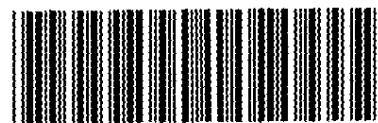


Canopy Holdco Limited

**Directors' report and consolidated
financial statements**

**Registered number 11070222
3 March 2022**

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Company information

Directors	JB McKendrick APJ Priestley G Donoghue M Graham
Company number	11070222
Registered office	Bath Yard Moir Derbyshire DE12 6BA
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Banker	NatWest 16 South Parade Nottingham NG1 2JX
Solicitor	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

Directors' report

The directors present the audited consolidated financial statements for Canopy Holdco Limited ('the Group') for the period ended 3 March 2022.

Principal activity

The principal activity of the Group is the sensitive development and operation as short-term holiday lets of eco-cabin sites in the UK's stunning forests, providing highly differentiated and memorable experiences intended to connect people with each other and with nature for their mutual wellbeing.

Political contributions

The Group made no political contributions during the period (2021: £nil).

Directors

The directors who served during the year and to the date of this report are as follows:

D Burns	Resigned 27 April 2022
A Corbett	Resigned 30 June 2021
JB McKendrick	
APJ Priestley	
D Kelly	Resigned 27 April 2022
D Bains	Resigned 27 April 2022
R Bailey	Resigned 27 April 2022
BJ Robinson	Appointed 23 June 2021, resigned 27 April 2022
G Donoghue	Appointed 27 April 2022
M Graham	Appointed 27 April 2022

Going concern

At the time of writing all locations are trading strongly. This includes a new location in Delamere Forest that opened in April 2021 which is performing well. Further, the business continues to experience strong demand for future holidays, with an order book that indicates the potential to exceed budgeted revenue projections for the current financial year.

Notwithstanding net current liabilities of £11,543,000 as at 3 March 2022 and a loss before taxation for the year then ended of £6,727,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of the financial statements, which indicate that the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period, the base case. In particular, the directors have taken into consideration cash flow, taking account of a reasonably possible severe but plausible downside scenario.

On 27 April 2022, the Group was acquired by Priestholm Bidco Limited, a wholly owned subsidiary of Priestholm Topco Limited. As a result of the acquisition secured bank loans and preferred ordinary shares were repaid and an inter-company loan, due on demand, was put in place.

Further detail on the going concern analysis is provided in note 1.3.

Directors' report *(continued)*

Streamlined Energy and Carbon Reporting

The combined scope one and scope two carbon emissions for the period was recorded at 3,803 TC02e (FY21: 4,362), a reduction of 12.8% year on year. The reduction was primarily within Scope One emissions, driven by a reduced usage of company owned or leased vehicles. The intensity rate for the period is calculated at 0.1626 tC02e per £100,000 (FY21: 0.1865) of revenue from the group operations.

During the reporting period considerable operational changes have been forced upon the hospitality sector due to the global pandemic. Regardless of this the company considers its social responsibility and environmental impact of high importance.

Disclosure of information to auditor

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

On behalf of the board



Bruce McKendrick
Director

Registered Office:

Bath Yard
Bath Lane
Moir
Derbyshire
DE12 6BA

Dated: 20 September 2022

Strategic report

Overview

Forest Holidays provides high quality cabin breaks in eleven stunning forest locations across the UK and is currently in the process of building its twelfth location in the Brecon Beacons. It is a purpose led organisation, helping people experience and reconnect with forests, each other, and rural communities, with a core belief that these important connections are good for people's physical and mental well-being and good for nature. Protecting and enhancing the environment is at the core of the Group's values and the directors believe the Group's aims and activities are consistent with the targets set out in the Government's 25-year Environmental Plan. The Group funds and supports vital conservation projects across the UK.

During the reporting period and up until the acquisition referred below, the Group was part owned by a partnership (FHPSH LLP) comprising the three devolved bodies previously part of the Forestry Commission: Forestry England, Forestry & Land Scotland and Natural Resources Wales, constituting a long-standing relationship that delivers value to the taxpayer whilst supporting our commitment to bio-diversity in, and public access to, Britain's public forest estate.

In addition, the Group creates much needed all year-round jobs and inbound tourism in rural communities across the UK, vital components to help them thrive.

Following the end of the reporting period, on 27 April 2022 the Group was acquired by Priestholm Bidco Limited (trading as Sykes Holiday Cottages). Sykes Holiday Cottages shares the Group's approach to sustainable tourism, which strives to have a positive impact on the planet and local communities whilst providing memorable shared experiences for its customers. The combined business will be united by a common purpose to bring further benefits to nature, people and local communities. The acquisition is disclosed as a post balance-sheet event in note 28.

Following the acquisition, the Group will continue to have a relationship with each of Forestry England, Forestry & Land Scotland and Natural Resources Wales in the capacity of landlord.

Results for the year

The consolidated financial results for the year are set out on page 13.

The profit for the year before interest and tax was £13,311,000 (2021: loss of £5,225,000) with adjusted profit before interest and tax of £13,659,000 (2021: loss of £1,213,000).

Earnings (as adjusted for finance lease repayments and ground rent accruals which the Board believe is more reflective of the trading position of the Company) before interest, tax, depreciation and amortisation ('EBITDA') of the consolidated group is £22,555,000 (2021: £1,194,000).

	Recurring	
	2022	2021
	£000	£000
Revenue	55,838	23,397
Cost of sales	(23,995)	(15,968)
	<hr/>	<hr/>
Gross profit	31,843	7,429
Administrative expenses	(18,184)	(8,642)
	<hr/>	<hr/>
Profit/(loss) before interest and tax	13,659	(1,213)
Add back: depreciation and amortisation	15,141	8,317
Less: finance lease repayments	(6,245)	(5,910)
	<hr/>	<hr/>
Underlying EBITDA	22,555	1,194
	<hr/> <hr/>	<hr/> <hr/>

The directors do not recommend the payment of a dividend.

Strategic report *(continued)*

Business review

The directors are pleased to report the financial performance for the year ending 3 March 2022. It should be noted that the COVID-19 pandemic impacted the beginning of the year, with locations opening in April 2021 following a government imposed lockdown.

Despite the locations being closed at the beginning of the reporting period, performance in the year was ahead of budget and we ended the year with a healthy balance sheet. Furthermore, we are excited to report that we are now in the process of building our twelfth location that is due to open by the end of February 2023. At a revenue level, performance was 139% ahead of the prior year, in part helped by being open for a longer period and a new site opening in April 2021.

As the risk related to the pandemic has dissipated, we have focused on ensuring our wider estate of cabins is maintained, developed and improved ahead of what is expected to be another busy year for the business and the UK staycation sector in general. This is evidenced through a particularly strong current order book, which is currently materially ahead of prior years.

Given the current and projected levels of inflation and the concerns regarding cost of living, we continue to work closely with all our suppliers to ensure that we have a strong understanding of costs over the next twelve months. Aligned to this, we monitor our levels of liquidity on a weekly basis.

The overall position of the company remains healthy with lines of credit fully established.

Principal risks and uncertainties

The directors continue to monitor the COVID-19 situation, in particular if there is a need for increased restrictions and regulations if case numbers begin to increase. All required safety measures remain in place and are working at all locations.

The impact of Brexit on the business continues to be monitored and whilst from a procurement point of view there is an additional requirement to work closely with suppliers that are impacted, we have not yet seen a material effect on either the Group's financial position or performance.

