**Forest Holidays Group Limited**

# Directors' report and financial statements

Registered number 08159281

3 March 2022

# Contents

# Company information

| | |
|---|---|
| **Directors** | JB McKendrick<br>APJ Priestley<br>G Donoghue<br>M Graham |
| **Company number** | 08159281 |
| **Registered office** | Bath Yard<br>Bath Lane<br>Moira<br>Derbyshire<br>DE12 6BA |
| **Bankers** | NatWest<br>16 South Parade<br>Nottingham<br>NG1 2JX |
| **Solicitors** | Gowling WLG (UK) LLP<br>Two Snowhill<br>Birmingham<br>B4 6WR |

# Directors' report

The directors present the financial statements for Forest Holidays Group Limited ('the Company') for the period ended 3 March 2022.

**Principal activity**

The principal activity of the company is that of an intermediate holding company.

**Political contributions**

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

**Directors**

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

| | |
|---|---|
| JB McKendrick | |
| APJ Priestley | |
| G Donoghue | Appointed 27 April 2022 |
| M Graham | Appointed 27 April 2022 |

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons outlined below.

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.

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 1.2.

**Audit exemptions under section 479A of the Companies Act 2006**

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act. Under the provisions of section 479A of the Companies Act 2006, the ultimate parent company Canopy Holdco Limited has guaranteed all of the company's liabilities to which the company is subject at 3 March 2022.

Advantage has been taken of the audit exemption available for small companies conferred by section 479A of the Companies Act 2006 on the grounds that for the year ended 3 March 2022 the company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the board

DocuSigned by:
4A725E937B604A6...

**Bruce McKendrick**
*Director*

**Registered Office:**

Bath Yard
Bath Lane
Moira
Derbyshire
DE12 6BA

Dated: 21/9/2022

# Strategic report

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 conservations 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 14.

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 financial results for the period are set out on page 7.

**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.

# Strategic report *(continued)*

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.

**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; and
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 | • Minimum payment of the Real Living Wage across the Group<br>• Comprehensive onboarding and induction plans for new team members<br>• Company-wide online learning platform to upskill and develop our team<br>• Quarterly company-wide team member engagement survey<br>• Weekly company-wide team member updates<br>• Annual leadership academy for team members focused on personal development |
| Customers | • Customer feedback survey for every customer<br>• Regular customer database surveys conducted to provide insight<br>• Interaction with customers on location on a daily basis<br>• Relevant targeted marketing campaigns and engaging social media content<br>• Sales and Service support function and social media assists with all queries |
| Partners & Suppliers | • Working in partnership with Forestry England, Forestry Land Scotland and National Resources Wales to deliver environmental, social and economic benefits for all<br>• Five-year partnership with the UK's National Parks that will connect over 20,000 young people with nature<br>• Three-year commitment to fund a rural business start-up every year with the Prince's Countryside Fund<br>• Where possible, a commitment to buy goods from local suppliers<br>• Assessment and onboarding process for all new Forest Holidays suppliers<br>• Regular account management meetings are held with representatives from our larger suppliers<br>• Periodic supplier meetings covering topical matters, for example COVID-19 and cost of living |
| Local communities & Environment | • Employment of c.750 individuals from local communities<br>• Forest Ranger employed at each location to both protect, enhance and educate our customers about the local forest environment<br>• Each location has a long-term biodiversity enhancement strategy and active woodland management plan |
| Governments (and tax authorities) & Industry bodies | • 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 |

On behalf of the board

DocuSigned by:

4A725E937B604A6

**Bruce McKendrick**
*Director*

**Registered Office:**

Bath Yard
Bath Lane
Moira
Derbyshire
DE12 6BA

Dated:
21/9/2022

# 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 company and of the profit or loss of the company for that period. In preparing these 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

