

Registered number: 08159308

FOREST HOLIDAYS LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022



FOREST HOLIDAYS LIMITED

Company Information

Directors

Peter Timothy Anderson
Graham Donoghue
Michael Steven Graham
Bruce James McKendrick
Alexander James Roberts

Registered number

08159308

Registered office

Bath Yard
Bath Lane
Moir
Swadlincote
DE12 6BA

Independent auditors

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

FOREST HOLIDAYS LIMITED

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FOREST HOLIDAYS LIMITED

Strategic Report

Introduction

The Directors present their strategic report for the period ended 30th September 2022.

Forest Holidays Limited continue to develop and operate 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.

Business Review

The profit and loss account is set out on page 16, showing an operating profit for the period ended 30th September 2022 of £11,218,000 (3 March 2022: £13,660,000), inclusive of £115,000 of exceptional items (3 March 2022: £348,000). The profit before tax is £7,307,000 (3 March 2022: £6,412,000). The Directors are satisfied with the trading performance and will continue to develop the existing activities of the Company.

Financial key performance indicators

The Company's key financial and other performance indicators during the period were as follows:

	Unit	Period ended 30 September 2022	Period ended 3 March 2022
Revenue	£000	37,569	55,838
Gross profit	£000	21,444	31,843
Gross profit margin	%	57.08	57.03
EBITDA	£000	19,927	28,728
EBITDA margin	%	53.04	51.45
Operating profit	£000	11,218	13,660
Operating profit margin	%	29.86	24.46

Financial risks

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

Price risk

The travel industry is highly competitive and is comprised of a large number of companies specialising in providing short-term holiday rental. Competition may reduce fee structures, which may adversely impact profits. New competitor business models may put pressure on the Company to change existing business models in order to remain competitive. To mitigate the risk, the prices of the Company's products are dynamically managed.

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

Financial risks (continued)

Liquidity risk

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

Cash flow risk

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

Credit risk

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

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

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

Interest rate risk

Interest is credited or charged on the Company's cash balances at variable rates; given there is no significant interest is credited or charged on intercompany balances, the Directors do not consider it necessary to mitigate interest rate risk.

Principal risks and uncertainties

The Principal risks and uncertainties facing the company are:

Covid-19 risk

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

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

Principal risks and uncertainties (continued)

Covid-19 risk (continued)

In the event of any future local or national lockdowns the Company would continually review the government guidance to determine whether guests could travel to their eco-cabin location and whether the Company's offices could be open. The Company will always ensure the safety of guests, owners and employees.

Competition and Guest expectation

The Company faces competition from other holiday operators in the UK as well as a broad range of other holiday options. The Company's business and growth potential could be impacted if the quality of properties and services it provides does not meet the guest expectations.

Whilst we are one of the UK's leading operators of short-term holiday accommodation, this sector is highly fragmented and the Company is exposed to local competition. The Company adopts both local and national marketing and pricing strategies to ensure it remains competitive. The Company continuously reviews service standards to guests, with the aim of increasing retention.

Technology and cyber security

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

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

People availability and expertise

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

Regulatory environment

The Company is exposed to regulatory pressures primarily in the UK but also in Ireland (the EU). Continued uncertainty exists around the extent to which the UK Government will seek to diverge for EU regulatory standards and (particularly in the area of Data Protection) this could lead to the need for increased flexibility in technology systems and governance standards. Regulatory expectations continue to increase in the UK with interest in the travel and leisure sector being shown by the CMA and with continued resourcing increases at the FCA and ICO leading to a generally larger UK regulatory sector.

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

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

Principal risks and uncertainties (continued)

Changes in macroeconomic conditions

Like most companies within the UK, the Company is exposed to changes in macroeconomic conditions caused by the political instability within the UK. This instability has led to an increase in market volatility and as a result an increase in interest rates and reduced predictability of regulatory and legislative matters.

These changes, coupled with the increase in oil prices caused by the war in Ukraine, have resulted in an increase in the cost of living which has a direct impact on people's disposable income and behaviour when booking a holiday. Despite this, holidays are still seen as an "essential" rather than a "want" by most people, and therefore the impact on demand is not expected to be significant.

To mitigate against the risks identified, the Forge Holiday Group employs an in-house legal function, market experts and finance professionals to monitor the performance of the Group and associated Companies and any changes in legislation. This allows the Company to react quickly to change and adapt the strategies and processes accordingly. The group also offers a wide range of holidays at varying price levels to service any change in behaviour and demand.

Climate change

Extreme weather events or more gradual climate alterations could cause honeypot areas to become less tourist friendly and could increase force majeure events to an unsustainable level. Therefore, the Group monitors the standard of all properties on offer to identify any which could be at risk. In addition, the Group is working with its stakeholder to reduce its environmental impact through a number of initiatives centred around its affiliation with BCorp.

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

The Directors believe they have acted at all times to promote the success of the Group and Company for the benefit of its members as a whole.

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.

The Board considers its key stakeholders to be its employees, guests, suppliers, property owners, local communities in which it operates, the environment, Governments and industry bodies and its shareholders.

