottages Group leverages its outsourced network of approved suppliers to provide services to owners independently and in a cost-effective manner.

Our Business

Sykes Cottages Group is one of the largest independent cottage holiday agencies in the UK.

The foundations of our business are built around our core values: We – Earn Trust, Grow & Learn, Achieve Together, Drive Innovation & Change, Communicate Honestly.

These values represent the core of our business philosophy encouraging our employees to act ethically and with integrity when dealing with colleagues and third parties with whom we do business.

The Sykes family currently includes 22 UK and Ireland sister brands as well as a New Zealand based holiday rental agency. As the Sykes family continues to expand, it is important that these brands echo our values and we ensure that our policies and procedures are followed from the outset.

Company Strategy

The core business strategy is to continue to drive organic growth in revenue in all our Group brands, through the acquisition of property stock with competitive, market leading propositions. The return to our owners and the group is then maximised through technology-based yield managed pricing resulting in competitive prices for our consumers.

Organic growth is complimented by strategic acquisition of smaller agencies. The business continuously looks to expand its reach, actively researching opportunities for expansion into markets where we can leverage the use of our technology and expertise.

Sykes Cottages Group strategy is transparently set out for all staff and stakeholders in its “house model”, which provides guidance and alignment for all our stakeholders. The Groups purpose is to bring people together to make lasting holiday memories with a positive social and environmental impact, encompassing a mission to connect 3 million happy holidaymakers with 35,000 holiday homes by 2023.

Strategic Report (Continued)

Company Strategy (Continued)

There are 4 “pillars” which underpin our purpose and mission:

People – Growing together and recognising success
Sykes Cottages Group acknowledges that its employees are key to the success and growth of the business. Employees play an important role in creating and maintaining consumer platforms, generating new products and delivering great services to both guest and owners. Sykes Cottages Group plans to invest £10,000,000 over 3 years ending financial year 2023, in its employees to ensure they are happy and engaged and provide them with the tools to drive excellence and a culture of continuous improvement. Sykes Cottages strives to be an employer of choice.

Owners – Creating more bookings with less hassle
Sykes Cottages Group acknowledges it would not have a business without its partnerships with property owners and therefore strives to ensure owners are happy, through market leading propositions and returns. Sykes Cottages Group aims to provide an excellent service which will enable it to retain its highly valuable property portfolio.

Customers – Making it easy to plan, book and enjoy your perfect holiday
Sykes Cottages Group acknowledges that customers drive our revenue, therefore we want to ensure are guests are happy and have holidays to remember. Therefore, Sykes Cottages Group is investing £22,000,000 into improving the guests holiday experience over 3 years ending financial year 2023.

Impact – Committed to making a positive impact for our people, community and planet
Sykes Cottages Group acknowledges that businesses should no longer just focus on creating profits for its shareholders and property owners but should also focus on having a positive impact on the world around us. Sykes Cottages Group pledges to plant 1,000,000 trees by 2024, make 100% of its staff available for volunteering each year, take 1,000 families on holidays each year who would not normally be able to do so and become carbon neutral by 2024.

The foundations to the Sykes Cottages “pillars” are underpinned by its technical platforms and operational efficiencies. This includes a scalable multi product and region business, built to last, with virtual networks and workspaces on demand, controlled by a robust and efficient financial operation.

To enable Sykes Cottages Group to continue to provide a superior proposition to Owners and guests it drives a culture of continuous improvement and provides employees with the tools to drive excellence. To scale its operation effectively and efficiently Sykes Cottages Group leverages technology and data.

Business Review

The profit and loss account is set out on page 35, showing an operating profit for the year ended 30th September 2021 of £584,000 (2020 (restated) : operating loss £71,834,000) (inclusive of £4,342,000 (2020: £66,768,000) of exceptionals which are noted in the table below on page 8 and 9). The loss before tax is £14,917,000 (2020 (restated): £87,485,000).

The Group has acquired 100% of the ordinary share capital of the following companies during the year:

- Best of Suffolk Ltd on 6th July 2021
- Abersoch Quality Homes Limited on 3rd August 2021

Both Best of Suffolk Ltd and Abersoch Quality Homes Limited principal activities are providing an agency service, marketing and selling holiday cottages, which are located in the UK.

Strategic Report (Continued)

Business Review (Continued)

Sykes Cottages Group has continued to see the year being dominated by Covid-19, although to a lesser extent than the previous financial year. At the start of the financial year, we experienced some volatility with the “rule of 6” travel restrictions in place, limiting the number of customers allowed to occupy properties. However, as the first quarter matured, the level of restrictions only increased across the UK to combat growing Covid-19 cases, inclusive of more virulent strains. The UK government and national assemblies introduced a number of firebreaks, tiers and bubbles, culminating in a total lockdown from the beginning of 2021, meaning trading for January to March was delivered under a complete national lockdown in the UK.

The learnings from the initial UK lockdown have been applied throughout the period. Cost control has been key to ensuring the business is resilient to these lockdown periods. Marketing spend was tightly monitored and staff costs were minimised (through furlough where applicable and limited recruitment). Further savings in overheads were attained via a strict control over discretionary spend budgets.

As each travel restriction in the UK was announced, an assessment was made over the discretionary refund policy and Sykes continued to refund affected bookings. Refunds were given as a goodwill gesture to customers/owners and the reduction in income as a result classified as exceptional in nature. For all the lockdowns during the year, in conjunction with our property owners, our customers were offered two booking options:

- A free of charge change of holiday dates to a future date outside of the lockdown period
- A full refund of the booking value, funded by the owner, accompanied by a goodwill gesture from the Group, equivalent to the income earned by the Group for the provision of the booking and marketing services.

Despite the restrictions in place, there remained an underlying steady demand for future departure periods throughout the first half of the year. The business remained confident that the lockdown exit would be beneficial to the staycation market, and this has proven to be the case.

The combined announcements of the UK government/national assemblies in February 2021, released the pent-up consumer demand resulting in booking levels returning to forecast levels. The unprecedented levels of demand meant that marketing costs were minimised, and an application of our standard yield management tools resulted in a recovery of a significant proportion of the contribution downside experienced through the lockdown periods.

Given the success of the UK vaccination program through the first half of the year, the Sykes Group experienced a continuation of high levels of demand for UK based vacations as there was strong confidence levels during the relaxation of the lockdown restrictions.

Despite the downward pressure on cash caused by refunds during the first half of the year, the balance sheet remains in a healthy position, largely due to the buoyant trading conditions from February onwards, cost controls and the temporary and voluntary conversion of most of our owners to arrears payment terms.

During the final quarter of the year the UK Group experienced capacity constraints for summer departure periods, due to the booking success earlier in the year. Given these constraints, costs (particularly marketing) for the final quarter were managed to ensure inefficient spend was removed.

Strategic Report (Continued)

Business Review (Continued)

Up until August 2021, the New Zealand brand experience had been somewhat different to the UK group, due to the application of the initial lockdown in New Zealand and the strict closure of their borders. Booking volumes and EBITDA delivery have performed broadly to budget levels during the year. The demand for properties in New Zealand continues to be fulfilled by internal travel, that is effectively replacing the international customers that cannot travel. On 19th April 2021 a travel corridor between New Zealand and Australia opened, that has assisted trade in the second half of the year.

On the 17th August 2021 New Zealand entered a nationwide lockdown as one case of Covid was detected. The New Zealand brands performance in the final quarter has been adversely affected, due to entering periods of varying degrees of lockdown in August and September, particularly in the Auckland area. EBITDA for the final quarter was below forecast due to reduced booking volumes for short term departures. We have continued the policy of offering refunds to customer bookings affected by Covid-19 lockdowns.

Developments During the year

- Continued support for Staff working from home has been achieved through the use of technology, including web-based functionality and video conferencing. Due to the isolated and difficult working conditions for some individuals we have endeavoured to do all we can to look after the mental and physical wellness of our employees. A high level of communication and management support has been delivered throughout the period. External counselling is available for all staff and a 24-hour helpline is available for those who require any such support, along with online fitness classes to encourage social interaction outside of work.

- Additional capacity and flexibility has been added to our financing arrangements in April 2021 to support our acquisition strategy and to position the group optimally for the post Covid-19 environment.

- Significant internal software development has been produced during the year to help the business deal more efficiently with ongoing Covid-19 issues, for example consumer refund processes have been automated to ensure that qualifying bookings are refunded efficiently.

- Despite our contractual terms, and not anticipating the disruption at the level caused by ongoing Covid-19 legislation, refunds to customers and owners continued as a goodwill gesture.

Financial review of the company's position

At 30th September 2021, the Sykes Cottages Group had cash of £120,788,000 (2020: £58,363,000) and borrowings (excluding preference shares) of £226,884,000 (2020: £210,502,000).

Sykes Cottages Group is funded through a combination of borrowing facilities via carefully selected preferred partners, preference shares and ordinary shares.

Borrowing facilities

For changes in liabilities arising from financing activities refer to Note 26.

Strategic Report (Continued)

Financial review of the company's position (continued)

Preference shares
The Sykes Cottages Group is also funded by preference shares which were issued on the 28th October 2019, Priestholm TopCo Ltd as part of the acquisition of Sykes Cottages Holdings Limited. Additional preference shares were issued on 18th December 2019 to fund the acquisition of Potter TopCo Limited (Pure Cottages Group).

The split of preference shares are summarised as follows:

Preference Shares Type	2021	*2020*
	£000	*£000*
A shares	**£254,290**	*£254,290*
B shares	**£15,671**	*£15,671*

The preference share interest is accrued monthly and rolls annually. The accrued interest outstanding at 30th September 2021 is £59,899,000 (2020: £27,378,000).

Share Capital

The Sykes Cottages Group is also funded by Share Capital and Share premium in Priestholm TopCo Ltd which totals £4,851,000 (2020: £4,819,000). For the split between types of shares and the split between Capital and Premium please see Priestholm TopCo Ltd statutory accounts.

Trends and factors affecting future performance

The Group envisages the following challenges and opportunities to continue into the following year:

Staycation market and International travel
Covid-19 largely prevented international travel through 2021, resulting in unprecedented levels of staycation demand in the UK. The relaxing of restrictions on international travel may reduce the relative demand in the UK and there could be a return towards normalised booking levels.

However, inherent pre Covid-19 demand is expected to continue and the general market sentiment leads us to believe that there will be a level of favourable retained demand due to the ongoing uncertainty and administration barriers involved in overseas travel. In summary, we expect this to be broadly positive for the staycation sector.

Sector Competition
The agency market is highly competitive with 3 larger players in the UK market being Sykes Cottages Group, Cottages.com and Holidaycottages.co.uk, all of which are private equity owned, with broadly similar growth strategies. This will undoubtedly bring pressure on prices, but more importantly increase competition for Holiday property recruitment, both organically and via acquisitions.

Sykes Cottages Group digital technology base, dynamic pricing capabilities and proven track record in acquisition integration, means that the business remains well placed and competitive in the market to drive growth. To ensure the Sykes Cottages Group remains competitive in the future, it is investigating further growth opportunities.

Strategic Report (Continued)

Trends and factors affecting future performance (continued)

Covid-19
The Covid-19 pandemic is still having a significant impact on the world. Sykes Cottages Group will continue to ensure its operations align to the current government guidance. Sykes Cottages Group will continue to work with owners to ensure guests have a great holiday experience while still staying safe and assisting in limiting the spread of Covid-19.

Financial key performance indicators

Covid-19 pandemic impact
Certain costs, including the exceptional impact of Covid-19, have been excluded from performance measures in this statement, as the Directors consider this necessary to provide a fair, balanced and understandable view of the performance of the Group.

Whilst the underlying result has still been significantly impacted by Covid-19, the Directors believe that adjusting for the items shown in the table below provides a clearer reflection of the Group's performance in the year.

The Group provide a holiday letting agency service, which means service performance obligations are completed once a booking has been confirmed, and therefore income is recognised at this point.

Where guests who have booked a holiday cottage through one of our websites and have since had their holiday cancelled, due to travel restrictions in the UK, Ireland and New Zealand, the Group have made the decision to refund the income previously earned as a goodwill gesture to both guests and property owners.

Strategic Report (Continued)

Financial key performance indicators

Covid-19 pandemic impact (continued)

The table below shows the adjusted results prior to Covid-19 refunds and the equivalent figures reports under GAAP.

	Adjusted £000	2021 Covid-19 adjustment £000	Other adjustment £000	Total adjustment £000	GAAP £000
Group revenue (1)	**117,945**	**(13,951)**	**-**	**(13,951)**	**103,994**
Group cost of sales (2)	**(26,761)**	**533**	**-**	**533**	**(26,228)**
Group gross profit	**91,184**	**(13,418)**	**-**	**(13,418)**	**77,766**
Group gross profit margin	**77.31%**				**74.78%**
Group administrative and exceptional expenses (3)	**(73,526)**	**(88)**	**(4,254)**	**(4,342)**	**(77,868)**
Group EBITDA	**48,431**	**(13,506)**	**(1,549)**	**(15,055)**	**33,376**
Group EBITDA margin	**41.06%**				**32.09%**
Group operating profit	**18,344**	**(13,506)**	**(4,254)**	**(17,760)**	**584**
Group operating profit margin	**15.55%**				**0.56%**

Strategic Report (Continued)

Financial key performance indicators

Covid-19 pandemic impact (continued)

	2020 (Restated)				
	Adjusted £000	**Covid-19 adjustment £000**	**Other adjustment (Restated) £000**	**Total adjustment (Restated) £000**	**GAAP (Restated) £000**
Group revenue (1)	89,265	(9,266)	-	(9,266)	79,999
Group cost of sales (2)	(25,198)	281	-	281	(24,917)
Group gross profit	64,067	(8,985)	-	(8,985)	55,082
Group gross profit margin	71.77%				68.85%
Group administrative and exceptional expenses (3)	(62,053)	(2,495)	(64,273)	(66,768)	(128,821)
Group EBITDA	30,801	(11,480)	(14,059)	(25,539)	5,262
Group EBITDA margin	34.51%				6.58%
Group operating loss	3,919	(11,480)	(64,273)	(75,753)	(71,834)
Group operating loss margin	4.39%				(89.79%)

(1) The impact of lost revenue due to cancelled bookings resulting from the Covid-19 pandemic.
(2) Commission no longer payable to Holiday managers in New Zealand for holidays cancelled because of the Covid-19 pandemic.
(3) Exceptional costs relating to Covid-19, Goodwill impairment and other exceptional costs largely relating to acquisitions and restructuring.