## Statement of profit and loss and other comprehensive income

*for the period ended 3 March 2022*

| | Note | 2022<br>£000 | 2021<br>£000 |
|---|---|---|---|
| **Revenue** | | - | - |
| Cost of sales | | - | - |
| **Gross profit** | | - | - |
| Administrative expenses | | - | - |
| **Profit/(loss) before interest and tax** | 3 | - | - |
| Tax on profit | 4 | - | - |
| **Profit/(Loss) after tax for the period** | | - | - |
| **Total comprehensive profit/(loss) for the period** | | - | - |

## Statement of financial position
***as at 3 March 2022***

| | *Note* | **2022** **£000** | 2021 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in subsidiaries | *5* | **-** | - |
| Trade and other receivables | *6* | **51,439** | 51,439 |
| | | **51,439** | 51,439 |
| **Current assets** | | | |
| Trade and other receivables | *6* | **-** | - |
| Cash and cash equivalents | | **-** | - |
| | | **-** | - |
| **Total assets** | | **51,439** | 51,439 |
| **Current liabilities** | | | |
| Current tax liabilities | | **-** | - |
| Trade and other payables | *7* | **(52,870)** | (52,870) |
| | | **(52,870)** | (52,870) |
| **Total liabilities** | | **(52,870)** | (52,870) |
| **Net liabilities** | | **(1,431)** | (1,431) |
| **Shareholders' deficit – equity** | | | |
| Ordinary shares | *8* | **103** | 103 |
| Share premium | | **142** | 142 |
| Other reserves | | **1** | 1 |
| Retained earnings | | **(1,677)** | (1,677) |
| **Total equity** | | **(1,431)** | (1,431) |

The directors:
(a)confirm that the company was entitled to exemption under section 479A of the Companies Act 2006 relating to a guarantee provided by its parent undertaking in accordance with section 479C from the requirement to have its financial statements for the financial year ended 3 March 2022 audited;
(b)confirm that the members have not required the company to obtain an audit of its financial statements for the financial year in accordance with section 476 of the Companies Act 2006; and
(c)acknowledge their responsibilities for:
(i)ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
(ii)preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.
These financial statements were approved by the Board of Directors and authorised for issue on [date] and signed on its behalf by:

DocuSigned by:
4A725E937B604A6...

**Bruce McKendrick**
*Director*

Registered number : 08159281

# Statement of cash flows
***for the period ended 3 March 2022***

| | 2022 £000 | 2021 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss after tax for the year** | - | - |
| *Adjustments for:* | | |
| Tax | - | - |
| (Increase) in trade and other receivables | - | - |
| (Decrease) in trade and other payables | - | - |
| **Cash (outflow) from operations** | - | |
| Taxation paid | - | - |
| **Net cash outflow from operating activities** | - | - |
| **Net cash outflow** | - | - |
| Cash and cash equivalents at beginning of year | - | - |
| **Cash and cash equivalents at end of year** | - | - |

# Statement of changes in equity
***for the period ended 3 March 2022***

| | Share capital £000 | Share premium £000 | Treasury share reserve £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|
| Balance at 28 February 2020 | 103 | 142 | 1 | (1,677) | (1,431) |
| **Total comprehensive income for the period** | | | | | |
| (Loss) after tax for the year | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | - | - |
| **Balance at 25 February 2021** | **103** | **142** | **1** | **(1,677)** | **(1,431)** |

| | Share capital £000 | Share premium £000 | Treasury share reserve £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|
| Balance at 26 February 2021 | 103 | 142 | 1 | (1,677) | (1,431) |
| **Total comprehensive income for the period** | | | | | |
| (Loss) after tax for the year | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | - | - |
| **Balance at 3 March 2022** | **103** | **142** | **1** | **(1,677)** | **(1,431)** |

# Notes
***(forming part of the financial statements)***

## 1 Accounting policies

Forest Holidays Group Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered number is 08159281 and the registered address is Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA.

The company 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 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 13.

### *1.1. Measurement convention*

The financial statements are prepared on the historical cost basis.

### *1.2. Going concern*

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons outlined below.

As the Company is a holding company, the directors have considered the going concern basis of the Company's main trading subsidiary Forest Holidays Limited and specifically, the Directors considered the following in arriving at their conclusion.