The Group's activities expose it to a variety of financial risks that include credit risk, inflation risk and interest rate risk. Senior operating management and directors regularly review financial risks against established policies.

Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the executive directors.

During the reporting period the group was exposed to movements in the level of interest rates particularly on the loans drawn down to meet financial obligations around development of sites. In order to manage the risk associated with increases in interest rates on 31 May 2018 the group entered into an interest rate cap which terminated on 28 February 2022. At the time of the interest rate cap expiring, it was considered likely that a change of ownership (and subsequent repayment of the debt facilities) was imminent in the short-term. On this basis, the directors took the decision that an interest rate cap would not be required going forward.

Strategic report *(continued)*

Introduction to S172

The Board is responsible for leading stakeholder engagement. Considering stakeholders when making decisions of strategic importance is fundamental to the execution of our strategy and critical in achieving long-term sustainable success.

The Board understands the needs of our different stakeholders to ensure that the long-term consequences of any decisions are well considered. It is not always possible to provide positive outcomes for all stakeholders and the Board is mindful when making decisions based on the competing priorities of stakeholders.

Our stakeholder engagement processes enable our Board to understand what matters to stakeholders and carefully consider all the relevant factors and select the course of action that best leads to the high standards of business conduct and success of Forest Holidays in the long-term.

Key stakeholders

The Board considers its key stakeholders to be its team members (employees), customers, suppliers, local communities in which it operates, the environment, Governments and industry bodies and its shareholders.

S172 (1) Statement

In accordance with Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, *in good faith*, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

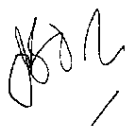
- a. the likely consequences of any decision in the long-term
- b. the interests of the company's employees
- c. the need to foster the company's business relationships with customers
- d. the impact of the company's operations on local communities and the environment
- e. the desirability of the company maintaining a reputation for high standards of business conduct
- f. the need to act fairly between members of the company

The following disclosure describes how the directors of the Group have taken account of the matters set out in section 172(1) (a) to (f) and forms the directors' statement required under section 172 of the Companies Act 2006.

Strategic report (continued)

How the Group engages with its key stakeholders

Stakeholder	Engagement examples
Team members	<ul style="list-style-type: none"> • Minimum payment of the Real Living Wage across the Group • Comprehensive onboarding and induction plans for new team members • Company-wide online learning platform to upskill and develop our team • Quarterly company-wide team member engagement survey • Weekly company-wide team member updates • Annual leadership academy for team members focused on personal development
Customers	<ul style="list-style-type: none"> • Customer feedback survey for every customer • Regular customer database surveys conducted to provide insight • Interaction with customers on location on a daily basis • Relevant targeted marketing campaigns and engaging social media content • Sales and Service support function and social media assists with all queries
Partners & Suppliers	<ul style="list-style-type: none"> • Working in partnership with Forestry England, Forestry Land Scotland and National Resources Wales to deliver environmental, social and economic benefits for all • Five-year partnership with the UK's National Parks that will connect over 20,000 young people with nature • Three-year commitment to fund a rural business start-up every year with the Prince's Countryside Fund • Where possible, a commitment to buy goods from local suppliers • Assessment and onboarding process for all new Forest Holidays suppliers • Regular account management meetings are held with representatives from our larger suppliers • Periodic supplier meetings covering topical matters, for example COVID-19 and cost of living
Local communities & Environment	<ul style="list-style-type: none"> • Employment of c.750 individuals from local communities • Forest Ranger employed at each location to both protect, enhance and educate our customers about the local forest environment • Each location has a long-term biodiversity enhancement strategy and active woodland management plan
Governments (and tax authorities) & Industry bodies	<ul style="list-style-type: none"> • The Group has processes in place to monitor new regulations and compliance requirements that may impact the business – including for example product regulations, financial accounting and reporting updates and tax accounting and reporting compliance



Bruce McKendrick
Director

Registered Office:

Bath Yard, Bath Lane
Moir
Derbyshire
DE12 6BA

Dated: 20 September 2022

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with UK-adopted international accounting standards and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of Canopy Holdco Limited

Opinion

We have audited the financial statements of Canopy Holdco Limited ("the company") for the period ended 3 March 2022 which comprise the Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows, Company statement of cash flows, Consolidated statement of changes in equity and Company statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 3 March 2022 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenue in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual entries to cash and borrowings accounts, journals with a credit entry to revenue and a corresponding debit entry to deferred revenue around the period end and unusual entries that have a positive impact on the reported EBITDA (earnings before interest, taxation, depreciation and amortisation).

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

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

Independent auditor's report to the members of Canopy Holdco Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Gareth Woods

Gareth Woods (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Date: 20 September 2022

Consolidated statement of profit and loss and other comprehensive income
for the period ended 3 March 2022

	Note	2022			2021		
		Adjusted	Adjusted Items		Adjusted	Adjusted Items	
		£000	(note 5) £000	£000	£000	(note 5) £000	£000 as restated (note 1.2)
Revenue	4	55,838	-	55,838	23,397	-	23,397
Cost of sales		(23,995)	-	(23,995)	(15,968)	-	(15,968)
Gross profit		31,843	-	31,843	7,429	-	7,429
Administrative expenses		(18,184)	(348)	(18,532)	(8,642)	(4,012)	(12,654)
Profit/(loss) before interest and tax	6	13,659	(348)	13,311	(1,213)	(4,012)	(5,225)
Financial expenses	7			(20,038)			(18,367)
Loss before tax for the period				(6,727)			(23,592)
Tax on loss	8			(7,510)			2,994
Loss after tax for the period				(14,237)			(20,598)
Items that will not be classified to profit or loss:							
Revaluation in the period				45,548			67,423
Taxation on items that will not be classified to profit or loss	8			(13,253)			(13,727)
Other comprehensive income for the period, net of tax				32,295			53,696
Total comprehensive profit for the period				18,058			33,098

The attached notes form an integral part of the financial statements.

Consolidated statement of financial position
as at 3 March 2022

	<i>Note</i>	3 March 2022 £000	25 February 2021 £000 as restated (note 1.2)	28 February 2020 £000 as restated (note 1.2)
Non-current assets				
Property, plant and equipment	10	261,316	216,899	145,717
Planning costs	10	5,729	6,680	9,414
Intangible assets	11	11,818	12,239	12,660
Goodwill	12	30,405	30,405	30,405
		309,268	266,223	198,196
Current assets				
Inventories	14	462	430	460
Trade and other receivables	15	3,288	4,023	3,353
Cash and cash equivalents	16	12,766	8,419	13,793
		16,516	12,872	17,606
Total assets		325,784	279,095	215,802
Current liabilities				
Trade and other payables	17	(20,593)	(24,511)	(16,328)
Current tax liabilities	17	(1,142)	(12)	-
Lease liabilities	19	(6,324)	(6,042)	(5,618)
		(28,059)	(30,565)	(21,946)
Non-current liabilities				
Preferred ordinary shares	18	(78,754)	(70,772)	(85,538)
Borrowings	18	(66,164)	(65,775)	(63,862)
Lease liabilities	19	(53,897)	(50,764)	(50,724)
Deferred tax liabilities	20	(54,458)	(34,825)	(24,092)
		(253,273)	(222,136)	(224,216)
Total liabilities		(281,332)	(252,701)	(246,162)
Net assets/(liabilities)		44,452	26,394	(30,360)
Shareholders' funds – equity				
Ordinary shares	21	119	119	119
Share premium	22	490	490	470
Revaluation reserve		85,991	53,696	-
Retained earnings		(42,148)	(27,911)	(30,949)
Total surplus/(deficit)		44,452	26,394	(30,360)