Non-financial key performance indicators

Guest and Owner satisfaction
All guests who stay in a cottage where the Sykes Cottages Group has acted as an agent are asked to complete a Guest Satisfaction Survey, the survey covers all areas of the guest experience, the aim being to attain a generally accepted benchmark metric of NPS (Net promoter Score). This allows the company to compare its service levels over time and across the travel industry. The consumer NPS, although displaying a slight reduction, has remained strong in the travel industry, where the average is significantly lower at 30 for 2021 (extracted from questionpro.com).

	2021	*2020*
Guest Net promotor score (NPS)	67.44	*69.46*

Although NPS at an owner level is inherently statistically less reliable we do have a very strong focus on owner performance and satisfaction.

Strategic Report (Continued)

Non-financial key performance indicators (continued)

Property numbers
Growth in property numbers underpins the Companies trading capability, ensuring we can provide a credible selection of quality cottages (standard and location) across the United Kingdom, Ireland and New Zealand.

Growth in Cottage levels for 2021 was below behind the levels of previous years due to a combination of limited physical access, due to Covid-19, for extended periods in the first half of the year. Property readiness then reduced property growth rates in the second half of the year, due to supply chain issues caused by the post Covid-19 environment.

The number of Cottages where Sykes Cottages Group act as an agent as at 30th September 2021 was 21,833 (2020: 20,349).

Employee turnover and engagement
The Sykes Cottages Group values its employees and actively engages with them on a regular basis as they are key to the Group's growth and future success. Key measures of this are Employee Attrition Rates and Employee response rate from our regular employee surveys. The Sykes Cottages Group are confident the views expressed in the surveys represent the work force as a whole and therefore are used to drive follow up actions.

	2021	*2020*
Employee Attrition Rate	30.51%	*19.75%*
Employee response rates	65%	*72%*

Financial risks

The Group's activities expose it to a number of financial risks including price risk, liquidity risk, cash flow risk, credit risk, interest rate risk, foreign currency risk and taxation risk.

Price risk
The travel industry is highly competitive and is comprised of a large number of companies specialising in providing short-term holiday rental. 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. To mitigate the risk, the prices of the Group's products are dynamically managed and the Group continues to invest in R&D to ensure its technology platform remains market leading.

Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due, or is only able to do so at excessive cost. Therefore, the Group's cash balances and deposits are managed to provide a balance between maximising interest rate returns and maintaining access to working capital. We ensure our short-term deposits are flexible and accessible if required. Working capital requirements are monitored on an ongoing basis, so the directors do not consider there to be a significant risk in this area.

Strategic Report (Continued)

Financial risks (continued)

Cash flow risk
Cash flow risk is the risk to which future cash flows fall short of expectations as a consequence of changes in market variables. The directors consider that the main risk concerning cash flow relates to unexpected reductions in demand, unpaid credit balances, travel restrictions due to Covid-19 and change in interest rates. The Group maintains a flexible cost structure that the directors believe would mitigate the demand risk and unpaid credit balances and interest rate risk are constantly monitored. The group also employs a continuous forecasting and monitoring process to manage risk and ensures the Group complies with its financial and covenant obligations.

Credit risk
Credit risk is the possibility of default on a debt that may arise from a borrower failing to make required payments. The Group's principal financial assets are cash balances and deposits and Trade debtors.

The Group's credit risk is mainly attributable to its Trade Debtors who are made up of a large number of small customers balances. Customer finance review on a daily basis any outstanding debtors and will chase where required. If the customer does not pay timely then the holiday is cancelled as full payment is required before the holiday is taken mitigating the Group's credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

Interest rate risk
Interest rate risk is the risk that an unexpected change in interest rates increases the Group's cost of borrowing significantly. Preference share interest is fixed and charged at the rate per the Article of Association. Natwest and Bridgepoint interest is currently charged at variable rates above base rate depending on leverage. The interest rate risk is monitored regularly and an interest rate cap has been put in place in relation to part of the third-party debt.

Foreign currency risk
Foreign currency risk is the risk losses could be incurred on international financial transactions due to the fluctuation in currency. The Group makes purchases and receives monies from sales denominated in foreign currency, but the amounts involved do not generally present a significant risk. In order to mitigate the risk of movements in foreign currency rates, the Group enters into foreign currency derivative contracts based on the forecast for the year ahead.

Taxation risk
Given the nature of our business with high organic growth and growth through acquisition, risks will inevitably arise from time to time in relation to the interpretation of tax law and the nature of our compliance arrangements.

As a group with volume-based transactions both income and cost related, the group seeks to minimise its exposure to tax risk – the incorrect interpretation or tax treatment of transactions - through the use of a cross functional team with representations from financial reporting and payroll working together with our external advisors.

Strategic Report (Continued)

Financial risks (continued)

Taxation risk (continued)
We will seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the Group's risk appetite. When there is significant uncertainty or complexity in relation to a risk, external advice will be sought. Areas of significant or complex tax risk will be passed to the Board for approval and ongoing review. The level of risk the group accepts in relation to UK taxation is consistent with its objective to achieve certainty in its tax affairs.

Principal Risks and uncertainties

The Group regularly reviews its operational risks via the maintenance of a group wide risk register, based on the probability and impact of each risk. Risks are assessed via management, reviewed by Finance and the Data Protection officer. Where required the business will implement changes to reduce the risk to manageable levels and to ensure it aligns to the Directors appetite for risk .

The Principal risks and uncertainties facing the company are:

Covid-19
There is a risk that the Sykes Cottages Group could be impacted by local outbreaks of an infectious disease, epidemic or global pandemic which could impact the travel industry and stop guests from being able to travel to their chosen destination. Although the Sykes Cottages Group cannot mitigate the risk of an epidemic or global pandemic, it has demonstrated that holiday cottages can provide a safe, clean and socially distanced environment for its guests.

In the event of any future local or national lockdowns Sykes Cottages Group would continually review the government guidance to determine whether guests could travel to their cottage location and whether the Company's offices could be open.

If company offices have to be shut due to local or national lockdowns and government guidance changes to allow them to open, Sykes Cottages Group would reopen the offices and ensure all appropriate actions are taken to keep employees safe at all times. Recently such actions included a minimum 2 meters distance between available desks, temperature checked on arrival, one-way system around the office, masks to be worn when moving around the office, negative lateral flow tests prior to entry and hand sanitiser would be available throughout the office.

The Company is very conscious of the impact further outbreaks and lockdowns could have on its employees' health and wellbeing. Therefore, in the event of any future local or national lockdowns the Company will continue to keep in close communication with all its employees and will continually review its policies and procedures to ensure it safeguards employee's wellbeing.

The extent of further outbreaks, variants and lockdowns relating to Covid-19 are not precisely known, and therefore the business can only have total certainty when government guidance is clear. During restriction periods, regular reforecasting will be performed to ensure the Company has sufficient cash reserves and profitability to continue to trade. The future impact on the business from Covid-19 will depend upon the duration and scope of any further outbreaks and lockdowns and the impact on financial markets and economic activity. It will also depend on how guests, property owners, business partners and employees have been impacted by the various outbreaks.

Strategic Report (Continued)

Principal risks and uncertainties (continued)

Competition and Guest and Owner expectation
The Sykes Cottages Group faces competition from other holiday letting companies both in the UK and NZ as well as a broad range of other holiday options. The Group's business and growth potential could be impacted if the quality of properties and services it provides does not meet the guest expectations. The Group also faces competition from other holiday letting companies when recruiting owners in the UK and NZ, as if the services and products the Group provides are not competitive or meet owner expectations then business growth could be impacted.

Whilst we are one of the UK's leading independent holiday cottage rental agencies, this sector is highly fragmented and the Group is exposed to local competition. The Group adopts both local and national marketing and pricing strategies to ensure it remains competitive. The Group continuously reviews service standards to both guest and owners, with the aim of increasing retention.

Technology and cyber security
Like most technology-based companies, the Sykes Cottages Group is exposed to security threats whereby illegal access could be gained to our systems and ultimately to the personal data we hold. In order to mitigate this risk, the Directors ensure that robust and reliable IT systems are utilised and monitored, with considerable emphasis on security and safeguarding. The Group actively conducts frequent penetration testing of its infrastructure and updates its hardware to ensure its security remains as robust as possible against potential attack.

The Sykes Cottages Group relies on up-to-date hardware and software to run all areas of its business i.e. booking system, financial systems etc. Contingency plans are in place to ensure that the impact of any potential system failures on the day-to-day operations of the business are minimised as far as possible.

Regulatory environment
Sykes Cottages Group is exposed to regulatory pressures primarily in the UK but also in Ireland (the EU) and New Zealand. Continued uncertainty exists around the extent to which the UK Government will seek to diverge for EU regulatory standards and (particularly in the area of Data Protection) this could lead to the need for increased flexibility in technology systems and governance standards. Regulatory expectations continue to increase in the UK with interest in the travel and leisure sector being shown by the CMA and with continued resourcing increases at the FCA and ICO leading to a generally larger UK regulatory sector. New privacy regulators will take up their posts in the UK and New Zealand in 2022 and changes in approach may become apparent.

The Sykes Group employs an in-house legal function, data protection professionals and Cyber security experts to ensure current processes meet industry standards, and a dynamic horizon planning approach is in place to ensure the company pro-actively approaches future potential changes.

People availability and expertise
The Sykes Cottages Group faces competition especially in the UK to attract and retain ambitious, motivated and experienced staff. A combination of Brexit and the effect of Covid-19 on the UK labour market has resulted in high demand for roles in many key areas for Sykes. To ensure the Sykes Cottages Group remains competitive it constantly reviews and benchmarks remuneration levels against the rest of the market.

Strategic Report (Continued)

Principal risks and uncertainties (continued)

People availability and expertise (continued)
To ensure employees are happy, engaged and aligned to company strategy, the business is highly transparent with its strategy, enabled through regular business wide and departmental updates from the Executive board. All line managers are required to perform monthly feedback sessions on a regular basis to ensure continued alignment to business goals, whilst staff are receiving the development and experience required to grow and progress in their current and any future roles. Significant investment is made into training programmes provided externally and through in house technology, which are continually reviewed and developed to ensure they cover a wide range of areas and skills i.e. regulatory, health and safety, leadership etc.

Brexit
The exit of the United Kingdom from the European Union continues to create a level of uncertainty across most industries, but the effect on sales and demand is broadly positive with the vast majority of bookings being made from UK nationals.

The Group has experienced some difficulties with an extended lead time for getting properties live for sales as Owners are experiencing supply chain issues, that may be associated with Brexit, but this is likely a short-term timing issue.

Directors' statement of compliance with duty to promote the success of the Group and the Company

The Directors believe they have acted at all times to promote the success of the Group and Company for the benefit of its members as a whole. In doing so, the Board has considered the interest of a range of stakeholders impacted by the Group, as well as having regard for the matters set out in section 172(1) of the UK Companies Act 2006, namely:

- the likely consequences of any decisions in the long term;
- the interests of the Group’s employees;
- the need to foster the Group’s business relationships with suppliers, customers and others;
- the impact of the Group’s operations on the community and the environment;
- the desirability of the Group maintaining a reputation for the high standards of business conduct; and
- the need to act fairly as between members of the Group

Board and decision-making process
The Group operates under five fundamental principles, that are considered in all decision-making processes at Board, strategic and operational levels

- We achieve together
- We communicate honestly
- We drive innovation and change
- We earn trust
- We grow and learn

Strategic Report (Continued)

Directors' statement of compliance with duty to promote the success of the Group and the Company (continued)

Board meetings are held every month (excluding August and December) and the monthly reports include:

- Summary of key initiatives and their progress
- Merger & Acquisitions (M&A) update
- Operations update
- IT update, including operational and strategic objectives
- Monthly Financials including budgets/forecasts

Executive Board members meet on a weekly basis, alongside key senior management to provide day to day oversight on strategic and operational objectives, with significant changes and decisions referred to the formal Board of Directors.

Key Stakeholders

Directors utilise a full range of communication channels to engage with stakeholders; these include face to face meetings, events, reports and other written materials, as well as through public relations activity, targeted digital content and social media.

The Directors have identified the following as key stakeholders of the Group, as they are either directly affected or benefit from the success of the Group.

- **Guests –** the Group provides a diverse range of quality holiday properties to over 1 million guests each year in the United Kingdom, Ireland and New Zealand. Guests are engaged initially through targeted marketing initiatives and via contact to our UK and New Zealand based call centres. During and post travel, customers have access to our customer services support online and via telephone and feedback is gathered through satisfaction surveys.

- **Property Owners –** The Group provides property management, marketing and booking services to approximately 19,000 owners who have c.22,000 holiday properties. A dedicated Owners team with the assistance of a nationwide network of Property Consultants service the needs of property Owners.

- **Workforce –** the Group employs approximately 875 people across the UK and New Zealand. The Group places considerable value on the involvement of its employees, therefore it ensures information on matters of concern is provided and where appropriate the employees are consulted so their views are taken into account when making decisions. This is achieved through monthly floor briefings, intranet and e-mails to employees' work addresses. Employee involvement in the Group is encouraged through regular employee surveys.

- **Suppliers –** The Group engages with key suppliers and settles invoices in a timely manner and within the agreed credit terms.

Strategic Report (Continued)

Directors' statement of compliance with duty to promote the success of the Group and the Company (continued)

Key Stakeholders (continued)

- **Community and Environment –** The Group participates in several community-based initiatives through fund raising events and commitment of resources. The Group selects a key Charity to work with each year and for FY21 the charity was the Teenage Cancer Trust. Given that the pandemic during FY20 reduced the ability to fund raise the Group decided to continue supporting this charity during FY21 as well. The Group looks to minimise its carbon footprint where possible, reducing the use of paper through technical developments and maximising recycling of paper/plastics/metals via numerous in office recycling collection points.

- **Shareholders and lenders –** The ultimate parent company of the Sykes Cottages Group and the Company is Priestholm TopCo Ltd. The ultimate controlling party of Priestholm TopCo Ltd and the Sykes Cottages Group is Vitruvian Partners LLP, which is a private equity investment company. The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders. Both Vitruvian Partners LLP and lenders receive monthly financial updates as standard, with ad hoc initiatives and key developments reported as required.