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.

### *1.3 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.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.3. Financial instruments (continued)*

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.

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.

*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.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.3. Financial instruments (continued)*

*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.

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) Classification and subsequent measurement**

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.

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.

# Notes _(continued)_

## 1 Accounting policies _(continued)_

### _1.3_ **_Financial instruments (continued)_**

_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.

**_Non-derivative financial instruments_**

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

_Trade and other receivables_

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

_Trade and other payables_

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

_Cash and cash equivalents_

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

_Interest-bearing borrowings_

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

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Non-derivative financial instruments*** *(continued)*

***Derivative financial instruments and hedging***

*Derivative financial instruments*

Derivative financial instruments are used by the group to hedge its exposure to movements in interest rates.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

***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.

*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.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.4. 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.

### *1.5. 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.

## 2 Employees and directors' remuneration

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

| | **Number of employees** | |
|---|---|---|
| | **2022** | 2021 |
| Administration | **2** | 2 |

Services provided by the directors are incidental to the services they provide to other companies in the group and therefore it is not reasonable to apportion any remuneration to Forest Holiday Group Limited.

## 3 Expenses and auditor's remuneration

*The profit before interest and tax is stated after charging the following:*

| | **2022** | 2021 |
|---|---|---|
| | **£000** | £000 |
| Audit of these financial statements | - | 3 |

The company audit fee is borne by another Group company.

# Notes *(continued)*

## 4 Tax on profit

### Recognised in the income statement

| | **2022** **£000** | 2021 £000 |
|---|---|---|
| *Current tax expense* | | |
| Current year | - | - |
| Adjustment in relation to prior year | - | - |
| Current tax expense/(credit) | - | - |
| Total tax charge/(credit) in income statement | - | - |

### Reconciliation of tax charge

| | **2022** **£000** | 2021 £000 |
|---|---|---|
| (Loss) for the year | - | - |
| Total tax charge | - | - |
| (Loss) excluding taxation | - | - |
| Tax using the UK corporation tax rate of 19% *(2021: 19%)* | - | - |
| Adjustments in respect of prior periods | - | - |
| Total tax charge | - | - |

### 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.

## Notes *(continued)*

### 5 Investments in subsidiaries

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

The group has the following investments in subsidiaries.

| | Registered office address | Country of incorporation | Holding | Ownership % 2021 | 2020 |
|---|---|---|---|---|---|
| Forest Holidays Limited | Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA | England | Direct | **100%** | 100% |
| FH England LLP | Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA | England | Indirect | **100%** | 100% |
| Forest Holidays (Scotland) LLP | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ | Scotland | Indirect | **100%** | 100% |

### 6 Trade and other receivables

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Amounts due from group companies | **51,439** | 51,439 |
| Non-current | **51,439** | 51,439 |
| Current | - | - |
| | **51,439** | 51,439 |

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 £51,439,000 is therefore presented as non-current. The balance is repayable on demand.

### 7 Trade and other payables

| | 2022 £000 | 2021 £000 |
|---|---|---|
| ***Current*** | | |
| Trade and other payables | **9** | 9 |
| Other payables due to related parties (note 9) | **52,861** | 52,861 |
| | **52,870** | 52,870 |

# Notes *(continued)*

## 8 Capital and reserves

### Called up share capital

| | 2022 | 2021 |
|---|---|---|
| | **£000** | £000 |
| *Allotted, called up and fully paid* | | |
| 119,750 A ordinary shares at £0.20 each | **24** | 24 |
| 40,000 B ordinary shares at £0.20 each | **8** | 8 |
| 45,378 ordinary shares at £1 each | **46** | 46 |
| 18,250 E ordinary shares at £1 each | **18** | 18 |
| 7,561 C ordinary shares | **7** | 7 |
| | **103** | 103 |

The A ordinary shares, B ordinary shares, C ordinary shares and ordinary shares rank pari passu in relation to the payment of dividends. The E ordinary shares received a preferred dividend at a rate of LIBOR, multiplied by the nominal value of the shares. Dividends on all classes of share require the pre-approval of at least 50% of the A ordinary shareholders.