These financial statements were approved by the Board of Directors and authorised for issue on 20 September 2022 and signed on its behalf by:




Bruce McKendrick, *Director*, Registered number : 11070222

Company statement of financial position
as at 3 March 2022

	<i>Note</i>	2022 £000	2021 £000
Non-current assets			
Investments in subsidiaries	<i>13</i>	-	-
Trade and other receivables	<i>15</i>	75,480	76,677
Deferred tax assets	<i>20</i>	5	-
		<hr/> 75,485	<hr/> 76,677
Current assets			
Trade and other receivables	<i>15</i>	-	-
Cash and cash equivalents	<i>16</i>	-	-
		<hr/> -	<hr/> -
Total assets		<hr/> 75,485	<hr/> 76,677
Current liabilities			
Trade and other payables	<i>17</i>	(27)	(1,255)
		<hr/> (27)	<hr/> (1,255)
Non-current liabilities			
Preferred ordinary shares	<i>18</i>	(78,754)	(70,772)
		<hr/> (78,754)	<hr/> (70,772)
Total liabilities		<hr/> (78,781)	<hr/> (72,027)
Net (liabilities)/assets		<hr/> (3,296)	<hr/> 4,650
Shareholders' deficit – equity			
Ordinary shares	<i>21</i>	119	119
Share premium	<i>22</i>	490	490
Retained earnings		(3,905)	4,041
Total (deficit)/surplus		<hr/> (3,296)	<hr/> 4,650

These financial statements were approved by the Board of Directors and authorised for issue on 20 September 2022 and signed on its behalf by:



Bruce McKendrick
Director

Registered number : 11070222

Consolidated statement of cash flows
for the period ended 3 March 2022

	Note	2022 £000	2021 £000 as restated (note 1.2)
Cash flows from operating activities			
Loss after tax for the year		(14,237)	(20,598)
<i>Adjustments for:</i>			
Tax	8	7,510	(2,994)
Financial expenses	7	20,038	18,367
Depreciation and amortisation		15,141	8,317
Loss on disposal		20	8
Impairment		-	3,295
Decrease/(increase) in receivables		735	(670)
(Increase)/decrease in inventories		(32)	30
(Decrease)/increase in trade and other payables		(3,684)	8,195
Cash inflow from operations		25,491	13,950
Interest paid		(5,717)	(4,430)
Taxation paid		-	-
Net cash inflow from operating activities		19,774	9,520
 Purchase of property, plant and equipment	 10	 (9,182)	 (12,224)
Net cash (outflow)/inflow from investing activities		(9,182)	(12,224)
 Net proceeds from drawdown on new bank loans and loan notes		 -	 897
Lease repayments		(6,245)	(5,493)
Proceeds from share issues		-	20
Proceeds from issue of preferred ordinary shares		-	1,906
Net cash (outflow)/inflow from financing activities		(6,245)	(2,670)
Net cash inflow		4,347	(5,374)
Cash and cash equivalents at beginning of period		8,419	13,793
Cash and cash equivalents at end of period	16	12,766	8,419

Company statement of cash flows
for the period ended 3 March 2022

	2022 £000	2021 £000 as restated (note 1.2)
<i>Note</i>		
Cash flows from operating activities		
Loss after tax for the year	(7,946)	(7,294)
Adjustments for:		
Tax	(5)	-
Financial expenses	7,951	6,964
Decrease/(increase) in trade and other receivables	1,197	(1,613)
(Decrease)/Increase in trade and other payables	(1,197)	17
Amortisation of deal fees	-	-
	<hr/>	<hr/>
Cash outflow from operations		(1,926)
Interest paid	-	-
	<hr/>	<hr/>
Net cash outflow from operating activities	-	(1,926)
	<hr/>	<hr/>
Purchase of investments	-	-
	<hr/>	<hr/>
Net cash inflow from investing activities	-	-
	<hr/>	<hr/>
Proceeds from share issue	-	20
Proceeds from preferred ordinary share issue	-	1,906
	<hr/>	<hr/>
Net cash inflow from financing activities	-	1,926
	<hr/>	<hr/>
Net cash inflow	-	-
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	-	-
	<hr/>	<hr/>
Cash and cash equivalents at end of period	-	-
	<hr/> <hr/>	<hr/> <hr/>

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Consolidated statement of changes in equity
for the period ended 3 March 2022

	Share capital £000	Share premium £000	Revaluation Reserve £000	Retained earnings £000	Total £000
Balance at 26 February 2021	119	490	53,696	(30,247)	24,058
Prior period adjustment (note 1.2)	-	-	-	2,336	2,336
Balance at 26 February 2021 (as restated, note 1.2)	119	490	53,696	(27,911)	26,394
Total comprehensive income for the period					
Loss after tax	-	-	-	(14,237)	(14,237)
Revaluation in year (net of tax)	-	-	32,295	-	32,295
Total comprehensive income for the period	-	-	32,295	(14,237)	18,058
Transactions with owners recorded directly in equity					
Shares issued in the period	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 3 March 2022	119	490	85,991	(42,148)	44,452

	Share capital £000	Share premium £000	Revaluation Reserve £'000	Retained earnings £000	Total £000
Balance at 28 February 2020	119	470	-	(32,554)	(31,965)
Prior period adjustment (note 1.2)	-	-	-	1,605	1,605
Balance at 28 February 2020 (as restated, note 1.2)	119	470	-	(30,949)	(30,360)
Total comprehensive income for the period					
Loss after tax (as restated note 1.2)	-	-	-	(20,598)	(20,598)
Revaluation in year (net of tax)	-	-	53,696	-	53,696
Total comprehensive loss for the period (as restated note 1.2)	-	-	53,696	(20,598)	33,098
Transactions with owners recorded directly in equity					
Shares issued in the period	-	20	-	-	20
Gain on modification of preferred ordinary shares (note 18)	-	-	-	23,636	23,636
Total transactions with owners	-	20	-	23,636	23,656
Balance at 25 February 2021 (as restated note 1.2)	119	490	53,696	(27,911)	26,394

Company statement of changes in equity
for the period ended 3 March 2022

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 26 February 2021	119	490	4,041	4,650
Total comprehensive income for the period				
Loss after tax for the period	-	-	(7,946)	(7,946)
Total comprehensive loss for the period	-	-	(7,946)	(7,946)
Transactions with owners recorded directly in equity				
Shares issued in period	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 3 March 2022	119	490	(3,905)	(3,296)

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 28 February 2020	119	470	(12,301)	(11,712)
Total comprehensive income for the period				
Loss after tax for the period	-	-	(7,294)	(7,294)
Total comprehensive loss for the period	-	-	(7,294)	(7,294)
Transactions with owners recorded directly in equity				
Shares issued in period	-	20	-	20
Gain on modification of preferred ordinary shares (note 18)	-	-	23,636	23,636
Total transactions with owners	-	20	23,636	23,656
Balance at 25 February 2021	119	490	4,041	4,650

Notes

(forming part of the consolidated financial statements)

1 Accounting policies

Canopy Holdco Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered number is 11070222 and the registered address is Bath Yard, Moira, Derbyshire, DE12 6BA.

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

The group financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except derivative financial instruments and the completed sites class of property, plant and equipment which are stated at their fair value.