Key decisions

The Directors have identified the below as the key decisions made in the year. Key decisions have been determined as anything with strategic importance to the Group or that have taken a significant amount of management and Board time.

Decision 1

The acquisition of new businesses

On 6th July 2021 the Group acquired Best of Suffolk Ltd, a holiday rental company located in Suffolk, UK.

On 3rd August 2021 the Group acquired Abersoch Quality Homes Limited, a holiday cottage rental company located in Abersoch, Wales.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - Able to offer a wider variety of property options to the whole Group through the nationwide marketing capacity of the Group, over multiple websites and marketing channels.

- **Property owners** - Communication is made to new owners early, so they understand how they will be impacted. The dedicated Owners team clearly describe any changes and how this will affect the owner. They will also advise the owner of the benefits of being part of the Sykes Cottages Group.

- **Employees** - Clear plans are put into place and communicated through updates and written notices, to the existing and new staff base. Expected synergies related to the acquisitions are highlighted alongside career opportunities that may result.

- **Community** - Press releases to promote awareness within the local communities.

- **Shareholders & Lenders** - Notification to both parties explaining the rationale for the acquisition and expected benefits, which is part of the formal board communication.

Strategic Report (Continued)

Directors' statement of compliance with duty to promote the success of the Group and the Company (continued)

Decision 2
Covid-19 Operational response
During FY21 the world continued to be impacted by the global pandemic. The governments in the UK and New Zealand imposed various lockdown measures and restrictions affecting people's ability to travel around the United Kingdom, Ireland and New Zealand for holidays and work purposes.

Where travel was legally impossible due to the contract between the consumer and the property owner being frustrated, the Sykes Cottages Group has chosen to support both customers and property owners by facilitating the refunds of the full amount paid by customers. This includes the income generated by trading entities in the Sykes Cottages Group. The contractual services provided to generate the income has been delivered, so the Sykes Cottages Group has accounted for the refunds as a goodwill gesture to both our owners and customers.

Sykes continues to market and take bookings where it is legally possible to do so, to minimise the profitability and liquidity impact of Covid-19, on our trading partners.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - The various Covid-19 restrictions have affected guest's ability to travel and therefore for numerous guests, their holidays have been cancelled/curtailed, when the booking has become legally frustrated. For these guests, we have offered a full refund (which includes ex gratia goodwill refund for commission and booking fee and ancillary income the Group has previously earned) or the offer of a change the date of their holiday. When there have been restrictions on household mixing and the number of people who could meet, guests were contacted with the option to continue with their holiday within Government guidelines, or receive a full refund or change of dates.

- **Property owners** - The Sykes Cottages Group facilitated the refund of gross rentals on behalf of owners, where holiday contracts have been legally frustrated. Commissions earned by Sykes have been effectively refunded to property owners as a goodwill gesture from the Group. This minimises the economic impact on the owners to the net rentals they would have earned, rather than the gross rental the consumer has paid.

- **Employees** - To ensure the health and safety of its employees the Group has closed all its offices during full lockdowns and has ensured the Group has the infrastructure to enable employees to work from home. During the various tiered systems or lockdown stages, the offices have been reopened on a requirement basis as the Group is aware working from home may not suit all employees. The Group is constantly monitoring employee health, safety, and wellbeing and to ensure it has sufficient measures in place, facilitated by regular reviews through video meeting platforms.

- **Suppliers** - Sykes has been working with key suppliers on an ongoing basis, such as insurance brokers and marketing partners, to ensure the respective businesses are aligned in providing refunds to customers where applicable. Sykes continues to pay all suppliers within agreed terms.

Strategic Report (Continued)

Directors' statement of compliance with duty to promote the success of the Group and the Company (continued)

Decision 2 (continued)
Covid-19 Operational response (continued)

Outcomes and impact on key stakeholders (where applicable) (continued):

- **Shareholders & Lenders** - Given the continued uncertainty caused by the pandemic, liquidity and profitability were, and continue to be, under frequent review. This high level of rigour enables the business to have proactive responses to governmental guidance with various scenario plans and actions to preserve cash and profits having been agreed with the Board and Shareholders notified where appropriate. The Scenario planning and mitigating actions undertaken taken have ensured the Group is in the best position to continue its long-term strategy.

Decision 3
Facility Agreement Amendment
On 21st April 2021, Priestholm MidCo Ltd agreed with the external lenders to extend the facility agreement, by increasing the acquisition fund, improving the flexibility over the Rolling Credit Facility (RCF) and the use of internal funds.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - Able to acquire new business more easily allowing Sykes Cottages Group to offer a wider variety of property options to the whole Group through the nationwide marketing capacity of the Group, over multiple websites and marketing channels.

- **Employees** - Clear plan to continue the growth and success of the business.

- **Shareholders & Lenders** - Notification to both parties explaining the rationale for the changes to the facility agreement, which is part of the formal board communication. Clear plan to continue the growth and success of the business.

This report was approved by the board on 2nd March 2022 and signed on its behalf.

DocuSigned by:
Michael Graham
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Michael Steven Graham
Director

Directors' Report

Principal activity

The Group's principal activity is providing an agency service, marketing and selling holiday cottages, which are located in the UK, Ireland and New Zealand.

The Group has acquired 100% of the ordinary share capital of the following companies during the year:

- Best of Suffolk Ltd on 6th July 2021
- Abersoch Quality Homes Limited on 3rd August 2021

Both Best of Suffolk Ltd and Abersoch Quality Homes Limited principal activity is providing an agency service, marketing and selling holiday cottages, which are located in the UK.

All trade relating to subsidiary undertakings included in the Group accounts is recorded from the date upon which the Group obtained control of the subsidiary undertaking.

Results and dividends

The loss for the period, after taxation, amounted to £21,908,000 (2020: £85,868,000).

The directors do not recommend the payment of a dividend.

Directors

The Directors who served during the period were:

Graham Donoghue
Michael Steven Graham

Board Composition

The board of Priestholm TopCo Ltd the Governing Company and Parent Company of Priestholm MidCo Ltd consists of two non-executive Directors appointed following the acquisition by Vitruvian Partners LLP and four Executive Directors.

Graham Donoghue | *Chief Executive Officer*

- Graham joined the Sykes Cottages Group in 2016 as Chief Executive Officer. Graham was appointed to the board of Priestholm TopCo Ltd on 28th October 2019 as part of the acquisition of Sykes Cottages Holdings Limited (Sykes Cottages Group) by Vitruvian LLP. Graham has no external appointments or directorships.

- Graham's previous roles consist of Chief Product Officer at Moneysupermarket Group plc and Managing Director and board roles at Moneysupermarket and TUI. This has provided Graham with over 20 years' experience in digital transformation, covering product innovation, technology, general management, digital marketing and operations.

Directors' Report (Continued)

Board Composition (Continued)

Michael Graham | *Chief Financial Officer*

- Michael joined the Sykes Cottages Group in 2015 as Chief Financial Officer. Michael was appointed to the board of Priestholm TopCo Ltd on 28th October 2019 as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. Michael has no external appointments or directorships.

- Michael is a seasoned chartered accountant and business leader, with a strong background in Private Equity investments and a record of consistently driving positive change and growth. Michael's previous roles include Managing Director at Budget Car Rental EMEA and Chief Financial Officer of Acromas Travel.

Bev Dumbleton | *Chief Operations Officer*

- Bev joined the Sykes Cottages Group in 2016 as Chief Operations Officer. Bev was appointed to the board of Priestholm BidCo Ltd on 28th October 2019 (a subsidiary company of Priestholm TopCo Ltd) as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. Bev is a key member of the Sykes Cottages Group Executive board which governs the day to day running of the business. Bev has no external appointments or directorships.

- Bev is an operations expert with over 30 years' experience in the travel industry. Bev is responsible for the delivery of all offline sales, customer and owner relationships and organic property stock growth and retention. Bev's previous roles include Head of Sales at Gold Medal and STA Travel.

James Shaw | *Chief Marketing Officer*

- James joined the Sykes Cottages Group in 2016 as Chief Marketing Officer. James was appointed to the board of Priestholm BidCo Ltd on 28th October 2019 (a subsidiary company of Priestholm TopCo Ltd) as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. James is a key member of the Sykes Cottages Group Executive board which governs the day to day running of the business. James has no external appointments or directorships.

- James is an experienced digital leader with a background in building digital marketing operations globally. James's previous roles included Head of Digital Marketing and Head of Retention at Betfred and Head of CRM at Sportech.

Ben Johnson | *Non-Executive Director* **–***Partner at Vitruvian Partners*

- Ben is a Partner and a member of the founding team of Vitruvian Partners LLP. Ben has served on the Board of Priestholm TopCo Ltd since 18th October 2019, following the acquisition of Sykes Cottages Group by Vitruvian Partners LLP. In addition to the Group, he currently serves on the boards of OAG, Travel Counsellors and Trustpilot plc.

- Ben leads the Consumer Technology and Data and Analytics teams at Vitruvian. Prior to joining Vitruvian Partners LLP in 2007, Ben was at Cinven and Goldman Sachs International. Prior investments include Skyscanner, Trustpilot, JacTravel and Tinopolis. Ben read Philosophy, Politics and Economics at Magdalen College, Oxford University. He is a member of the Future Fifty, TechNation Advisory Panel.

Directors' Report (Continued)

Board Composition (Continued)

Charles Hardwick | *Non-Executive Director* **–** *Principal at Vitruvian Partners*

- Charles is a Principal at Vitruvian Partners LLP. Charles has served on the Board of Priestholm TopCo Ltd since 28th April 2021. He also serves on the Board of MPB.

- Charles focuses on the Consumer Technology and Healthcare sectors at Vitruvian. Prior to Vitruvian, Charles was at UBS Investment Bank in the EMEA Technology, Media and Telecoms Investment Banking team. Prior investments include Global-e, Skyscanner and Trustpilot. He holds an MEng in Engineering Science from St Catherine's College, Oxford University and an MBA from the Wharton School of the University of Pennsylvania.

Ultimate Controlling Party

On 18th October 2019, Priestholm TopCo Ltd was incorporated and majority funded by Vitruvian Partners LLP through its investment fund Vitruvian Investment Partnership III. Vitruvian Partners LLP is an international investment firm that supports the most ambitious and talented entrepreneurs and companies to achieve their goals.

Vitruvian provide strategic guidance and value-added operational services to the Sykes Cottages Group, through a combination of monthly board meetings, strategic reviews and via Vitruvian Partners' international network of contacts, advisors and preferred partners.

Incorporated on 10th October 2019, Priestholm BidCo Ltd was used as the vehicle to acquire 100% share capital of Sykes Cottages Holdings Limited on 28th October 2019, as the company's Ultimate Parent Company is Priestholm TopCo Ltd. The acquisition of Sykes Cottages Holdings Limited (Sykes Cottages Group) by Priestholm BidCo Ltd resulted in the Ultimate Controlling Party changing to Vitruvian Partners LLP from the previous private equity firm LivingBridge LLP. The Sykes Cottages Group secured its first private equity investment from LivingBridge LLP in 2015. LivingBridge LLP continues to retain a minority shareholding in the Group.

Under the Vitruvian ownership and despite the ongoing challenges on the business due to the Covid-19 pandemic, Sykes Cottages Group has continued on its trajectory as a fast-growing technology-driven service business, hosting more than a million holidaymakers in 2021.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Future developments

An indication of likely future developments in the business and particulars of significant events, which have occurred since the end of the financial year, have been included in the strategic report.

Directors’ Report (Continued)

Financial Instruments

Objectives and policies
The group does not use derivative financial instruments for speculative purposes. The group enters into financial derivative contracts to mitigate financial risk and details are included above in the Strategic Report under the relevant risk heading.

Going concern

To conclude on going concern for the company, the directors have considered going concern at the group level.

The Group’s business activities, together with the factors likely to affect its future development and position, are set out in the strategic report, including the actions taken to mitigate the potential impact of Covid-19. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced at least once a quarter, to include latest known trends or environment changes, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed severe stress testing, which includes adjusting the key levers to the model as follows:

- A 20% reduction in property stock acquisition
- An average fall of 15% in booking volumes up to 31st March 2023
- A 3% reduction in average income per booking
- A 5% increase in marketing costs to acquire bookings

The Directors are confident that that they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to 31st March 2023.

The key factors supporting this are:
- The Group has gained significant knowledge of the effect on bookings during the various lockdown periods and strong demand levels that follow, once a lockdown period is eased.
- With cash at the end of September of 2021 of £120,788,000 the group had sufficient liquidity headroom at the start of 2022 for the year ahead. This has been reviewed during December 2021 and liquidity headroom remains sufficient for the period up to 31st March 2023.

As a result of the continued uncertainties caused by Covid-19, the Directors of the Company during their going concern assessment have confirmed the ability of its parent company to provide continued support and access to cash to ensure the day to day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2023.

Directors' Report (Continued)

Environmental Matters

Sykes Cottages Group is fully committed to the protection of the environment, prevention of pollution, encouraging environmental awareness, and compliance with any applicable environmental legislation and obligations.

The Sykes Cottages Group has an environment committee made up of employees across the company to review the company environmental commitment and actions we can take to reduce any environmental impact.

Our head office, One City Place, is fitted with a number of environmental saving devices which are:

- Motion activated lighting
- Air Conditioners on timed usage to suit the season
- Full recycling program including paper, plastic and cans
- Automatic taps to save water usage

Sykes Cottages Group encourages recycling across all our UK properties and offices.

Greenhouse gas emissions
Priestholm MidCo Ltd (Sykes Cottages Group) has been required to report greenhouse gas (''GHG'') emissions in the Directors' report in line with the Companies (Directors' Report) and Limited Partnership (Energy and Carbon Report) Regulations 2018.

Sykes Cottages Group's principal activity is providing a holiday letting agency service in the UK, Ireland and New Zealand with head office based in Chester, UK. The group also has a number of local offices across the UK, which assist providing managed services to Owners. As the Group's business is primarily online, with a few retail footprints, our carbon emissions are relatively small as demonstrated by the table below.

Our emissions have reduced during the year due to Covid-19 as the majority of our employees have been working from home and the business has moved to a hybrid working environment.