All share classes each receive 1 vote per share, however the total voting rights of the A ordinary shares are limited to 44.5% of the total voting rights, and the total voting rights of the B ordinary shares are limited to 20% of the total voting rights.

The A ordinary shares have the right to a return of capital (pari passu with the B ordinary shares as if the same constituted one ordinary share) to an amount equal to the issue price (inclusive of any premium) paid for such shares. Thereafter any payment to the ordinary shareholders and C ordinary shareholders on a return of capital of an amount equal to the issue price (inclusive of any premium) paid for such shares, the balance of such assets shall be distributed amongst the holders of the ordinary shares, A ordinary shares, B ordinary shares and C ordinary shares in proportion to the number of ordinary shares, A ordinary shares, B ordinary shares and C ordinary shares held by them (pari passu as if the same constituted one class of share).

# Notes *(continued)*

## 9 Financial assets, liabilities, derivatives and non-current financial instruments

### *(a) Fair values of financial instruments*

*Trade and other receivables and trade and other payables*

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.

| | **2022** | 2021 |
|---|---|---|
| ***Categories of financial instruments*** | **£000** | £000 |
| *Loans and receivables* | | |
| Cash and cash equivalents | **-** | - |
| Other loans and receivables (note 6) | **51,439** | 51,439 |
| Total financial assets | **51,439** | 51,439 |
| *Financial liabilities measured at amortised cost* | | |
| Trade and other payable (note 7) | **9** | 9 |
| Other payables due to related parties (note 7) | **52,861** | 52,861 |
| Total financial liabilities measured at amortised cost | **52,870** | 52,870 |
| Total financial instruments | **(1,431)** | (1,431) |

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

### *(b) Credit risk*

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

# Notes *(continued)*

## 9 Financial assets, liabilities, derivatives and non-current financial instruments *(continued)*

### *(c) Liquidity risk*

*Financial risk management*

Liquidity risk is the risk that the company 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** | | **2022** **1 year or less £000** | **1 to < 2 years £000** | **2 to < 5 years £000** | **5 years and over £000** |
|---|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables | **(9)** | *Note 7* | **(9)** | - | - | - |
| Other payables due to related parties | **(52,861)** | *Note 7* | **(52,861)** | - | - | - |
| | **(52,870)** | | **(52,870)** | - | - | - |

| | Carrying amount £000 | | 2021 1 year or less £000 | 1 to < 2 years £000 | 2 to < 5 years £000 | 5 years and over £000 |
|---|---|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | | | |
| Trade and other payables | (9) | *Note 7* | (9) | - | - | - |
| Other payables due to related parties | (52,861) | *Note 7* | (52,861) | - | - | - |
| | (52,870) | | (52,870) | - | - | - |

### *(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 company's income or the value of its holdings of financial instruments. All of the company's operations are sterling denominated and it does not hold equity investments. Therefore, it does not face foreign exchange risk and equity price risk.

# Notes *(continued)*

## 9 Financial assets, liabilities, derivatives and non-current financial instruments *(continued)*

### *(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

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.

## 10 Commitments

*Capital commitments*

During the period ended 3 March 2022, the company did not enter into any contracts to purchase property, plant and equipment *(2021: £nil)*.

## 11 Contingencies

The company as part of a group has cross guarantees for the facilities taken out by other group entities.

## 12 Related party disclosures and ultimate controlling parties

The company is a subsidiary undertaking of Canopy Bidco Limited and the ultimate parent company is Canopy Holdco Limited, incorporated in England and Wales. As at 3 March the ultimate controlling party is Phoenix Equity Partners LLP. The immediate parent company is Canopy Bidco Limited, incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Canopy Holdco Limited. The address and registered office from which the financial statements can be obtained is Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA.

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. There were no transactions with the Directors within the period and no balance outstanding at the end of the period.

## 13 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 directors do not consider that they have made any key estimates or judgements in this company.

## 14 Post Balance Sheet Event

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.