1.2 Prior period adjustments

During 2020, the IFRS Interpretations Committee released an IFRIC update in respect of IAS12 - Income Taxes. This clarified how deferred tax liabilities should be calculated for assets acquired through business combinations whose recovery gives rise to multiple possible tax consequences.

The impact of the updated interpretation is that deferred tax liabilities are now required to be recognised on assets obtained through business combinations which are both not eligible for capital allowances and are being recovered 'through use' by being depreciated or amortised over an asset's useful life. The directors have identified that the retrospective change in accounting policy was not applied in the statutory financial statements for the period ended 25 February 2021. As such a prior period adjustment has been made to reflect this change in these financial statements.

The adoption of the new guidance has resulted in the restatement of the Consolidated Statement of Financial Position as at 28 February 2020 and 25 February 2021 and the Consolidated Statement of Profit and Loss and other Comprehensive Income, Consolidated Statement of Cash flows and Consolidated Statement of Changes in Equity for the period ended 25 February 2021. The restatement recognises additional goodwill and deferred tax liabilities, together with the impact on retained earnings of the change in the taxable temporary differences resulted from the depreciation of the assets, as follows:

Impact on the Consolidated Statement of Financial Position at 28 February 2020

	Previously reported £000	Adjustment £000	Restated £000
Goodwill	16,617	13,788	30,405
Total non-current assets	184,408	13,788	198,196
Total assets	202,014	13,788	215,802
Deferred tax liabilities	(11,909)	(12,183)	(24,092)
Total non-current liabilities	(212,033)	(12,183)	(224,216)
Total liabilities	(233,979)	(12,183)	(246,162)
Net liabilities	(31,965)	1,605	(30,360)
Retained earnings	(32,554)	1,605	(30,949)
Total deficit	(31,965)	1,605	(30,360)

Notes (continued)

1 Accounting policies (continued)

1.2 Prior period adjustments (continued)

Impact on the Consolidated Statement of Financial Position at 25 February 2021

	Previously reported £000	Adjustment £000	Restated £000
Goodwill	16,617	13,788	30,405
Total non-current assets	252,435	13,788	266,223
Total assets	265,307	13,788	279,095
Deferred tax liabilities	(23,373)	(11,452)	(34,825)
Total non-current liabilities	(210,684)	(11,452)	(222,136)
Total liabilities	(241,249)	(11,452)	(252,701)
Net assets	24,058	2,336	26,394
Retained earnings	(30,247)	2,336	(27,911)
Surplus	24,058	2,336	26,394

Impact on the Consolidated Statement of Profit and Loss and other Comprehensive Income for the period ended 25 February 2021

	Previously reported £000	Adjustment £000	Restated £000
Tax on loss	2,263	731	2,994
(Loss) after tax for the period	(21,329)	731	(20,598)
Total comprehensive profit for the period	32,367	731	33,098

Impact on the Consolidated Statement of Cashflows for the period ended 25 February 2021

	Previously reported £000	Adjustment £000	Restated £000
Loss after tax for the period	(21,329)	731	(20,598)
Adjustments for:			
Tax on loss	(2,263)	(731)	(2,994)

The directors have also identified that "Proceeds from issue of preferred ordinary shares" of £1,906,000 were classified in error as a cash inflow from investing activities rather than a cash inflow from financing activities in both the consolidated and company statement of cash flows for the period ended 25 February 2021. As such a prior period adjustment has been made to reflect this reclassification, with the impact as follows:

Notes (continued)

1 Accounting policies (continued)

1.2 Prior period adjustments (continued)

Impact on the Consolidated Statement of Cashflows for the period ended 25 February 2021

	Previously reported £000	Adjustment £000	Restated £000
Net cash (outflow)/inflow from investing activities	(10,318)	(1,906)	(12,224)
Net cash (outflow)/inflow from financing activities	(4,576)	1,906	(2,670)

Impact on the Company Statement of Cashflows for the period ended 25 February 2021

	Previously reported £000	Adjustment £000	Restated £000
Net cash (outflow)/inflow from investing activities	1,906	(1,906)	-
Net cash (outflow)/inflow from financing activities	20	1,906	(1,926)

1.3 Going concern

At the time of writing all locations are open and trading strongly. This includes a new location in Delamere Forest that opened in April 2021 and is performing well. Further, the business continues to experience strong demand for future holidays, with an order book that indicates the potential to exceed budgeted revenue projections for the current financial year.

Notwithstanding net current liabilities of £11,543,000 as at 3 March 2022 and a loss before taxation for the year then ended of £6,727,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of the financial statements, which indicate that the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period, the base case. In particular, the directors have taken into consideration cash flow, taking account of a reasonably possible severe but plausible downside scenario (discussed below).

On 27 April 2022, the Group was acquired by Priestholm Bidco Limited, a wholly owned subsidiary of Priestholm Topco Limited. As a result of the acquisition the secured bank loans and preferred ordinary shares were repaid and an inter-company loan, due on demand, was put in place.

Whilst the risk of further lockdowns linked to COVID-19 has significantly lowered, uncertainty in the context of rising inflation and the subsequent challenges with cost of living are prevalent in the economic environment.

In modelling the downside scenario, the Company has forecast a decline in the level of demand for cabins in conjunction with a lower rate being achieved. Further, the Company has assumed costs will rise at a higher level of inflation (8.8% in 2022 and 5.3% in 2023) than previously envisaged. It should be noted that in all scenarios the Group and Company have sufficient liquidity over the forthcoming 12 months.

Notes (continued)

1 Accounting policies (continued)

1.3 Going concern (continued)

Those forecasts are dependent on the company's ultimate parent company, Priestholm Topco Limited not seeking repayment of the amounts currently due to the group, which at 27 April 2022 amounted to £162,439,000. Priestholm Topco Limited has indicated that it does not intend to seek repayment of this amount for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On conclusion, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report and will be able to realise its assets and discharge its liabilities in the normal course of business. For this reason, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes (continued)

1 Accounting policies (continued)

1.5. Financial instruments (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) 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.

Notes (continued)

1 Accounting policies (continued)

1.5. Financial instruments (continued)

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(iii) 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 (see below).

(iv) 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 of the financial instrument) has not increased significantly since initial recognition which are measured 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

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.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

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.

Notes (continued)

1 Accounting policies (continued)

1.6 Property, plant and equipment

The completed sites class of assets were revalued to fair value on 18 December 2017. Prior to this date these assets were measured on cost less accumulated depreciation and accumulated impairment losses.

Within completed site assets are a range of property, plant and equipment which have different useful lives and they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are initially 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. Lease payments are accounted for as described below.

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, plant and equipment to its residual value once it is ready for its intended use. Land is not depreciated. The depreciation rates for the completed sites class are as follows:

Leasehold buildings	- 1.33% to 5% per annum or over the lease term
Fixtures, fittings and equipment	- 5% to 33% per annum

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

Planning costs that are directly attributable in bringing a new, or extended, site into use are capitalised into property, plant and equipment as incurred. These are not depreciated but are reviewed annually for impairment by the Board.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

1.8 Impairment excluding inventories and deferred tax assets

The carrying amounts of the Group's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment excluding inventories and deferred tax assets (continued)

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group 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 income statement as incurred.