Our GHG reporting approach:
Our GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO2e) for the year ending 30th September 2021 and the comparative is reported for the period 10th October 2019 to 30th September 2020.

Our approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR, we have included the energy consumption and emissions from lease facilities we operate from but are outside our financial control.

We have calculated our Scope 1 and 2 greenhouse gas emissions in accordance with the mandatory reporting requirements set out in Companies Act 2006 (Strategic Report and Director's Reports) Regulation 2013.

We have used the latest Defra emissions factors and our gross emissions total in the table applies the 'local based' accounting methodology for grid emissions.

We have chosen the intensity measure in tCO2e per full time equivalent employee as our activity is predominately office based.

Directors' Report (Continued)

Environmental Matters (continued)

Our GHG reporting approach (continued):

Sykes Cottages Group Energy Consumption and associated greenhouse gas emissions

Consumption	**Unit**	**2021**	2020
Total energy consumption (electricity)	kWh	**669,530**	774,346
Total energy consumption (gas)	kWh	**276,656**	488,777
Total vehicle fuel consumption	kWh	**884,427**	746,336

Emissions	**Unit**	**2021**	*2020*
Electricity consumption	Tonnes CO2e	**148,531**	*180,531*
Gas consumption	Tonnes CO2e	**50,672**	*89,871*
Vehicle fuel consumption	Tonnes CO2e	**2,705**	*2,189*
Relative intensity by full time equivalent (FTE)*	Tonnes CO2e	**280**	*394*

*Full time equivalent calculation assumes Part time employees are 0.5 FTE.

Energy efficiency action taken in financial period 2020/21

The Sykes Group uses relatively low levels of energy as the business operates a number of local offices, alongside a network of property consultants and managed service provisions that necessitate vehicular travel.

We will continue to identify areas to improve energy efficiency in the financial year 2022 over areas which are under our direct and indirect control. One of the areas the Group is working towards is migrating to electric vehicles for the relatively small fleet. The strategic plan includes a commitment to plant 1,000,000 trees and become carbon neutral by 2024.

Employee Matters

Sykes Cottages Group has consistently invested in market leading talent. Attracting and retaining best-in-class talent is core to Sykes Cottages Group success. A better employee experience ultimately drives the customer and owner experience which in turn drives business performance. Sykes Cottages Group plans to invest £10,000,000 in its employees in 2023 to ensure they are happy and engaged and provide them with the tools to drive excellence and a culture of continuous improvement.

Sykes Cottages Group offers a competitive benefits package and continues to review this to ensure it remains in line with the market. Employee involvement in the performance of the business is encouraged and is rewarded through incentive schemes.

Sykes Cottages Group are very conscious about the health and wellbeing of its staff therefore it provides individual level counselling, reflexology, access to fitness sessions and a 24/7 available in-house Gym at the Head office in Chester.

Directors' Report (Continued)

Employee Matters (continued)

Sykes Cottages Group wishes to recruit colleagues who will help us to provide a friendly, high quality Customer experience that differentiates us from other businesses. As an Equal Opportunities employer, Sykes Cottages Group respects and encourages the diversity of our employees, and we will always recruit suitably qualified staff, irrespective of their sex, race, disability or age. The Company has an Equal Opportunities policy which covers all aspects of recruitment and employment of all employees including disabled employees. Within the business we have made reasonable adjustments and provided equipment to assist employees in their daily duties.

Sykes Cottages Group places great importance on, and are committed to ensuring the Health and Safety of all employees and other persons who may be affected by the work activities of the Company. The Company has a Health and Safety policy, covering our offices. All employees are required to complete Health and Safety training as part of induction into the company. Health and Safety issues are discussed at the company Communication and Change (C&C) meeting, which comprises of elected employees from across the offices. Any changes in company policies are also discussed with the C&C committee to get their feedback.

Gender Diversity Information

At Sykes Cottages we are fully committed to equal opportunities and equal treatment for all employees. It is part of our strategy to ensure we have an inclusive workplace culture where individuals can reach their full potential.

A commitment to diversity closely links to two of our key strategic pillars: People and Impact.

For our People, we understand the benefits a diverse workforce brings - both in diverse ranges of ideas and approaches and in creating a vibrant and welcoming culture. We are committed to inclusivity and have taken an "expert-led" approach to our Diversity, Equity and Inclusion (DEI) strategy, with an intentional focus on the quality and consistency of employee experience, rather than being driven by pure metrics. In 2021 we commissioned a report by an industry-leading consultancy, which assessed every aspect of our business via an audit, staff survey and in-depth feedback sessions. We will be using the outcome of this report to steer ambitious, evidence-led and sustainable DEI commitments for 2022.

For our Social/Environmental Impact pillar, we understand the role Sykes can play in visibly championing ways of working that support diversity and how this can impact our employees, wider industry and society. We are conscious and intentional in considering how our changes such as our family friendly policy review will be received by wider industry. Whilst championing equal leave, being breastfeeding friendly and supporting working parents is the right thing to do for our employees, and will help us with talent recruitment and retention, we are also hopeful to lead a "step change" in wider industry's approach as to what becomes the accepted standard and norm.

Directors' Report (Continued)

Gender Diversity Information (continued)

Policies and actions to promote diversity include:

- We have an equal opportunities policy in place and transparently share roles across the group. We welcome - and frequently recruit - internal applicants as part of their career progression within Sykes.
- When recruiting externally, we use a "language decoder" to screen our adverts for inadvertent gender bias in the language used.
- We take a "whole employee" approach to our benefits package, offering elements that support new parents such as enhanced maternity and paternity.

Sykes are confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the different roles in which men and women work within the organisation and the salaries that these roles attract. Many of our lower paid colleagues are women who have more flexible hours to support family commitments which is part of our commitment to providing an inclusive working culture. Sykes has an excellent flexible working policy in place to support colleagues and we have many colleagues, across the company who have applied and have an agreed flexible working pattern. This however does have an impact on our gender pay gap figures.

Whilst Sykes does have excellent entry level salaries for team colleagues above national minimum wage the company is looking to further enhance its proposition to employees. The company is committed to gaining Real Living Wage accreditation from October 2021, which will have a positive impact on our figures. The company has a policy that all our employees are paid in excess of the National Living Wage, with a minimum starting salary of £9.40 per hour (From October 2021). At Sykes we also offer our employees an extensive range of family friendly leave provisions and benefits including enhanced maternity leave.

In addition to becoming a Real Living Wage accredited employer Sykes has also recently partnered with a diversity and inclusion expert to increase it's understanding of its gender pay gap to increase insights and ideas around how the gap can be improved year on year. Sykes have commenced a regular benchmarking process of our roles to ensure that our teams are being paid in line with the market we operate in. The company has committed to ensuring this activity is undertaken twice a year for each area of the business.

The table below shows the breakdown of roles by gender:

	2021			*2020*		
	Parent Company Directors*	**Senior leadership team**	**Employees**	Parent Company Directors	Senior leadership team	Employees
Female	-	18	555	-	15	572
Male	4	25	321	4	13	322

* The Parent Company is Priestholm Topco Ltd and had 4 Statutory directors. The executive board includes 2 additional directors, noted in the board composition (Bev Dumbleton and James Shaw), who hold statutory Directorships for Group subsidiaries.

Directors' Report (Continued)

Gender Diversity Information (continued)

The Sykes Cottages Group carried out its Gender Pay Gap review for 2021 with the results shown below:

	2021		*2020*	
	Mean	**Median**	Mean	Median
Gender Pay Gap	27.9%	19.9%	27.3%	34.6%
Gender Bonus Gap	57%	10.5%	45.4%	21.6%

Social, Community and Human Rights Issues

The Sykes Cottages Group operates a Charity committee who organise events to raise money for the company Charity and also other smaller local charities across the country. In 2020 the employees of Sykes Cottages Group voted for the Teenage Cancer Trust to be their charity partnership for 2020. Due to the challenging times caused by Covid-19 the group decided to continue supporting the Teenage Cancer Trust until the end of 2021. Sykes Cottages Group employees have undertaken various fundraising activities to raise money for the charity.

Sykes Cottages Group provides two full days off work for staff to volunteer on charitable projects. One of the volunteering activities Sykes Cottages Group employees have taken part in this year is planting trees in Snowdonia National Park.

Sykes Cottages Group is committed to making a positive impact on the community and planet. Initial steps in this regard are underway and Sykes Cottages Group is now a founding member of Cheshire for Good and whose purpose is to help businesses in Cheshire create a cleaner, greener and fairer future for all.

Sykes Cottages Group aim for financial year 2022 is to become B-Corp accredited Company. Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.

Human rights and modern slavery

Sykes Cottages Group conducts its business fairly, ethically and with respect to fundamental human rights. We are fully committed to the prevention of all forms of slavery, forced labour or servitude, child labour and human trafficking, both in our business and in our supply chains. We will not tolerate it. The Company makes appropriate checks on all employees, recruitment agencies and suppliers to know who is working for, or on its behalf.

Sykes Cottages Group is committed to providing equal opportunities and to avoiding unlawful discrimination in employment. Our Equality and Diversity policy is intended to assist the Company to put this commitment into practice. We strive to ensure that everyone is treated with dignity and respect and hold a separate Dignity at Work policy, which deals with these issues.

We also operate a Whistleblowing Policy which encourages staff to report any wrongdoing which extends to human rights violations including Modern Slavery and human trafficking. All reports will be fully investigated, and appropriate remedial actions taken.

Directors' Report (Continued)

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post year end events

The indirect wholly owned subsidiary Sykes Cottages Limited acquired 100% of the share capital of Northumbria Coast and Country Cottages Limited on 10th November 2021, 100% of the share capital of Large Holiday Houses Limited on 3rd December 2021 and Lyme Bay Holidays Limited on 28th February 2022. The initial accounting is incomplete for these acquisitions, and in line with IFRS3.B66, no further details of these acquisitions are included within these financial statements.

There have been no other significant events affecting the Company since the year end.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2nd March 2022 and signed on its behalf.

DocuSigned by:

Michael Graham

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Michael Steven Graham
Director

Directors' Responsibilities' Statement

The Directors are responsible for preparing the Strategic report, Directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the Directors to prepare consolidated financial statements for each financial period. Under that law they have elected to prepare the consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditors' Report to the Members of Priestholm MidCo Ltd

Opinion

We have audited the financial statements of Priestholm MidCo Ltd ('the parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise Consolidated Statement of profit or loss and other comprehensive income, the Consolidated and the parent company statement of financial position, the Consolidated and the parent company statement of changes in equity, the Consolidated statement of cash flows and the related notes 1 to 38, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 and parent company's ability to continue as a going concern for the period from when the financial statements are authorised for issue to 31 March 2023.

Independent Auditors' Report to the Members of Priestholm MidCo Ltd (Continued)

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

Independent Auditors' Report to the Members of Priestholm MidCo Ltd (Continued)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditors' Report to the Members of Priestholm MidCo Ltd (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are regulations related to Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006, FRS 101 and regulations related to tax legislation.

- We understood how Priestholm MidCo Ltd is complying with those frameworks by making enquiries of management to understand how the Group maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance. We also reviewed correspondence with relevant authorities.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur through internal team conversations and enquiries of management and those charged with governance.

- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition, particularly the manual journals posted to revenue.

- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of Legal Counsel and Group management for their awareness of non-compliance with laws and regulations. We enquired about policies that have been established to prevent non-compliance with laws and regulations and about the Company's methods of enforcing and monitoring compliance with such policies. In addition, we completed procedures to conclude on the compliance of the disclosures in financial statements with the requirements of the relevant accounting standards and UK legislation.

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

Independent Auditors' Report to the Members of Priestholm MidCo Ltd (Continued)

Use of our report

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

Ernst & Young LLP

Jamie Dixon

Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

3rd March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year/Period Ended 30 September 2021

	Note	2021 £000	2020 £000 (Restated)
Revenue	7	**103,994**	*79,999*
Cost of sales	8	**(26,228)**	*(24,917)*
Gross profit		**77,766**	*55,082*
Other operating income	9	**686**	*1,905*
Administrative expenses		**(73,526)**	*(62,053)*
Exceptional items	16	**(4,342)**	*(66,768)*
Operating profit/(loss)	10	**584**	*(71,834)*
Finance income	14	**187**	*49*
Finance expense	14	**(15,688)**	*(15,700)*
Loss before tax		**(14,917)**	*(87,485)*
Tax (charge)/credit	15	**(6,991)**	*1,617*
Loss for the year/period		**(21,908)**	*(85,868)*
Other comprehensive income:			
Exchange differences arising on translation on foreign operations		**18**	*(351)*
Total comprehensive income for the year/period		**(21,890)**	*(86,219)*

Revenue and operating loss are derived wholly from continuing operations.

The financial statements include the notes on pages 41 to 94.

Consolidated Statement of Financial Position as at 30 September 2021

	Note	2021 £000	2020 £000 (Restated)
Assets			
Non-current Assets			
Tangible fixed assets	17	8,794	9,930
Intangible fixed assets	18	153,678	172,885
Goodwill	19	227,805	221,785
		390,277	404,600
Current assets			
Inventories	21	21	22
Trade and other receivables	22	8,457	14,161
Derivative financial assets	23	28	49
Cash and cash equivalents	34	120,788	58,363
		129,294	72,595
Total assets		519,571	477,195
Non-current liabilities			
Trade and other liabilities	24	-	(80)
Loans and borrowings	26	(216,632)	(200,675)
Deferred tax liabilities	15	(37,404)	(31,688)
		(254,036)	(232,443)
Current liabilities			
Trade and other liabilities	24	(78,125)	(34,397)
Contract liabilities	25	(674)	(809)
Loans and borrowings	26	(20,240)	(21,160)
		(99,039)	(56,366)
Total liabilities		(353,075)	(288,809)
Net assets		166,496	188,386
Issued capital and reserves attributable to owners of the parent			
Share capital	27	274,605	274,605
Foreign currency translation reserve	28	(333)	(351)
Retained earnings	28	(107,776)	(85,868)
Total Equity		166,496	188,386

The financial statements on pages 35 to 94 were approved and authorised for issue by the board of Directors on 2nd March 2022 and were signed on its behalf by:

DocuSigned by:

Michael Graham

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Michael Steven Graham
Director

Company Statement of Financial Position as at 30 September 2021

	Note	2021 £000	*2020 £000*
Assets			
Non-current Assets			
Investments	20	274,605	*274,605*
		274,605	*274,605*
Current assets			
Trade and other receivables	22	3,732	*824*
		3,732	*824*
Total assets		278,337	*275,429*
Current liabilities			
Trade and other liabilities	24	(3,732)	*(824)*
		(3,732)	*(824)*
Total liabilities		(3,732)	*(824)*
Net assets		274,605	*274,605*
Issued capital and reserves attributable to owners of the parent			
Share capital	27	274,605	*274,605*
Retained earnings	28	-	*-*
Total Equity		274,605	*274,605*

The financial statements on pages 35 to 94 were approved and authorised for issue by the board of Directors on 2nd March 2022 and were signed on its behalf by:

DocuSigned by:

Michael Graham

Michael Steven Graham
Director

Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2020

	Share Capital	Foreign currency translation reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000
At 10 October 2019	-	-	-	-
Loss for the year (Restated)	-	-	(85,868)	(85,868)
Foreign currency translation reserve	-	(351)	-	(351)
Total comprehensive loss for the year	**-**	**(351)**	**(85,868)**	**(86,219)**
Issue of share capital	274,605	-	-	274,605
Total contributions by and distributions to owners	**274,605**	**-**	**-**	**274,605**
At 30 September 2020 (Restated)	**274,605**	**(351)**	**(85,868)**	**188,386**

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2021

	Share Capital	Foreign currency translation reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000
At 1 October 2020 (Restated)	274,605	(351)	(85,868)	188,386
Loss for the year	-	-	(21,908)	(21,908)
Foreign currency translation reserve	-	18	-	18
Total comprehensive loss for the year	**-**	**18**	**(21,908)**	**(21,890)**
At 30 September 2021	**274,605**	**(333)**	**(107,776)**	**166,496**

The financial statements include the notes on pages 41 to 94.

Company Statement of Changes in Equity
For the Period Ended 30 September 2020

	Share capital £000	Retained Earnings £000	Total Equity £000
At 10 October 2019	-	-	-
Loss for the period	-	-	-
Total comprehensive loss for the period	**-**	-	**-**
Issue of share capital	274,605	-	274,605
Total contributions by and distributions to owners	**274,605**	**-**	**274,605**
At 30 September 2020	**274,605**	**-**	**274,605**

Company Statement of Changes in Equity
For the Year Ended 30 September 2021

	Share capital £000	Retained Earnings £000	Total Equity £000
At 1 October 2020	274,605	-	274,605
Loss for the year	-	-	-
Total comprehensive loss for the year	**-**	-	**-**
At 30 September 2021	**274,605**	**-**	**274,605**

The financial statements include the notes on pages 41 to 94.

Consolidated Statement of Cashflows
For the Year/Period Ended 30 September 2021

	2021 £000	2020 £000 (Restated)
Cash flows from operating activities		
Loss before tax	**(14,917)**	*(87,485)*
Adjustments for:		
Depreciation of tangible fixed assets	**2,138**	*1,933*
Amortisation of intangible fixed assets	**27,949**	*24,950*
Profit on disposal	**115**	*-*
Goodwill impairment	**2,705**	*50,213*
Finance income	**(187)**	*(49)*
Finance expense	**15,688**	*15,700*
Net foreign exchange gain	**5**	*(372)*
	33,496	*4,890*
Movements in working capital:		
Decrease in trade and other receivables	**5,792**	*3,594*
Decrease in inventories	**1**	*22*
Decrease in trade and other liabilities	**39,056**	*(23,368)*
Cash generated from/(used in) operations	**78,345**	*(14,862)*
Income taxes paid	**(2,017)**	*(614)*
Net cash used in operating activities	**76,328**	*(15,476)*
Cash flows from investing activities		
Acquisition of a subsidiaries, net of cash acquired	**(9,297)**	*(276,778)*
Purchases of tangible fixed assets	**(662)**	*(1,010)*
Proceeds from disposal of tangible fixed assets	**-**	*742*
Capitalised development expenditure	**(3,083)**	*(2,229)*
Purchases of intangible assets	**(2)**	*(45)*
Interest received	**187**	*40*
Net cash used in investing activities	**(12,857)**	*(279,280)*
Cash flows from financing activities		
Issue of ordinary shares	**-**	*274,605*
Proceeds from bank borrowings	**11,500**	*204,833*
Repayment of bank borrowings	**-**	*(119,194)*
Interest paid on bank borrowings	**(10,979)**	*(6,262)*
Payment of lease liabilities	**(1,567)**	*(1,015)*
Net cash (used in)/from financing activities	**(1,046)**	*352,967*
Net cash increase in cash and cash equivalents	**62,425**	*58,211*
Cash and cash equivalents at the beginning of year/period	**58,363**	*-*
Exchange gains on cash and cash equivalents	**-**	*152*
Cash and cash equivalents at the end of the year/period	**120,788**	*58,363*

The financial statements include the notes on pages 41 to 94.

Note to the Financial Statements

1. Corporate Information

Priestholm MidCo Ltd ("the Company or the Parent") is a Limited Liability Company incorporated and domiciled in United Kingdom. The registered office is located at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

Priestholm MidCo Ltd and its subsidiaries (collectively, the Group) is principally engaged in providing an agency service, marketing and letting holiday cottages, which are located in the UK, Ireland and New Zealand. Information on the Group's structure is in note 20. Information on other related party relationships of the Group is provided in note 32.

Parent Company Guarantee
Priestholm MidCo Ltd has issued a parent company guarantee pursuant to Section 479 (C) of the UK Companies Act 2006 for the financial year 2021 on behalf of the subsidiary companies registered in England (see list below). The parent company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided in Section 479 (A) of the UK Companies Act 2006.

Subsidiaries:
- Printcater Limited – 02779888
- Coast & Country Holidays Ltd – 06495419
- Maid In the Cotswolds Ltd – 07979374
- Fisherbeck Management Limited – 01672804
- Lake District Lodge Holidays Ltd – 08451719
- Manor Cottages Property Services Limited – 07675654
- Heart of the Lakes Limited – 11617441
- Traditional Lakeland Cottages Limited - 04120468
- Best of Suffolk Ltd – 06356234
- Abersoch Quality Homes Limited – 11569733

The group financial statements consolidate the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

2. Basis of preparation

The financial reporting framework that has been applied in the preparation of the group consolidated financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice''.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

Note to the Financial Statements

2. Basis of preparation (continued)

These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Going Concern

To conclude on going concern for the company, the directors have considered going concern at the group level.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report, including the actions taken to mitigate the potential impact of Covid-19. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced at least once a quarter, to include latest known trends or environment changes, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed severe stress testing, which includes adjusting the key levers to the model as follows:

- A 20% reduction in property stock acquisition
- An average fall of 15% in booking volumes up to 31st March 2023
- A 3% reduction in average income per booking
- A 5% increase in marketing costs to acquire bookings

The Directors are confident that that they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to 31st March 2023.

The key factors supporting this are:

- The Group has gained significant knowledge of the effect on bookings during the various lockdown periods and strong demand levels that follow, once a lockdown period is eased.
- With cash at the end of September of 2021 of £120,788,000 the group had sufficient liquidity headroom at the start of 2022 for the year ahead. This has been reviewed during December 2021 and liquidity headroom remains sufficient for the period up to 31st March 2023.

As a result of the continued uncertainties caused by Covid-19, the Directors of the Company during their going concern assessment have confirmed the ability of its parent company to provide continued support and access to cash to ensure the day to day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2023.

Note to the Financial Statements

2. Basis of preparation (continued)

Financial statement approval
The consolidated financial statements of Priestholm MidCo Ltd and its subsidiaries (collectively, the Group) for the year ended 30th September 2021 were authorised for issue in accordance with a resolution of the board of directors on 2nd March 2022.

3. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Standards issued not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements as they do not have a material effect on the Group's financial statements.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of material   amendments to IAS 1 and IAS 8

Note to the Financial Statements

5. Significant Accounting policies

5.1 General

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

5.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30th September 2021. 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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.

Profit or loss and each component of Other Comprehensive income (OCI) 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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.3 Business Combinations

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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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 will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured 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.

5.4 Goodwill

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.4 Goodwill (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.

5.5 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.6 Revenue

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

IFRS 15 Revenue from Contracts with Customers is a principle-based model of recognising revenue from customer contracts. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer. The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The following paragraphs describes the types of contracts, when performance obligations are satisfied, and the timing of revenue recognition.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.6 Revenue (continued)

The Group provides arranging and facilitating letting of holiday cottages for its property owners and receives a commission fee for the services provided. The Group remits the gross rental fee received from the guest to the property owner, net of the Group's commission. Commission is recognised when the performance obligation of arranging and facilitating the customer to enter into individual contracts with property owners is satisfied, usually on delivery of the booking confirmation.

Booking fees are earned from the guest as the Group acts as a booking agent by arranging the holiday let and providing owner details. Booking fee is recognised when the performance obligation of arranging and providing the property details to the customer has been satisfied, usually on delivery of the booking confirmation.

Commission on travel insurance products which is taken out by guests is recorded net as the Group acts as an agent. The commission earned is recognised on delivery of the booking confirmation.

Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

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

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

5.7 Exceptional items

The Group presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.9 Finance income and expenses

Finance expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income comprises of interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

5.10 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all the related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Furlough amounts received during the year represent government grants of a revenue nature and have been accounted for accordingly.

5.11 Foreign currencies

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.11 Foreign currencies (continued)

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

5.12 Employee benefits

Short term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution schemes
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

5.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.13 Taxation (continued)

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

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

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.

5.14 Leases

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

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 remeasurement 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:

- Fixtures and fittings — 25 - 33% per annum on cost
- Equipment — 25 - 33% per annum on cost
- Land and Buildings — 4 - 13% per annum on cost

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.14 Leases (continued)

Right of use assets (continued)
If ownership of the leased asset transfers to the Company 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 accounting policies in section(s) Impairment of non-financial assets.

Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

The Right of use assets are included in the Tangible Fixed Assets in the Statement of Financial Position.

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 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 Company 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 (unless they are incurred to produce inventories) 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 remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are included in 'Loans and borrowings' on the Statement of Financial Position'.

Short term leases and leases of low value assets
The Company applies the short-term lease recognition exemption to its short-term leases of property 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.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 7.10% for lease liabilities in the UK and 8.37% for those in New Zealand.

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

5.14 Leases (continued)

Short term leases and leases of low value assets (continued)
As a practical expedient, IFRS 16 permits a lessee not to separate non lease components, and instead account for any lease and associated non lease components as a single arrangement. The Company has used this practical expedient.

The Group as a lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

5.15 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

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

- Fixture and fittings 25% per annum on cost
- Equipment 25% per annum on cost
- Land & Buildings 22% per annum on cost

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

When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.15 Tangible fixed assets (continued)

An item of property and equipment and any significant part initially recognised 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 on derecognition 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 when the asset is derecognised.

5.16 Intangible fixed 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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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.

The estimated useful lives are as follows:

- Brands (acquired) — 10 years
- Owner contracts (acquired) — 5 - 9 years
- Customer database (acquired) — 5 years
- Capitalised software development costs — 3 - 4 years

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 derecognition 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.

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

5.16 Intangible fixed assets

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually.

5.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

Inventory consists of food, beverages and health and beauty products.

At each reporting date, inventory is assessed for impairment. If inventory us impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

5.18 Provisions

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.19 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 6
- Tangible fixed assets — Note 17
- Right of use assets — Note 17
- Intangible assets — Note 18
- Goodwill with indefinite lives — Note 19

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.

The Group bases its impairment calculation on most recent 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.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 September 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.

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

5.19 Impairment of non-financial assets (continued)

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 September at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5.20 Financial instruments

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.

i. **Financial assets**

Initial recognition and measurement
Financial assets are recognised on the trade date which is the date it commits to purchase the instruments. Loans are recognised when the funds are advanced. All other financial instruments are recognised on the date that they are originated. 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. The Group initially measures a financial asset at its fair value, with the exception of trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one year of receiving them. For financial assets which are not held at fair value through the income statement, transaction costs are also added to the initial fair value. Trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one year of receiving them 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For the purposes of subsequent measurement, financial assets are classified into the following 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 derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.20 Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement (continued)
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost (debt instruments)
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 and other receivables.

Financial assets at fair value through OCI (debt instruments)
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 derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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

Impairment
The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

5.20 Financial instruments (continued)

i. **Financial assets (continued)**

Impairment (continued)
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

ii. **Financial Liabilities**

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, as appropriate.

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

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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.

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

5.20 Financial instruments (continued)

ii. Financial Liabilities (continued)

Financial liabilities at amortised cost (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.

Derecognition
A financial liability is derecognised 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 derecognition 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.

iii. Offsetting 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.

5.21 Derivative financial instruments and hedging

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

6. Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgements and estimation. The directors have had to make the following judgements:

Valuation of intangibles arising on acquisition
Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is considered a critical estimate. The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the useful economic life of the asset, the use of the most appropriate valuation methodology and the selection of a suitable discount rate.

Capitalisation of internal development costs
Due to the inherent uncertainty involved in determining whether costs are capital or expenditure this is considered a critical judgement. The judgement used in the capitalisation of internal development costs are considered to have a significant risk of causing a material misstatement, specifically; the judgement on the related development as capital in nature i.e. enhancement or expenditure i.e. operational or maintenance.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

Impairment indicators
An assessment is performed to determine whether there are any indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Classification as operating lease or finance lease
New lease agreements entered into by the Group as either a lessor or a lessee require an assessment to determine whether they meet the definition of an operating or a finance lease. The decision depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Agent vs principal
Determining whether an entity is acting as a principal or as an agent requires judgement and has a significant effect on the timing and amount (gross or net basis) of revenue by the Group. As an agent, revenue is recognised at the point of booking on a net basis. As a principal, revenue is recognised on a gross basis over the duration of the holiday.

In line with IFRS 15, management have concluded that revenue in the Group will continue to be treated as an agent on the basis that the performance obligation is to arrange for the Property Owners to provide the goods or services. This assessment has given consideration that there is no inventory risk and limited discretion in establishing prices.