1.10 Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

The annual amortisation rates applied to the groups of intangible assets on a straight line basis are as follows:

Brand	– 25 years
Framework Agreement	– 25 years

Goodwill arising on business combinations is initially measured at cost being the excess of the fair value of the consideration paid over the Group's interest in the net fair value of the identifiable assets and liabilities acquired. Costs of acquiring businesses are expensed as incurred. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit which contains the goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Revenue

Revenue comprises receipts for short break stays at cabin sites and ancillary services provided to guests which are recognised at the point the service is provided, with all deposits deferred until this point. Refunds are provided to guests in line with the cancellation policy detailed on the company website.

1.12 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Financing expenses comprise interest payable, and the unwinding of fees incurred on the issue of secured bank loans.

1.13 Adjusted items

The group identifies items that are non-recurring in the normal course of its trading activities which are considered exceptional, and are therefore adjusted in the reaching the trading EBITDA which the directors use to measure the on-going performance of the business.

Notes (continued)

1 Accounting policies (continued)

1.14 Right of Use Assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

1.15 Forest Holidays Membership Club

The Forest Holidays Membership Club is now a closed scheme. It was set up as an exclusive scheme whereby members paid advanced amounts of money in return for membership points which they can then redeem against holidays over several years. Accrual and matching concepts are applied to this revenue stream, both income and associated costs are recognised in the profit and loss at the point that the service is provided and members utilise their points. Receipts and directly attributable costs are deferred until this point.

Members also pay an annual membership fee and booking fees. These are recognised upon receipt and holiday start date respectively.

1.16 Taxation

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 on the taxable income 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.

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.

1.17 Standards, amendments and interpretations to published standards endorsed but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company. The company chose not to adopt any of the above standards and interpretations early.

Notes (continued)

2 Revenue from contracts with customers

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	2022	2021
	£000	£000
Rental of holiday lodges	55,838	23,397
	<u> </u>	<u> </u>

Revenue arose solely in the UK.

3 Employees and directors' remuneration

The average number of persons (including directors) employed by the Group were as follows:

	Number of employees	
	2022	2021
Administration	95	85
Operations	674	594
	<u> </u>	<u> </u>
	769	679
	<u> </u>	<u> </u>

The employee costs for the Group during the period were as follows:

	2022	2021
	£000	£000
Wages and salaries	11,531	7,185
Social security costs	789	602
Other pension costs (note 24)	671	561
	<u> </u>	<u> </u>
	12,991	8,348
	<u> </u>	<u> </u>

Emoluments paid via another Group company to the directors of Canopy Holdco Limited were as follows:

	2022	2021
	£000	£000
Remuneration for management services	920	697
Other pension costs	36	34
	<u> </u>	<u> </u>
	956	731
	<u> </u>	<u> </u>

Notes (continued)

3 Employees and directors' remuneration (continued)

In relation to the highest paid director:

	2022 £000	2021 £000
Remuneration for management services	491	333
Other pension costs	-	-
	<u>491</u>	<u>333</u>

4 Segmental information

The Group has only one business activity from which it may earn revenues and incur expenses on an ongoing basis. This activity is for the provision of premium and spacious cabins across the UK.

The Directors review internal management reports on at least a monthly basis which covers performance of the Company.

2022	Adjusted £000	Adjusted items £000	Total £000
		<i>Note 5</i>	
Revenue	55,838	-	55,838
Cost of sales	(23,995)	-	(23,995)
	<u>31,843</u>	<u>-</u>	<u>31,843</u>
Gross profit	31,843	-	31,843
Administrative expenses	(18,184)	(348)	(18,532)
	<u>13,659</u>	<u>(348)</u>	<u>13,311</u>
Segmental profit before interest and tax	13,659	(348)	13,311
Financial expenses			(20,038)
			<u>(6,727)</u>

2021	Adjusted £000	Adjusted items £000	Total £000
		<i>Note 5</i>	
Revenue	23,397	-	23,397
Cost of sales	(15,968)	-	(15,968)
	<u>7,429</u>	<u>-</u>	<u>7,429</u>
Gross profit	7,429	-	7,429
Administrative expenses	(8,642)	(4,012)	(12,654)
	<u>(1,213)</u>	<u>(4,012)</u>	<u>(5,225)</u>
Segmental loss before interest and tax	(1,213)	(4,012)	(5,225)
Financial expenses			(18,367)
			<u>(23,592)</u>

Notes (continued)

5 Adjusted items

Adjusted income and expenses are items which are not linked to the principal trade of the Group and have been presented separately due to their size, nature or incidence:

	2022 £000	2021 £000
<i>Within administrative expenses:</i>		
Planning costs written off	-	(3,295)
Restructuring and personnel costs	(35)	(96)
Refinancing costs	-	(592)
Legal costs	(287)	(29)
Withdrawal fees	(26)	-
	<u>(348)</u>	<u>(4,012)</u>

Following the implementation of a revised strategy regarding new sites and a change of personnel responsible for new sites, the business has taken the decision to write off costs relating to a number of sites that are unlikely to be progressed in the short to medium term. The planning costs were written off in the period of £nil (2021: £3,295,000).

Legal and professional fees in relation to employment issues, renegotiations of contracts and valuation reports totalling £287,000 (2021: £29,000) were expensed during the year.

Refinancing costs of £nil (2021: £592,000) were expensed in the period.

Restructuring and personnel costs of £35,000 (2021: £96,000) were expensed in the period. These relate to non-recurring costs incurred during the transition of a senior role, restructuring, work to ensure compliance with GDPR and the set up of a new payroll/HR system.

Costs to withdraw from an old entertainment system of £26,000 (2021: £nil) were expensed in the year.

6 Expenses and auditor's remuneration

The profit / (loss) before interest and tax is stated after charging the following:

	2022 £000	2021 £000
Amortisation	421	421
Depreciation	14,720	7,896
	<u>15,141</u>	<u>8,317</u>
	2022 £000	2021 £000
Audit of these financial statements	14	14
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	56	51
Audit related assurance services	3	1
Other assurance services	-	2
Taxation compliance services	22	25
Other tax advisory services	-	17
	<u>81</u>	<u>96</u>

Notes (continued)

7 Finance expenses

	2022 £000	2021 £000
Financial expenses		
Interest on finance leases	6,218	5,957
Interest on loans and overdrafts	5,869	5,446
Interest on preference shares	7,951	6,964
	<u>20,038</u>	<u>18,367</u>

8 Tax on loss

Recognised in the income statement

	2022 £000	2021 £000 as restated (note 1.2)
<i>Current tax expense</i>		
Current year	1,422	-
Adjustment in relation to prior year	(291)	-
	<u>1,131</u>	<u>-</u>
Current tax expense		
	1,131	-
<i>Deferred tax charge (note 20)</i>		
Origination and reversals of temporary differences	5,374	(2,994)
Adjustment in relation to prior year	1,005	-
	<u>6,379</u>	<u>(2,994)</u>
Deferred tax charge/(credit)		
	6,379	(2,994)
Total tax charge/(credit) in income statement	<u>7,510</u>	<u>(2,994)</u>

Recognised in other comprehensive income

	2022 £000	2021 £000
Deferred tax on revaluation of property, plant and equipment	<u>13,253</u>	<u>13,727</u>

Notes (continued)

8 Tax on loss (continued)

Reconciliation of tax charge

	2022 £000	2021 £000 as restated (note 1.2)
Loss for the year	(14,237)	(20,598)
Total tax charge/(credit)	<u>7,510</u>	<u>(2,994)</u>
Loss excluding taxation	<u>(6,727)</u>	<u>(23,592)</u>
Tax using the UK corporation tax rate of 19%	(1,278)	(4,719)
Expenses not deductible for taxation	1,189	(471)
Fixed asset differences	(16)	(49)
Adjustment in respect of prior period – corporation tax	(291)	-
Adjustment in respect of prior period – deferred tax	1,005	-
Adjusted closing deferred tax rate	6,901	1,247
Deferred tax not recognised	-	998
Total tax charge/(credit)	<u>7,510</u>	<u>(2,994)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have been included in these financial statements. The deferred tax balances within these financial statements have been calculated at the appropriate rate depending on when then reversal is likely to occur.