Provision for expected credit losses of trade receivables
Recognition of credit losses is made by considering a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Group applies the IFRS 9 simplified model of recognising expected credit losses for all trade receivables on the basis that no distinction is required between 12 month and lifetime expected credit losses with over 98% of trade receivables as at year end due to be paid within the following 12 months.

In measuring the expected credit losses, the trade receivables have been grouped based on whether the expected credit loss relates to a property owner or customer who has an outstanding balance on their booking. Expected credit losses have been calculated based on historic loss rates where applicable. Adjustments to take into account known circumstances at year end which may have a material effect on the historic rates used are also made if required.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in Note 22.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

Other key sources of estimation and uncertainty is:

Useful life of Tangible fixed assets
Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Leases – Incremental Borrowing Rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

7. Revenue

The following is an analysis of the Group's revenue for the period from continuing operations:

	2021	*2020*
	£000	*£000*
Rendering of services	**103,994**	*79,999*
	103,994	*79,999*

Analysis of revenue by country of destination:

	2021	*2020*
	£000	*£000*
United Kingdom	**92,205**	*71,566*
Rest of Europe	**1,333**	*1,304*
Rest of the world	**10,456**	*7,129*
	103,994	*79,999*

Timing of revenue recognition:

	2021	*2020*
	£000	*£000*
Goods and services transferred at a point in time	**102,586**	*78,813*
Goods and services transferred over time	**1,408**	*1,186*
	103,994	*79,999*

Note to the Financial Statements

7. Revenue (continued)

Income from all goods and services except for Annual membership is recognised at the point of booking confirmation or the point at which the service is provided. This is when the transfer of control of the goods or services transfers to the customer. Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

Revenue before exceptional booking refunds

	2021 £000	2020 £000
Rendering of services	**117,945**	*89,265*
Exceptional cancellations*	**(13,951)**	*(9,266)*
	103,994	*79,999*

*Exceptional cancellations relate to refunds of items directly impacted by Covid-19 that were previously recorded as revenue. These refunds are a goodwill gesture to customers equivalent to the booking fee and commission income earned treated as an exceptional reduction to revenue.

8. Cost of sales

	2021 £000	2020 £000
Cost of sales	**26,761**	*25,198*
Exceptional cancellations*	**(533)**	*(281)*
	26,228	*24,917*

*Exceptional cost of sales relates to commission no longer payable to Holiday managers for holidays cancelled because of the Covid-19 pandemic.

9. Other operating income

	2021 £000	2020 £000
Furlough retention scheme	**686**	*1,670*
Government grants receivable	**-**	*235*
	686	*1,905*

Note to the Financial Statements

10. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £000	2020 £000 (Restated)
Depreciation	**2,138**	*1,933*
Amortisation	**27,949**	*24,950*
Goodwill impairment	**2,705**	*50,213*
Exceptional administrative expenses	**1,637**	*16,555*
Foreign exchange	**5**	*(372)*
Defined contribution pension cost	**1,532**	*1,175*

11. Auditors Remuneration

	2021 £000	2020 £000
Audit of these consolidated financial statements	**40**	*40*
Audit of financial statements of subsidiaries of the company	**170**	*170*
	210	*210*

The auditor's remuneration is borne by the indirect wholly owned subsidiary Sykes Cottages Ltd.

12. Employee benefit expenses

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Employee benefit expenses (including Directors) comprise:				
Wages and salaries	**27,188**	*22,061*	**-**	*20*
National insurance	**3,400**	*2,609*	**-**	*-*
Defined contribution pension cost	**1,532**	*1,175*	**-**	*1*
	32,120	*25,845*	**-**	*21*

The monthly average number of persons, including the Directors, employed by the Group during the period was as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Administration and support	**692**	*669*	**-**	*-*
Sales	**183**	*197*	**-**	*-*
	875	*866*	**-**	*-*

Note to the Financial Statements

12. Employee benefit expenses (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including the Directors of the Company listed on page 19.

	Group		**Company**	
	2021	*2020*	**2021**	*2020*
	£000	*£000*	**£000**	*£000*
Wages and salaries	**1,574**	*1,462*	**-**	*20*
Defined contribution pension cost	**26**	*56*	**-**	*1*
	1,600	*1,518*	**-**	*21*

13. Directors' Remuneration

	Group		**Company**	
	2021	*2020*	**2021**	*2020*
	£000	*£000*	**£000**	*£000*
Directors' emoluments	**1,422**	*671*	**-**	*20*
Defined benefit scheme costs	**21**	*39*	**-**	*1*
	1,443	*710*	**-**	*21*

The directors' remuneration is borne by the indirect wholly owned subsidiary Priestholm BidCo Ltd.

Highest paid director

	Group	
	2021	*2020*
	£000	*£000*
Directors' emoluments	**551**	*222*
Defined benefit scheme costs	**7**	*9*
	558	*231*

Note to the Financial Statements

14. Finance income and expense

	2021 £000	2020 £000
Finance income		
Interest on:		
Bank deposits	10	41
Total interest income	10	41
Interest receivable from group companies	177	8
Total finance income	187	49
Finance expense		
Bank interest payable	(10)	(13)
Interest on lease liabilities	(612)	(502)
Bank loan interest payable	(15,066)	(15,185)
Total finance expense	(15,688)	(15,700)
Net finance expense recognised in loss	(15,501)	(15,651)

15. Tax (charge)/credit

15.1 Income tax recognised in profit or loss

	2021 £000	2020 £000
Current tax		
Current tax on profits for the period	2,579	114
Adjustments in respect of prior periods	(241)	(291)
Foreign exchange adjustment	-	(6)
	2,338	(183)
Deferred tax expense		
Origination and reversal of timing differences	(6,068)	(5,151)
Adjustments in respect of prior periods	237	(28)
Effect of tax rate change on opening balance	10,484	3,828
Foreign exchange adjustment	-	(83)
Total deferred tax	4,653	(1,434)
Total tax charge/(credit)		
Tax charge/(credit)	6,991	(1,617)
	6,991	(1,617)

Note to the Financial Statements

15. Tax (charge)/credit (continued)

15.1 Income tax recognised in profit or loss (continued)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

	2021 £000	*2020 £000 (Restated)*
Loss for the year/period	**(21,908)**	*(85,868)*
Tax charge/(credit)	**6,991**	*(1,617)*
Loss before tax	**(14,917)**	*(87,485)*
Tax using the Company's domestic tax rate of 19% *(2020: 19%)*	**(2,834)**	*(16,622)*
Expenses not deductible for tax purposes, other than goodwill, amortisation, and impairment	**419**	*1,737*
Deferred tax not recognised	**80**	*9,740*
Adjustments to tax charge in respect of prior periods	**(241)**	*(6)*
Adjustments to tax charge in respect of previous periods - deferred tax	**10,392**	*(28)*
Other tax adjustments, reliefs, transfers	**354**	*(77)*
Difference in current and deferred tax rates	**(2,031)**	*3,828*
Income not taxable for tax purposes	**-**	*(399)*
Fixed asset differences	**844**	*512*
Difference in deferred tax rate UK v NZ	**24**	*1*
Deferred tax on hive up of customer related intangibles	**-**	*(107)*
Deferred tax relating to OCI	**-**	*(198)*
Group relief claimed for nil consideration	**(16)**	*2*
Total tax charge/(credit)	**6,991**	*(1,617)*

Changes in tax rates and factors affecting the future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1st April 2020) was substantively enacted on 6th September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1st April 2020, and this change was substantively enacted on 17th March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1st April 2023) was substantively enacted on 24th May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 30th September 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary and timing differences (2020: 19%).

15.2 Current tax assets and liabilities

	2021 £000	*2020 £000*
Current tax assets		
Corporation tax	**-**	*184*
	-	*184*
Current tax liabilities		
Corporation tax	**(828)**	*-*
	(828)	*-*

Note to the Financial Statements

15. Tax (charge)/credit (continued)

15.3 Deferred tax balances

The following is the analysis of deferred tax liabilities presented in the consolidated statement of financial position:

	2021 £000	*2020 £000 (Restated)*
Deferred tax liabilities	**(37,404)**	*(31,688)*
	(37,404)	*(31,688)*

	Opening balance £000	Recognised in profit or loss £000	Acquisitions/ disposals £000	Other £000	Closing balance £000
2021					
Provisions	31,688	4,658	1,058	-	37,404
	31,688	4,658	1,058	-	37,404
2020					
Provisions (Restated)	-	(1,434)	33,264	(142)	31,688
	-	(1,434)	33,264	(142)	31,688

16. Exceptional items

	2021 £000	*2020 £000*
Share acquisition fees*	**682**	*13,159*
Goodwill impairment	**2,705**	*50,213*
Capital restructure	**146**	*-*
Covid-19 related costs**	**88**	*2,495*
One off consultancy	**444**	*251*
Onerous contracts	**97**	*320*
Restructuring costs	**180**	*330*
	4,342	*66,768*

*Acquisition fees in the prior year consist of stamp duty, legal and one-off consultancy fees, relating to the acquisitions of Sykes Cottages Holdings Limited, Printcater Limited and Potter TopCo Limited.

Acquisition fees in the current year consist of stamp duty, legal and one-off consultancy fees, relating to the acquisitions of Best of Suffolk Ltd and Abersoch Quality Homes Limited which is detailed in note 33.

Note to the Financial Statements

16. Exceptional items (continued)

**Covid-19 related costs consist of funds uncollected on bookings cancelled due to the pandemic, refunds of rental on behalf of owners and legal fees.

In addition to the exceptional items noted above as a consequence of Covid-19 the Group also made discretionary refunds of bookings fees and commission income totalling £13,951,000 (2020: £9,266,000) and has commission no longer payable to Holiday managers for holidays cancelled totalling £533,000 (2020: £281,000), these are disclosed in note 7 and note 8 respectively.

17. Tangible fixed assets

Group

	Long-term leasehold property £000	Equipment £000	Fixtures and fittings £000	Right of use assets £000	Total £000
Cost					
At 1 October 2020	2,335	244	1,749	7,531	11,859
Additions	2	-	660	353	1,015
Acquired through business combinations	-	-	6	-	6
Disposals	(7)	(55)	(138)	(49)	(249)
Exchange adjustments	-	-	-	6	6
At 30 September 2021	**2,330**	**189**	**2,277**	**7,841**	**12,637**
Accumulated depreciation and impairment					
At 1 October 2020	289	95	633	912	1,929
Charge for the year – owned assets	339	68	623	-	1,030
Charge for the year – finance assets	-	-	-	1,108	1,108
Disposals	(3)	(43)	(130)	(49)	(225)
Exchange adjustments	-	-	-	1	1
At 30 September 2021	**625**	**120**	**1,126**	**1,972**	**3,843**
Net book value					
At 30 September 2021	**1,705**	**69**	**1,151**	**5,869**	**8,794**
At 30 September 2020	2,046	149	1,116	6,619	9,930

Note to the Financial Statements

17. Tangible fixed assets (continued)

17.1 Assets held under leases

Information about right of use assets is summarised below:

Net book value

	2021 £000	2020 £000
Long term leasehold property	**5,709**	*6,439*
Equipment	**118**	*128*
Fixtures and fittings	**42**	*52*
	5,869	*6,619*

Depreciation charge for the period ended

	2021 £000	2020 £000
Long term leasehold property	**998**	*810*
Equipment	**74**	*76*
Fixtures and fittings	**36**	*23*
	1,108	*909*

Additions to right-of-use assets

	2021 £000	2020 £000
Additions to right-of-use assets	**353**	*77*

The details for the lease liabilities relating to the right-of-uses assets are disclosed in note 30.

17.2 Impairment losses recognised in the period

The Group has not recognised any impairment losses in the period.

Note to the Financial Statements

18. Intangible fixed assets

Group

	Customer Database £000	Owner Contracts £000	Brands £000	Computer software £000	Total £000
Cost					
At 1 October 2020	22,938	124,665	40,420	9,742	197,765
Additions - internal	-	-	-	3,083	3,083
Additions - external	-	-	-	2	2
Acquired through business combinations	344	4,807	587	-	5,738
Disposals	-	-	-	(233)	(233)
Exchange adjustments	-	-	-	-	-
At 30 September 2021	**23,282**	**129,472**	**41,007**	**12,594**	**206,355**
Accumulated amortisation and impairment					
At 1 October 2020	4,172	14,254	3,676	2,778	24,880
Charge for the year – owned assets	4,605	15,929	4,057	3,358	27,949
Disposals	-	-	-	(151)	(151)
Exchange adjustments	-	-	-	(1)	(1)
At 30 September 2021	**8,777**	**30,183**	**7,733**	**5,984**	**52,677**
Net book value					
At 30 September 2021	**14,505**	**99,289**	**33,274**	**6,610**	**153,678**
At 30 September 2020	18,766	110,411	36,744	6,964	172,885

Amortisation and impairment charge

The amortisation charge is recognised in Administrative expenses in the income statement.

Note to the Financial Statements

19. Goodwill

Group

	2021 £000	2020 £000 (Restated)
Cost	**280,723**	*271,998*
Accumulated impairment	**(52,918)**	*(50,213)*
	227,805	*221,785*

	Goodwill £000
Cost	
At 1 October 2020 (Restated)	**271,998**
Acquired through business combinations	**8,725**
At 30 September 2021	**280,723**
Impairment	
At 1 October 2020 (Restated)	**50,213**
Impairment	**2,705**
At 30 September 2021	**52,918**
Net book value	
At 30 September 2021	**227,805**
At 30 September 2020	221,785

The impairment recognised in the period relates to Sykes Cottages cash generating unit.

19.1 Impairment losses recognised in the period

Goodwill is allocated to the Group's cash generating unit as follows:

	2021 £000	2020 £000
Sykes Cottages	**211,986**	*181,405*
New Zealand	**9,799**	*9,799*
Pure Cottages Group	**-**	*29,067*
Carbis Bay Holidays	**-**	*1,514*
Best of Suffolk	**5,330**	-
Abersoch Quality Homes	**690**	-
	227,805	*221,785*

In the current year the companies which formed the cash generating units Pure Cottages Group and Carbis Bay Holidays have been hived up into the Sykes Cottages Ltd, therefore the Goodwill relating to these cash generating units have been transferred into Sykes Cottages cash generating unit. The goodwill impairment for these cash generating units has been assessed through the Sykes Cottages goodwill impairment assessment.

Note to the Financial Statements

19. Goodwill (continued)

19.1 Impairment losses recognised in the period

The Group performed its annual impairment test as at 30th September 2021.

19.2 Allocation of goodwill to cash generating units

Sykes Cottages

The recoverable amount of Sykes Cottages CGU as at 30th September 2021 has been determined from a value in use calculation that uses cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, covering a three-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjustments for anticipated revenue growth (from both businesses acquired in the year and like for like growth) and taking into consideration external economic factors.

Cash flows for the three-year period have applied an average growth rate of 10% stepping down to 9% and 5% in years 4 and 5 respectively. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% into perpetuity. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates.

The pre-tax discount rate of 11.00% is based on the Sykes Cottages weighted average cost of capital adjusted for specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

The Board acknowledges that there are additional factors that could impact the risk profile of the CGU, which has been considered by way of sensitivity analysis performed as part of the annual impairment test. Significant headroom exists in the CGU. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections, however there are no reasonably possible changes to these assumptions that would result in an impairment. As a result of this analysis, management has not recognised an impairment.

New Zealand

The recoverable amount of New Zealand CGU as at 30th September 2021 has been determined from a value in use calculation that uses cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, covering a three-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both businesses acquired in the year, like for like growth, and taking into consideration external economic factors.

Cash flows for the three-year period have applied an average growth rate of 24% stepping down to 12% and 11% in years 4 and 5 respectively. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% into perpetuity. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates.

The pre-tax discount rate of 10.50% is based on the New Zealand weighted average cost of capital adjusted for specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

Note to the Financial Statements

19. Goodwill (continued)

19.2 Allocation of goodwill to cash generating units (continued)

New Zealand (continued)

The Board acknowledges that there are additional factors that could impact the risk profile of the CGU, which has been considered by way of sensitivity analysis performed as part of the annual impairment test. Significant headroom exists in the CGU. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections, however there are no reasonably possible changes to these assumptions that would result in an impairment. As a result of this analysis, management has not recognised an impairment.

Best of Suffolk

The recoverable amount of Best of Suffolk CGU as at 30th September 2021 has been determined from a value in use calculation that uses cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, covering a three-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both businesses acquired in the year, like for like growth, and taking into consideration external economic factors.

Cash flows for the three-year period have applied an average growth rate of 19% stepping down to 9% and 5% in years 4 and 5 respectively. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% into perpetuity. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates.

The pre-tax discount rate of 11.00% is based on the Best of Suffolk weighted average cost of capital adjusted for specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

As a result of the analysis, management has recognised an impairment charge of £2,705,000 in the current year against goodwill with an initial carrying amount of £8,035,000. The impairment charge is recorded within exceptional items on the profit or loss account.

The Board acknowledges that there are additional factors that could impact the risk profile of the CGU such as the are growth rate assumptions or a different pre-tax discount rate. However, management believe there are no reasonable possible changes to these assumptions which would result in an impairment.

Abersoch Quality Homes

The recoverable amount of Abersoch Quality Homes CGU as at 30th September 2021 has been determined from a value in use calculation that uses cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, covering a three-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both businesses acquired in the year, like for like growth, and taking into consideration external economic factors.

Cash flows for the three-year period have applied an average growth rate of 26% stepping down to 2% in years 4 and 5 respectively. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% into perpetuity. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates.

Note to the Financial Statements

19. Goodwill (continued)

19.2 Allocation of goodwill to cash generating units (continued)

Abersoch Quality Homes (continued)

The pre-tax discount rate of 11.00% is based on the Abersoch Quality Homes weighted average cost of capital adjusted for specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

The Board acknowledges that there are additional factors that could impact the risk profile of the CGU, which has been considered by way of sensitivity analysis performed as part of the annual impairment test. Significant headroom exists in the CGU. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections, however there are no reasonably possible changes to these assumptions that would result in an impairment. As a result of this analysis, management has not recognised an impairment.

20. Subsidiaries

The Group and Company have the following investments in subsidiaries:

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership	
				2021	*2020*
Directly held					
Priestholm MidCo II Ltd*	UK	12255081	Ordinary	100%	*100%*
Indirectly held					
Priestholm BidCo Ltd	UK	12255564	Ordinary	100%	*100%*
Sykes Cottages Employee Benefit Trust	Guernsey			100%	*100%*
Sykes Cottages Holdings Limited*	UK	9346246	Ordinary	100%	*100%*
Go-Sykes Limited*	UK	9329266	Ordinary	100%	*100%*
Sykes Cottages Ltd**	UK	4469189	Ordinary	100%	*100%*
Self Catering Travel Ltd*	UK	7730563	Ordinary	100%	*100%*
Sykes Cottages EBT Limited*	UK	10253138	Ordinary	100%	*100%*
Potter TopCo Limited*	UK	11076957	Ordinary	100%	*100%*
Heart of the Lakes Limited*	UK	11617441	Ordinary	100%	*100%*
Traditional Lakeland Cottages Limited*	UK	4120468	Ordinary	100%	*100%*
Character Cottages Holidays Limited*	UK	5519222	Ordinary	100%	*100%*
Rock Estates (Cornwall) Limited*	UK	986821	Ordinary	100%	*100%*
Maid In the Cotswolds Limited*	UK	7979374	Ordinary	100%	*100%*
Fisherbeck Management Limited*	UK	1672804	Ordinary	100%	*100%*
Lake District Lodge Holidays Limited*	UK	8451719	Ordinary	100%	*100%*
Printcater Limited*	UK	2779888	Ordinary	100%	*100%*
Coast & Country Holidays Limited*	UK	6495419	Ordinary	100%	*100%*
Cornish Cottage Holidays Limited*	UK	4717186	Ordinary	100%	*100%*

Note to the Financial Statements

20. Subsidiaries (continued)

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership 2021	Ownership *2020*
Indirectly held					
Complete Cottage Holidays Limited*	UK	6980918	Ordinary	100%	*100%*
Devonshire Cottage Holidays Limited*	UK	6980919	Ordinary	100%	*100%*
Dorset Cottage Holidays Limited*	UK	7494512	Ordinary	100%	*100%*
Holiday Cottage Housekeeping Limited*	UK	8859641	Ordinary	100%	*100%*
Holiday Cottage Experts Limited*	UK	8870393	Ordinary	100%	*100%*
Helpful Holidays (Holdings) Limited*	UK	8632456	Ordinary	100%	*100%*
Helpful Holidays Limited*	UK	3800436	Ordinary	100%	*100%*
West Country Cottages Limited*	UK	3741255	Ordinary	100%	*100%*
Cottage Holidays (Carlisle) Limited*	UK	7463275	Ordinary	100%	*100%*
Cornwall Holiday Cottages Limited *	UK	4924028	Ordinary	100%	*100%*
Coast & Country Cottages (Holdings) Limited*	UK	8739127	Ordinary	100%	*100%*
Coast & Country Cottages (South West) Limited*	UK	4073439	Ordinary	100%	*100%*
Manor Cottages UK Company Limited*	UK	5750184	Ordinary	100%	*100%*
Manor Cottages Laundry Services Limited*	UK	10315174	Ordinary	100%	*100%*
Manor Cottages Property Services Limited*	UK	7675654	Ordinary	100%	*100%*
Manor Cottages Property Services (South) Limited*	UK	9084982	Ordinary	100%	*100%*
Hideaway Holiday Cottages Limited*	UK	10439904	Ordinary	100%	*100%*
La Manga Direct Limited*	UK	3727523	Ordinary	100%	*100%*
DCL NewCo Limited*	UK	11421216	Ordinary	100%	*100%*
Dream Cottages Limited*	UK	3665465	Ordinary	100%	*100%*
Menai Holiday Cottages Limited*	UK	4947297	Ordinary	100%	*100%*
Best of Suffolk Ltd*	UK	6356234	Ordinary	100%	-
Abersoch Quality Homes Limited*	UK	11569733	Ordinary	100%	-
NZ Bachcare HoldCo Limited***	NZ	7313436	Ordinary	100%	*100%*
Bachcare Limited***	NZ	1466155	Ordinary	100%	*100%*

Note to the Financial Statements

20. Subsidiaries (continued)

Registered office
* 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT
** Sykes Cottages Ltd One City Place, Queens Road, Chester, Cheshire, United Kingdom, CH1 3BQ
*** Pricewaterhousecoopers, Level 26 Pwc Tower, 15 Customs Street West, Auckland, 1010, New Zealand

Company

	2021 **£000**	*2020* *£000*
Investments in subsidiary companies	274,605	*274,605*
	274.605	*274,605*

21. Inventories

Group

	2021 **£000**	*2020* *£000*
Finished goods and goods for resale	**21**	*22*
	21	*22*

22. Trade and other receivables

Group

	2021 **£000**	*2020* *£000*
Trade receivables - gross	**4,973**	12,208
Allowance for expected credit losses	**(2,792)**	(2,573)
Trade receivables - net	**2,181**	9,635
Amounts owed by group undertakings	**3,802**	824
Total financial assets other than cash and cash equivalents classified as loans and receivables	**5,983**	*10,459*
Prepayments and accrued income	**1,576**	3,159
Corporation tax	**-**	184
Other receivables	**898**	*359*
Total trade and other receivables	**8,457**	*14,161*
Total current portion	**(8,457)**	*(14,161)*
Total non-current portion	**-**	-

Note to the Financial Statements

22. Trade and other receivables (continued)

Group (continued)

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The Amounts owed by group undertakings is repayable on demand.

Company

	2021 £000	2020 £000
Loan to parent company	3,732	824
Total financial assets other than cash and cash equivalents classified as loans and receivables	3,732	824
Total current portion	(3,732)	(824)
Total non-current portion	-	-

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The Loan to parent company is repayable on demand.

23. Derivative financial assets

	2021 £000	2020 £000
Derivative financial assets		
Derivatives not designated as hedging instruments		
Interest rate hedge	28	49
Total derivatives not designated as hedging instruments	28	49
Total derivative financial assets	28	49
Total current portion	(28)	(49)
Total non-current portion	-	-

Note to the Financial Statements

24. Trade and other liabilities

	2021 £000	2020 £000
Trade payables	48,864	5,796
Amounts owed to group undertakings	-	91
Other payables	14,368	16,090
Accruals	9,123	6,691
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	72,355	28,668
Other payables - tax and social security payments	4,942	5,799
Corporation tax	828	-
Deferred income	-	10
Total trade and other liabilities	78,125	34,477
Less: current portion - trade payables	(48,864)	(5,796)
Less: current portion - amounts owed to group undertakings	-	(91)
Less: current portion- other payables	(19,310)	(21,809)
Less: current portion - accruals	(9,123)	(6,691)
Less: current portion – corporation tax	(828)	-
Less: current portion - deferred income	-	(10)
Total current portion	(78,125)	(34,397)
Total non-current portion	-	80

The carrying value of trade and other liabilities classified as financial liabilities measured at amortised cost approximates fair value.

The Amounts owed to group undertakings are repayable on demand.

Company

	2021 £000	2020 £000
Amounts owed by group undertakings	3,732	824
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	3,732	824
Total current portion	(3,732)	(824)
Total non-current portion	-	-

The carrying value of trade and other liabilities classified as financial liabilities measured at amortised cost approximates fair value.

The Amounts owed by group undertakings are repayable on demand.

Note to the Financial Statements

25. Contract liabilities

	2021 £000	2020 £000
Balance at 1 October	**809**	*-*
Deferred during the year	**1,095**	*1,335*
Recognised as revenue during the year	**(1,230)**	*(1,277)*
Foreign exchange	**-**	*2*
Changes due to business combinations	**-**	*750*
Other changes	**-**	*(1)*
Balance at 30 September	**674**	*809*

Contract liabilities relate to annual membership for Property owners. The annual membership fee is invoiced fully on anniversary of go live and the revenue is recognised evenly over the year. The contract liability relates to the deferral of the annual membership revenue.

26. Loans and borrowings

Group

	2021 £000	2020 £000
Non-current		
Bank loans	**213,304**	*196,922*
Capitalised arrangement fee	**(3,080)**	*(3,398)*
Lease liabilities	**6,408**	*7,151*
	216,632	*200,675*
Current		
Bank loans	**19,271**	*20,395*
Lease liabilities	**969**	*765*
	20,240	*21,160*
Total loans and borrowings	**236,872**	*221,835*

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The currency profile of the Group's loans and borrowings is as follows:

	2021 £000	2020 £000
GBP	**235,671**	*220,775*
NZD	**1,201**	*1,060*
	236,872	*221,835*

Note to the Financial Statements

26. Loans and borrowings (continued)

Terms and debt repayment schedule

	Nominal Interest rate	Year of maturity	2021 Fair Value	2021 Carrying value	*2020 Fair Value*	*2020 Carrying value*
Bridgepoint	Libor+7%	2026	**190,704**	**196,084**	*174,322*	*180,606*
Natwest	Libor+3%	2026	**22,600**	**22,850**	*22,600*	*22,945*
Natwest RCF	Libor+3%	2026	**13,580**	**13,641**	*13,580*	*13,766*
			226,884	**232,575**	*210,502*	*217,317*

The carrying amount of debt includes interest accrued at the year end.

Bridgepoint
On the 28th October 2019, £131,305,000 of the Bridgepoint loan was drawn down as part of refinancing of the Sykes Cottages Group due to the acquisition made by Vitruvian LLP. On the 12th November 2019, a further £9,789,000 was drawn down and was due to the refinancing of the NZD loans of the acquisition of Sykes Cottages Holdings Limited. On 4th December 2019, £3,000,000 was drawn down and used to fund the acquisition of Printcater Limited. On 18th December 2019, £28,000,000 was drawn down and used to fund the acquisition of Potter TopCo Limited. Also included in the fair value of loans and borrowings as at 30th September 2020 is £688,000 relating to arrangement fees and £1,540,000 relating to accrued interest.

On 21st April 2021, £275,000 was drawn down and used to fund the arrangement fees in relation to the facility agreement amendment. On 14th July 2021, £11,500,000 was drawn down and used to fund the acquisition of Best of Suffolk Ltd. Also included in the fair value of loans and borrowings as at 30th September 2021 is £4,607,000 relating to accrued interest.