9 Loss of the Company

The Company has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The loss after tax in the period was £7,946,000 (2021: £7,294,000).

Notes (continued)

10 Property, plant and equipment

	Completed sites £000	Right of use assets £000	Planning costs £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 28 February 2020	130,487	52,816	9,414	4,879	197,596
Additions	993	514	561	10,156	12,224
Revaluation	67,423	-	-	-	67,423
Transfers	1,716	-	-	(1,716)	-
Impairment	-	-	(3,295)	-	(3,295)
Disposal	(12)	-	-	-	(12)
At 25 February 2021	200,607	53,330	6,680	13,319	273,936
At 26 February 2021	200,607	53,330	6,680	13,319	273,936
Additions	617	3,476	999	7,566	12,658
Revaluation	45,548	-	-	-	45,548
Transfers	20,447	-	(1,950)	(18,497)	-
Disposal	-	(69)	-	-	(69)
At 3 March 2022	267,219	56,737	5,729	2,388	332,073
Accumulated depreciation					
At 28 February 2020	34,255	8,210	-	-	42,465
Charge for the period	6,113	1,783	-	-	7,896
Transfers	(4)	-	-	-	(4)
At 25 February 2021	40,364	9,993	-	-	50,357
At 26 February 2021	40,364	9,993	-	-	50,357
Charge for the period	12,877	1,843	-	-	14,720
Eliminated on disposals	-	(49)	-	-	(49)
At 3 March 2022	53,241	11,787	-	-	65,028
Net book value					
At 3 March 2022	213,978	44,950	5,729	2,388	267,045
At 25 February 2021	160,243	43,337	6,680	13,319	223,579
At 27 February 2020	96,232	44,606	9,414	4,879	155,131

The Company had no property, plant and equipment.

'Completed sites' are held at valuation. A revaluation was performed in the prior period with an effective date of the valuation being 28 February 2021. The valuation was performed by Jones Lang Lasalle, an independent valuer in accordance with the RICS Valuation Standards. The valuation used in 2022 was carried out by the Directors in the year. If the 'Completed sites' and 'Right of use' classes of assets were held under the cost model, the carrying amount would be £103,895,000 (2021: £95,708,000).

Notes (continued)

11 Intangible assets

Group

	Brand £000	Forestry Commission Agreement £000	Total £000
<i>Cost or valuation</i>			
At 1 March 2020	3,951	9,638	13,589
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 25 February 2021	3,951	9,638	13,589
	<hr/>	<hr/>	<hr/>
At 26 February 2021	3,951	9,638	13,589
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 3 March 2022	3,951	9,638	13,589
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation</i>			
At 28 February 2020	78	851	929
Charge for the period	35	386	421
	<hr/>	<hr/>	<hr/>
At 25 February 2021	113	1,237	1,350
	<hr/>	<hr/>	<hr/>
At 26 February 2021	113	1,237	1,350
Charge for the period	36	385	421
	<hr/>	<hr/>	<hr/>
At 3 March 2022	149	1,622	1,771
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 3 March 2022	3,802	8,016	11,818
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 25 February 2021	3,838	8,401	12,239
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 27 February 2020	3,873	8,787	12,660
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company has no intangible assets.

Notes (continued)

12 Goodwill

Group

	£000 as restated (note 1.2)
Cost	
At 28 February 2020	30,405
Additions	-
At 25 February 2021	30,405
Additions	-
At 3 March 2022	30,405
Accumulated amortisation	
At 28 February 2020	-
Charge of the period	-
At 25 February 2021	-
At 26 February 2021	-
Charge for the period	-
At 3 March 2022	-
Net carrying amount at 3 March 2022	30,405
Net carrying amount at 25 February 2021	30,405
Net carrying amount at 27 February 2020	30,405

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability on acquisitions.

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

Management consider that there is one cash generating unit ('CGU') being all completed sites. Impairment is first assessed at this level for goodwill and then to intangibles and tangible fixed assets.

Management have assessed current and future trading performance and do not consider there to be any impairment to either goodwill or intangible assets.

The recoverable amount of the CGU has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2021
Period on which management approved forecasts are based	5 years
Growth rate applied beyond approved forecast period	2.00%
Discount rate	10.70%

Notes (continued)

12 Goodwill (continued)

In 2022, the recoverable amount was calculated with reference to the consideration for the post year end sale of the group.

13 Investments in subsidiaries

	£000
Cost of investments	
At 25 February 2021 and 3 March 2022	-

The group has the following investments in subsidiaries. The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

	Registered number	Registered office address	Country of incorporation	Holding	Ownership %
Forest Holidays Limited*	08159308	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	England	100%
FH England LLP	OC318816	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	England	100%
Forest Holidays (Scotland) LLP	SO300880	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	Scotland	Scotland	100%
Canopy Midco	11070388	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	England	100%
Canopy Bidco	11070472	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	England	100%
Forest Holidays Group Limited	08159281	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	England	100%

* Accounts are audited

14 Inventories

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Retail stock	462	430	-	-

During the year, £2,055,000 (2021: £503,000) has been recognised as an expense in the statement of profit and loss.

Notes (continued)

15 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts due from group companies	-	-	75,480	76,677
Trade and other receivables	801	1,851	-	-
Prepayments and accrued income	2,253	2,127	-	-
Other debtors	234	45	-	-
	<u>3,288</u>	<u>4,023</u>	<u>75,480</u>	<u>76,677</u>
Non-current	-	-	75,480	76,677
Current	<u>3,288</u>	<u>4,023</u>	<u>-</u>	<u>-</u>
	<u>3,288</u>	<u>4,023</u>	<u>75,480</u>	<u>76,677</u>

During the period the directors assessed the amounts due from group companies and determined that the balance is not expected to be realised within 12 months of the reporting date. The balance receivable of £75,480,000 (2021: £76,677,000) is therefore presented as non-current. The balance is repayable on demand.

16 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash and cash equivalents per statement of financial position	<u>12,766</u>	<u>8,419</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents per the statement of cash flows	<u>12,766</u>	<u>8,419</u>	<u>-</u>	<u>-</u>

17 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Current				
Trade and other payables	1,068	2,164	-	-
Accruals and deferred income	18,333	22,347	-	1,238
Other creditors	1,192	-	27	17
	<u>20,593</u>	<u>24,511</u>	<u>27</u>	<u>1,255</u>
Current tax liabilities	<u>1,142</u>	<u>12</u>	<u>-</u>	<u>-</u>
	<u>21,735</u>	<u>24,523</u>	<u>27</u>	<u>1,255</u>

Notes (continued)

18 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Further information about the Group's exposure to interest rate risk, see note 23.