Natwest
On the 28th October 2019, the Natwest loan of £22,600,000 of was drawn down as part of refinancing of the Sykes Cottages Group due to the acquisition made by Vitruvian LLP.

Changes in liabilities arising from financing activities

2021	1st October 2020 £000	Proceeds from loans and borrowings £000	Capitalised arrangement fee £000	New leases £000	Other £000	30th September 2021 £000
Current						
Bank loans	20,395	-	-	-	(1,124)	19,271
Lease liabilities	765	-	-	260	(56)	969
Non-current						
Bank loans	193,524	11,775	(275)	-	5,200	210,224
Lease liabilities	7,151	-	-	1,104	(1,847)	6,408
	221,835	11,775	(275)	1,364	2,173	236,872

Note to the Financial Statements

26. Loans and borrowings (continued)

Changes in liabilities arising from financing activities (continued)

	2020					
	10th October 2019 £000	**Proceeds from loans and borrowings £000**	**Capitalised arrangement fee £000**	**New leases £000**	**Other £000**	**30th September 2020 £000**
Current						
Bank loans	-	13,580	-	-	6,815	20,395
Lease liabilities	-	-	-	-	765	765
Non-current						
Bank loans	-	195,381	(3,905)	-	2,048	193,524
Lease liabilities	-	-	-	7,592	(441)	7,151
	-	208,961	(3,905)	7,592	9,187	221,835

27. Share Capital

Authorised, Issued and fully paid

	2021		*2020*	
	Number	**£000**	*Number*	*£000*
Shares treated as equity				
Ordinary shares A shares of £1.00 each	**274,605,442**	**274,605**	*274,605,442*	*274,605*
	274,605,442	**274,605**	*274,605,442*	*274,605*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

28. Reserves

Foreign exchange reserve

The foreign currency translation reserve relates to the New Zealand subsidiaries. The foreign exchange adjustment arises from the translation of the profit and loss account and balance sheet into the presentational currency of the group.

Retained earnings

Retained earnings includes all current and prior year retained profits and losses.

29. Employee benefits

Defined contribution plans

The group operates a number of defined contribution plans.

The total expense relating to these plans in the current period was £1,532,000 (2020: £1,175,000).

Note to the Financial Statements

30. Leases

Group

i. Leases as a lessee

The Group has leases for offices, fixture and fittings and IT equipment. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right of use asset shown within tangible assets and a lease liability as shown below.

Lease liabilities are due as follows:

	2021	*2020*
	£000	*£000*
Contractual undiscounted cash flows due		
Not later than one year	**969**	765
Between one year and five years	**3,896**	4,201
Later than five years	**2,512**	2,950
	7,377	*7,916*
Lease liabilities included in the Consolidated statement of financial position at 30 September	**7,377**	*7,916*
Non-current	**6,408**	*7,151*
Current	**969**	*765*

The following amounts in respect of leases have been recognised in profit or loss:

	2021	*2020*
	£000	*£000*
Interest expense on lease liabilities	**612**	*496*

The details for the right of use assets relating to the lease liabilities above are disclosed in note 17.

Note to the Financial Statements

30. Leases (continued)

ii. Operating leases - lessor

One of the companies within the Group leases an office and partly sublets this to another company. Any risk of costs incurred to the business due to dilapidation are mitigated by the fact that the tenant is required to maintain the property and no alterations are permitted without prior consent.

The following table summarises the undiscounted lease payments receivable after the reporting date.

	2021	*2020*
	£000	*£000*
Not later than one year	**24**	24
Between one and two years	**24**	*24*
Between two and three years	**24**	*24*
Between three and four years	**24**	*24*
Between four and five years	**24**	*24*
Later than five years	**97**	*115*
	217	*235*

Lease income from operating lease contracts in which the Group acts as a lessor is as below:

	2021	*2020*
	£000	*£000*
Lease income	**20**	*25*

Note to the Financial Statements

31. Financial instruments - fair values and risk management

31.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		2021						
		Carrying amount			**Fair Value**			
	Note	**Mandatorily at FVTPL - others £000**	**Amortised cost £000**	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets measured at fair value								
Interest rate hedge	23	28	-	28	-	28	-	28
		28	-	28				
Financial assets not measured at fair value								
Trade and other receivables	22	-	8,457	8,457	-	-	8,457	8,457
Cash and cash equivalents	34	120,788	-	120,788	-	-	120,788	120,788
		120,788	8,457	129,245				
Financial liabilities not measured at fair value								
Bank loans	26	-	(232,575)	(232,575)	-	-	(226,884)	(226,884)
Financial lease liabilities	30	-	(7,377)	(7,377)	-	-	(7,377)	(7,377)
Contract liabilities	25	-	(674)	(674)			(674)	(674)
Trade payables	24	-	(78,125)	(78,125)	-	-	(78,125)	(78,125)
		-	(318,751)	(318,751)				

Note to the Financial Statements

31. Financial instruments - fair values and risk management

31.1 Accounting classifications and fair values

		2020						
		Carrying amount			**Fair value**			
	Note	**Mandatorily at FVTPL - others £000**	**Amortised cost £000**	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets measured at fair value								
Interest rate hedge	23	49	-	49	-	49	-	49
		49	-	49				
Financial assets not measured at fair value								
Trade and other receivables	22	-	14,161	14,161	-	-	14,161	14,161
Cash and cash equivalents	34	58,363	-	58,363	-	-	58,363	58,363
		58,363	14,161	72,524				
Financial liabilities not measured at fair value								
Bank loans	26	-	(217,317)	(217,317)	-	-	(210,502)	(210,502)
Financial lease liabilities	30	-	(7,916)	(7,916)	-	-	(7,916)	(7,916)
Contract liabilities	25	-	(809)	(809)	-	-	(809)	(809)
Trade payables	24	-	(34,477)	(34,477)	-	-	(34,477)	(34,477)
		-	(260,519)	(260,519)				

31.2 Financial risk management objectives

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The company has a large number of small customers, but the directors believe that credit risk is mitigated by the fact that customers are required to pay before the holiday is taken.

Note to the Financial Statements

31. Financial instruments - fair values and risk management

31.2 Financial risk management objectives (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's cash balances and deposits are managed to provide a balance between maximising interest rate returns and maintaining access to working capital. We ensure our short-term deposits are flexible and accessible if required. Working capital requirements are monitored on an ongoing basis, so the directors do not consider there to be a significant risk in this area.

31.3 Market risk

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

31.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2021		*2020*	
	Liabilities £000	**Assets £000**	*Liabilities £000*	*Assets £000*
New Zealand Dollar	**(7,542)**	**6,427**	*(7,501)*	*6,140*
	(7,542)	**6,427**	*(7,501)*	*6,140*

Foreign currency sensitivity analysis

The Group is mainly exposed to the New Zealand Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 10% against the relevant currency. For a 10% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Note to the Financial Statements

31. Financial instruments - fair values and risk management

31.4 Foreign currency risk management (continued)

Foreign currency sensitivity analysis (continued)

	New Zealand Dollar impact	
	2021	*2020*
	£000	*£000*
Profit or loss	**(55)**	*(69)*
Equity	**(121)**	*(145)*

31.5 Interest rate risk management

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Interest rate sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

	2021	*2020*
	£000	*£000*
Increase	**(1,282)**	*(791)*
Decrease	**1,166**	*719*

Note to the Financial Statements

31. Financial instruments - fair values and risk management (continued)

31.5 Interest rate risk management (continued)

Interest rate risk

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 £000	2020 £000
Financial liabilities - variable rate	226,884	210,502
	226,884	210,502

32. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

32.1 Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the period was as follows:

	2021 £000	2020 £000
Short term benefits	1,574	1,462
Post-employment benefits	26	56
	1,600	1,518

32.2 Other related party transactions

Other related party transactions are as follows:

		2021 £000	2020 £000
Related party relationship	**Type of transaction**	**Balance owed**	Balance owed
Graham Donoghue	Preference shares	8,013	7,192
Beverley Dumbleton	Preference shares	1,080	969
Michael Steven Graham	Preference shares	4,567	4,099
Matthew Prescott	Preference shares	276	248
James Shaw	Preference shares	1,642	1,473
		15,578	13,981

In the previous financial year preference shares including interest accrued and ordinary shares held by key management were purchased by Sykes Employee Benefit Trust for £816,112 on 24th August 2020.

Note to the Financial Statements

33. Business combinations during the period

33.1 Subsidiaries acquired

The Group has acquired 100% of the ordinary share capital of the following companies during the year:

- Best of Suffolk Ltd (Best of Suffolk) 6th July 2021
- Abersoch Quality Homes Limited (Abersoch Quality Homes) 3rd August 2021

Name	Principal activity	Proportion of voting equity interests acquired	Consideration transferred
		%	£000
Best of Suffolk Ltd (Best of Suffolk)	Providing an agency service, marketing and selling holiday cottages, which are located in the UK	100	12,232
Abersoch Quality Homes Limited (Abersoch Quality Homes)	Providing an agency service, marketing and selling holiday cottages, which are located in the UK	100	1,564
			13,796

33.2 Consideration transferred

	Best of Suffolk	Abersoch Quality Homes	Total
	£000	£000	£000
Cash	12,232	1,564	13,796
	12,232	1,564	13,796

Note to the Financial Statements

33. Business combinations during the period

33.3 Assets acquired and liabilities recognised at the date of acquisition

Best of Suffolk

	Book Value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible fixed assets	6	-	6
Intangible fixed assets	-	4,911	4,911
Goodwill	-	-	-
	6	4,911	4,917
Current assets			
Inventories	-	-	-
Trade and other receivables	495	-	495
Derivative financial assets	-	-	-
Cash and cash equivalents	3,640	-	3,640
	4,135	-	4,135
Current liabilities			
Trade and other liabilities	(3,623)	-	(3,623)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(3,623)	-	(3,623)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	-	-	-
Loans and borrowings	-	-	-
Deferred tax liabilities	(4)	(1,228)	(1,232)
Net assets	514	3,683	4,197
Goodwill			8,035
Total purchase consideration			12,232

The net assets recognised in the 30th September 2021 financial statements are based on an estimated assessment of their fair value. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Note to the Financial Statements

33. Business combinations during the period

33.3 Assets acquired and liabilities recognised at the date of acquisition

Abersoch Quality Homes

	Book Value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible fixed assets	-	-	-
Intangible fixed assets	-	827	827
Goodwill	-	-	-
	-	827	827
Current assets			
Inventories	-	-	-
Trade and other receivables	-	-	-
Derivative financial assets	-	-	-
Cash and cash equivalents	859	-	859
	859	-	859
Current liabilities			
Trade and other liabilities	(605)	-	(605)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(605)	-	(605)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	-	-	-
Loans and borrowings	-	-	-
Deferred tax liabilities	-	(207)	(207)
Net assets	254	620	874
Goodwill			690
Total purchase consideration			1,564

The net assets recognised in the 30th September 2021 financial statements are based an estimated assessment of their fair value. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

33.4 Cash flow on acquisitions

	Best of Suffolk £000	Abersoch Quality Homes £000	Total £000
Net cash acquired with the subsidiary	12,232	1,564	13,796
Cash paid	(3,640)	(859)	(4,499)
	8,592	705	9,297

Note to the Financial Statements

34. Notes supporting statement of cash flows

	2021 £000	2020 £000
Cash at bank available on demand	**120,788**	*58,363*
Cash and cash equivalents in the statement of financial position	**120,788**	*58,363*
Cash and cash equivalents in the statement of cash flows	**120,788**	*58,363*

35. Contingent liabilities

Sykes Cottages Ltd, an indirect wholly owned subsidiary, previously offered customers travel insurance provided by UK General Insurance ('UKGI'). Following a thematic review by the FCA, UKGI have refunded customers for the potential miss selling of their insurance policies by Sykes Cottages Ltd as an Appointed representative (Amongst other appointed representatives also under review). The current likelihood of a subsequent material liability for Sykes Cottages is possible rather than probable, with UKGI requesting a contribution from Sykes Cottages Ltd, for which no liability is accepted.

36. Prior year restatement

During the year, it was discovered that the deferred tax liability recognised on intangible assets transferred to Sykes Cottages Ltd from acquired entities had not been eliminated in the Group tax computation for the opening balance of Sykes Cottages Group which was acquired by Priestholm BidCo Ltd on 28th October 2019. This resulted in over recognition of goodwill at the time of acquisition by £2,751,000 and the over recognition of the deferred tax liability in the financial statements by £2,751,000. Consequently, the impairment charge on goodwill was overstated by £2,751,000.

The error has been corrected by restating each of the affected financial statement lines for the period ended 30th September 2020. The financial statements have been updated to appropriately disclose the Goodwill at the time of acquisition, related impairment charge and the Deferred tax liability. The prior year adjustment which has been made is as follows:

Goodwill recognised at acquisition
Goodwill recognized at acquisition in the prior year financial statements was £274,749,000 and has been restated to £271,998,000.

Goodwill Impairment
Goodwill impairment in the prior year financial statements was £52,964,000 and has been restated to £50,213,000.

Deferred tax liabilities
Deferred tax liability in the prior year financial statements was £34,439,000 and has been restated to £31,688,000.

Note to the Financial Statements

37. Controlling party

At the period ended 30th September 2021, the Company was a subsidiary undertaking of Priestholm TopCo Ltd which was the Ultimate Parent Company incorporated in Jersey. The Ultimate Controlling Party was Vitruvian Partners LLP.

The largest group in which the results of the Company are consolidated was that headed by Priestholm TopCo Ltd, incorporated in Jersey. The consolidated financial statements of this group may be obtained from 4th Floor, St Paul's Gate, 22-24 New Street, St. Helier, JE1 4TR, Jersey.

38. Events after the reporting date

Group

The indirect wholly owned subsidiary Sykes Cottages Limited acquired 100% of the share capital of Northumbria Coast and Country Cottages Limited on 10th November 2021, 100% of the share capital of Large Holiday Houses Limited on 3rd December 2021 and Lyme Bay Holidays Limited on 28th February 2022. The initial accounting is incomplete for these acquisitions, and in line with IFRS3.B66, no further details of these acquisitions are included within these financial statements.

There have been no other significant events affecting the Company since the year end.

Company

There have been no significant events affecting the Company since the year end.