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Non-current liabilities				
Secured bank loans	66,164	65,775	-	-
Preferred Ordinary shares	78,754	70,772	78,754	70,772
	144,918	136,547	78,754	70,772

Secured bank loans

Included within bank loans above are £1,542,000 (2021: £1,931,000) of capitalised debt costs. Of these costs, £338,000 (2021: £121,000) have been amortised during the year. The secured bank loans include two significant facilities. Facility A consists of a principal loan of £10,600,000. Facility B consists of a principal loan of £42,400,000. Additional loans were drawn down in the period of £6,484,000. All borrowings are secured against the assets of the Company. The loans were all repaid post year end following the acquisition.

Preferred Ordinary shares

Interest is accrued on the preferred ordinary shares and charged to the profit and loss account as a finance expense. During the year there was a substantial modification to the preferred ordinary shares by the preferred ordinary share holders acting in their capacity as equity holders as a result of a change in the coupon rate. The preferred ordinary share liability of £85,538,000 at February 2020 was derecognised and the modified preferred ordinary shares are now included in the balance sheet. The gain on the modification of £23,636,000 has been recognised directly into equity in accordance with 'IFRS 9 Financial Instruments'. The coupon rate on the preferred ordinary shares is now 0% through to the end of February 2022 before increasing to 4% through to the end of February 2023. The coupon rate then increases to 6% from March 2023 before further increasing back to a coupon rate of 8% from March 2024 onwards. It should be noted that the 2020 preferred ordinary shares have a coupon rate of 10%. The preference shares were redeemed as part of the acquisition.

Maturity of financial liabilities

	Bank loans	Preferred ordinary	Total
	£000	shares	£000
	£000	£000	£000
3 March 2022			
More than one year	67,706	79,518	147,224
Unamortised costs of issue	(1,542)	(764)	(2,306)
	66,164	78,754	144,918

Notes (continued)

18 Borrowings (continued)

Maturity of financial liabilities

	Bank loans £000	Preferred ordinary shares £000	Total £000
25 February 2021			
More than one year	67,706	70,900	138,606
	<hr/>	<hr/>	<hr/>
Unamortised costs of issue	(1,931)	(128)	(2,059)
	<hr/>	<hr/>	<hr/>
	65,775	70,772	136,547
	<hr/>	<hr/>	<hr/>

19 Lease liabilities

Future minimum payments under finance leases are as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	6,324	6,042	-	-
In more than one year, but not more than five years	25,692	24,233	-	-
In more than five years	194,444	172,642	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total gross payments	226,460	202,917	-	-
Less: finance charges included above	(166,239)	(146,111)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	60,221	56,806	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Due within less than one year	6,324	6,042	-	-
Due within greater than one year	53,897	50,764	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	60,221	56,806	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Gross payments represent both future interest expense and capital element.

20 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
		as restated (note 1.2)		
Intangible assets	2,954	1,141	-	-
Property, plant and equipment deferred tax	17,431	13,721	-	-
Revaluation of property, plant and equipment	36,423	21,889	-	-
Accruals and deferred income	(156)	(134)	-	-
Tax losses carried forward	(1,659)	(1,792)	-	-
Disallowed interest expense	(535)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net deferred tax liabilities	54,458	34,825	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

20 Deferred tax assets and liabilities (continued)

Group

Movement in deferred tax during the period

	25 February 2021	Recognised in income	Recognised in other comprehensive income	3 March 2022
	£000 as restated (note 1.2)	£000	£000	£000
Intangible assets	1,141	1,813	-	2,954
Property, plant and equipment deferred tax	13,721	3,710	-	17,431
Revaluation of property, plant and equipment	21,889	1,281	13,253	36,423
Accruals and deferred income	(134)	(22)	-	(156)
Tax losses carried forward	(1,792)	133	-	(1,659)
Disallowed interest expense	-	(535)	-	(535)
	<u>34,825</u>	<u>6,380</u>	<u>13,253</u>	<u>54,458</u>

Movement in deferred tax during the prior period

	28 February 2020	Recognised in income	Recognised in other comprehensive income	25 February 2021
	£000 as restated (note 1.2)	£000 as restated (note 1.2)	£000 as restated (note 1.2)	£000 as restated (note 1.2)
Intangible assets	2,310	(1,169)	-	1,141
Property, plant and equipment deferred tax	13,775	(54)	-	13,721
Revaluation of property, plant and equipment	8,162	-	13,727	21,889
Accruals and deferred income	(133)	(1)	-	(134)
Tax losses carried forward	(22)	(1,770)	-	(1,792)
	<u>24,092</u>	<u>(2,994)</u>	<u>13,727</u>	<u>34,825</u>

Company

Movement in deferred tax during the period

	25 February 2021 £000	Recognised in income £000	3 March 2022 £000
Non-trade loan relationship	-	(5)	(5)
	<u>-</u>	<u>(5)</u>	<u>(5)</u>

Movement in deferred tax during the prior period

	28 February 2020 £000	Recognised in income £000	25 February 2021 £000
Non-trade loan relationship	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

20 Deferred tax assets and liabilities (continued)

A deferred tax asset of £13,961,000 (2021: £11,452,000) relating to potential future capital gains on disposal of tangible fixed assets acquired through a business combination that are not eligible for capital allowances has not been recognised on the basis that sufficient taxable profits of a nature that would result in the realisation of the deferred tax asset are not expected to arise in future periods.

21 Capital and reserves

Called up share capital

	Group and Company	
	2022	2021
	£000	£000
<i>Allotted, called up and fully paid</i>		
250,560 A1 ordinary shares of £0.01 each	3	3
108,099 A2 ordinary shares of £0.01 each	1	1
67,027 A3 ordinary shares of £0.01 each	1	1
13,101,000 A3 ordinary shares of £0.00001 each	-	-
23,578 B ordinary shares of £1 each	23	23
270,200,000 B ordinary shares of £0.00001 each	3	3
55,030 C1 ordinary shares of £1 each	55	55
197,000,000 C1 ordinary shares of £0.00001 each	2	2
12,744 C2 ordinary shares of £1 each	13	13
45,600,000 C2 ordinary shares of £0.00001 each	-	-
8,689 C3 ordinary shares of £1 each	9	9
31,100,000 C3 ordinary shares of £0.00001 each	-	-
8,689 C4 ordinary shares of £1 each	9	9
31,100,000 C4 ordinary shares of £0.00001 each	-	-
70,251 C5 ordinary shares of £0.0001 each	-	-
	<u>119</u>	<u>119</u>

All of the various classes of shares rank *pari passu* in relation to the payment of dividends. Dividends on all classes of share require the pre-approval of at least 50% of the A ordinary shareholders.

All the above shares apart from the C5 ordinary shares are entitled to vote.

During the prior year, there was a modification of the preferred ordinary shares (note 18).

22 Share premium

	Group and Company	
	2022	2021
	£000	£000
At 25 February 2021	490	470
Issue of shares in year	-	20
	<u>490</u>	<u>490</u>
At 3 March 2022		

Notes (continued)

23 Financial assets, liabilities, derivatives and non-current financial instruments

(a) Fair values of financial instruments

Trade and other receivables, trade and other payables and finance lease liabilities

Fair values are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

All interest-bearing loans and borrowings are at floating rates. Therefore, the fair value of these loans and borrowings is their carrying value.

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
IFRS 9 categories of financial instruments				
Cash and cash equivalents (note 16)	12,766	8,419	-	-
Other loans and receivables (note 15)	801	1,851	75,480	76,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	13,567	10,270	75,480	76,677
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities measured at amortised cost				
Interest-bearing loans and borrowings (note 18)	66,164	65,775	-	-
Trade and other payables (note 17)	1,068	2,164	-	-
Finance lease liabilities (note 19)	60,221	56,806	-	-
Preferred ordinary shares (note 18)	78,754	70,772	78,754	70,772
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities measured at amortised cost	206,207	195,517	78,754	70,772
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial instruments	(192,640)	(185,247)	(3,274)	5,905
	<hr/>	<hr/>	<hr/>	<hr/>

The carrying value is equal to the fair value in all cases.

Notes (continued)

23 Financial assets, liabilities, derivatives and non-current financial instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. Therefore the maximum exposure to credit risk at the balance sheet date was £801,000 (2021: £1,851,000)

Ageing beyond contractual due date

The ageing beyond contractual due date of the Group's trade receivables is:

	Within terms £000	Up to three months overdue £000	Between three months and one year overdue £000	More than one year overdue £000	Total £000
2022					
Other loans and receivables	745	10	46	-	801
	<u>745</u>	<u>10</u>	<u>46</u>	<u>-</u>	<u>801</u>
	Within terms £000	Up to three months overdue £000	Between three months and one year overdue £000	More than one year overdue £000	Total £000
2021					
Other loans and receivables	1,697	101	53	-	1,851
	<u>1,697</u>	<u>101</u>	<u>53</u>	<u>-</u>	<u>1,851</u>

Trade receivables represent the primary source of the Group's credit risk and are all denominated in Sterling.

A bad debt provision of £nil is calculated based on a best estimate of the likely future cash flows arising.

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, excluding estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £000	Effective rate %	2022			
			1 year or less £000	1 to < 2 years £000	2 to < 5 years £000	5 years and over £000
<i>Non-derivative financial liabilities</i>						
Trade and other payables	(1,068)	<i>Note 17</i>	(1,068)	-	-	-
Finance lease liabilities	(60,221)	<i>Note 19</i>	(6,324)	(5,235)	(12,961)	(35,701)
Interest bearing loans	(66,164)	<i>Note 18</i>	-	-	-	(66,164)
Preferred ordinary shares	(78,754)	<i>Note 18</i>	-	-	-	(78,754)
	<u>(206,207)</u>		<u>(7,392)</u>	<u>(5,235)</u>	<u>(12,961)</u>	<u>(180,619)</u>

Notes (continued)

23 Financial assets, liabilities, derivatives and non-current financial instruments (continued)

(c) Liquidity risk (continued)

		2021				
	Carrying amount £000	Effective rate %	1 year or less £000	1 to < 2 years £000	2 to < 5 years £000	5 years and over £000
<i>Non-derivative financial liabilities</i>						
Trade and other payables	(2,164)	<i>Note 17</i>	(2,164)	-	-	-
Finance lease liabilities	(56,806)	<i>Note 19</i>	(6,012)	(4,922)	(12,176)	(33,666)
Interest bearing loans	(65,775)	<i>Note 18</i>	-	-	-	(65,775)
Preferred ordinary shares	(70,772)	<i>Note 18</i>	-	-	-	(70,772)
	(195,517)		(8,206)	(4,922)	(12,176)	(170,213)

(d) Market risk

Financial risk management

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. All of the Group's operations are sterling denominated and it does not hold equity investments. Therefore, it does not face foreign exchange risk and equity price risk.

Market risk – Interest rate risk

Profile

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

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
<i>Fixed rate instruments</i>				
Preferred ordinary shares	<u>78,754</u>	<u>70,772</u>	<u>78,754</u>	<u>70,772</u>
<i>Variable rate instruments</i>				
Bank loan	<u>66,164</u>	<u>65,775</u>	<u>-</u>	<u>-</u>

Sensitivity analysis

An increase of 100 basis points in interest rates at the balance sheet date would have decreased group equity and profit or loss by £129,000. 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 remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss and the fixed rate element of interest rate swaps.

(e) Capital management

The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, enabling it to continue to provide returns for shareholders and benefits to other stakeholders; and
- ii) to provide an adequate return to shareholders by (a) pricing products and services commensurate with the level of risk and (b) ensuring the returns on new investment programmes will maintain or increase shareholder returns. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or return capital to shareholders.

Notes *(continued)*

24 Pension contribution

The Group operates a defined contribution pension plan. The total expense relating to this plan in the current period was £671,000 (2021: £561,000).

25 Commitments

Capital commitments

During the period ended 3 March 2022, the Group or Company entered into contracts to purchase property, plant and equipment of £363,000 (2021: £2,600,000).

26 Contingencies

The Company, together with its subsidiaries, is part of a group for arranging borrowing requirements and has cross guarantees for the facilities set out in note 18.

27 Related party disclosures and ultimate controlling parties

As at 3 March 2022, the ultimate controlling party was Phoenix Equity Partners LLP.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and not disclosed in this note.

During the year, the group made property lease payments to the Forestry Commission of £1,047,000 (2021: £981,000) and purchased goods and services from the Forestry Commission of £10,000 (2021: £24,000).

Following the acquisition by Sykes Holidays Cottages post the reporting period, at the time of signing this report, the Company is a member of the Priestholm Topco group, in which the ultimate controlling party is Vitruvian Partners LLP.

Transactions with key management personnel

The key management personnel of the Company are considered to be the directors. At the end of the year, there were no balances held with the directors.

28 Post balance sheet events

On 27 April 2022, 100% of the issued share capital of Canopy Holdco Limited was acquired by Priestholm Bidco Limited, a subsidiary of the Priestholm Topco group (trading as Sykes Holiday Cottages). The ultimate controlling party of the group is Vitruvian Partners LLP. The acquisition resulted in all of the external borrowings and the shareholder preference shares within the Canopy Holdco group being repaid upon completion of the acquisition.

Notes (continued)

29 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The primary area of judgements considered by the directors:

Leases

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Carrying value of planning costs

The Company has a number of different sites where planning permission is being sought at any one time. The costs incurred in this process are held on the balance sheet as a non-current asset. The stage of planning consent varies significantly. In some cases the sites have already obtained planning enquiries have just commenced. At each period end management assess the likelihood of planning consent being achieved on a site by site basis, which is based on the best evidence available at the time and ensure that only costs are only capitalised where planning consent is expected to be achieved.

Period-end carrying value of property, plant and equipment

The board consider that the key area of estimation uncertainty in the financial statements is the valuation of the completed sites category of property, plant and equipment. The completed sites were valued on a fair value basis in February 2021 by an external independent valuer who has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was performed in accordance with the RICS Valuation Standards. In this year the directors have performed a valuation internally.

The key assumption used in the valuations is considered to be the multiple applied to EBITDA forecasts to arrive at the valuation, which is determined primarily with reference to comparable transactions in the leisure and holiday sector, as well as local and national economic factors.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and the global economy. As a result, at the valuation date, the external independent valuer included a 'material valuation uncertainty' in their valuation opinion, in line with RICS Valuation Standards. Consequently, more subjectivity is associated with the valuation of the completed sites category of property, plant and equipment than would normally be the case.

Period-end carrying value of intangible assets and goodwill

Management have concluded that there are no indicators of impairment in relation to these assets based on additional planning consents obtained since acquisition date and the expected additional profits to be generated from these sites that there were not included in cashflows at the time of the acquisition. The sites are yet to be built, however, historic evidence at similar sites shows the builds to be carried out in line with budget and performance at existing sites provides supports for the likely additional profits that could be generated.