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

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

Board and decision-making process

The Board has considered the interest of a range of stakeholders impacted by the Group, as well as having regard for the matters set out in section 172(1) of the UK Companies Act 2006, namely:

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

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

- Be one team
- Own it
- Communicate honestly
- Learn, grow and innovate

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

- Summary of key initiatives and their progress
- Corporate Development update
- Operations update
- IT update, including operational and strategic objectives
- Monthly Financials including budgets/forecasts

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

Key Stakeholders

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

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

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

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

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

Key Stakeholders (continued)

- **Workforce** – the Group employs approximately 2,000 people across the UK and New Zealand. The Group places considerable value on the involvement of its employees, therefore it ensures information on matters of concern is provided and where appropriate the employees are consulted so their views are taken into account when making decisions. This is achieved through monthly briefings, intranet and e-mails to employees' work addresses. Employee involvement in the Group is encouraged through regular employee surveys. The Group also ensures its employees are paid at least the Minimum Real Living Wage.
- **Suppliers** – The Group engages with key suppliers and settles invoices in a timely manner and within the agreed credit terms. Forest Holidays Ltd has a working partnership with Forestry England, Forestry Land Scotland and National Resources Wales to deliver environmental, social and economic benefits for multiple stakeholders.
- **Community and Environment** – The Group participates in several community-based initiatives through fund raising events and commitment of resources. The Group supports various charities as it enables the local offices to choose who they raise funds for. During the year the Group has raised money for Changing Lives Together, Suffolk Community Foundation and Saint Catherine's Hospice to name a few. The Group looks to minimise its carbon footprint where possible, reducing the use of paper through technical developments and maximising recycling of paper/plastics/metals via numerous in-office recycling collection points. In the specialist operator division, a Forest Ranger is employed at each location to both protect, enhance and educate our customers about the local forest environment with each location having a long-term biodiversity enhancement strategy and active woodland management plan. It also has a five-year partnership with the UK's National Parks that will connect over 20,000 young people with nature and a three-year commitment to fund a rural business start-up every year with the Prince's Countryside Fund.
- **Shareholders and lenders** – The ultimate parent company of the Forest Holidays Group and the Company is Priestholm TopCo Ltd. The ultimate controlling party of Priestholm TopCo Ltd and the Forest Holidays Group is Vitruvian Partners LLP, which is a private equity investment company. The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders. Both Vitruvian Partners LLP and lenders receive monthly financial updates as standard, with ad hoc initiatives and key developments reported as required.
- **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.

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Strategic Report (Continued)

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

Key decisions

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

Decision 1

Acquisition of Forest Holidays Group by Forge Holiday Group Ltd (formerly Priestholm BidCo Ltd)

On 27th April 2022, Canopy HoldCo Ltd (Forest Holidays Group) was acquired by Forge Holiday Group Ltd registered in United Kingdom whose Ultimate Parent Company is Priestholm TopCo Ltd registered in Jersey and Ultimate Controlling Party is Vitruvian Partners LLP.

As part of the acquisition, Forest Holidays Group became part of the Forge Holiday Group which has a UK Cottage Agency division, International division and a Caravan division. As part of the acquisition of Forest Holiday Group, Forge Holiday Group undertook a refinancing, which has provided the group with additional long-term funding to facilitate growth through acquisition and developing current and new sites.

Acquisition of Forest Holidays Group by Forge Holiday Group Ltd (formerly Priestholm BidCo Ltd) (continued)

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - Able to offer a wider variety of property options to the whole Group through the nationwide marketing capacity of the Group, over multiple websites and marketing channels.
- **Employees** - Clear plans are put into place and communicated through updates and written notices, to the existing and new staff base. Expected synergies related to the acquisitions are highlighted alongside career opportunities that may result. More employment opportunities/progression as employees have a variety of divisions to work in.
- **Community** - Press releases to promote awareness within the local communities.
- **Shareholders & Lenders** - Notification to both parties explaining the rationale for the acquisition and expected benefits was made, which is part of the formal board communication.

Decision 2

BCorp Certification

In 2021 a more structured response to the climate crisis and social inequality was introduced in the business to kick-start a step-change in the way the group carries out business. Stakeholder expectations and factors that impact the decision making process, along with expected changes to legislation around sustainability and ethical business practices. The escalating Climate Crisis and Social Inequalities has been the catalyst to taking steps to future proof our business so that ESG is not purely about compliance but is integrated into every investment decision.

FOREST HOLIDAYS LIMITED

Strategic Report (Continued)

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

Key decisions (continued)

Decision 2 (continued)

BCorp Certification (continued)

During the year the board decided to start the process of obtaining a B Corp Certification. B Corp is one of the most demanding, internationally recognised certifications, that evaluates companies' social and environmental impacts. Certified B Corps meet a high standard of social and environmental performance, transparency and accountability. The certification process can take up to 21 months to achieve.

The Board considers that businesses that attain high standards of social and environment performance are more profitable, have faster growth, higher levels of employee retention, have a more diverse and engaged workforce and are more innovative.

B Corp certification demonstrates that the Group has a structured framework to capture these strategic goals.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** – can be confident they are purchasing from a business that is committed to making a positive social and environmental impact.
- **Employees** – our clear purpose, mission and measurable commitments along with transparent reporting will show our commitment to making a difference and supporting colleagues to be the best they can be. This will improve retention rates and make us a more attractive proposition to future recruits.
- **Shareholders & Lenders** - The Forge Holiday Group will be a more attractive investment opportunity.

This report was approved by the board on 7th March 2023 and signed on its behalf.

DocuSigned by:

Michael Graham

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Michael Steven Graham
Director

FOREST HOLIDAYS LIMITED

Directors' Report

The Directors present their report and the financial statements for the period ended 30th September 2022.

Principal activity

The principal activity of the Company 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.

Results and dividends

The profit for the period, after taxation, amounted to £4,598,000 (3 March 2022: £3,623,000).

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the period were:

Peter Timothy Anderson	(appointed 23 February 2023)
Graham Donoghue	(appointed 27 April 2022)
Michael Steven Graham	(appointed 27 April 2022)
Bruce James McKendrick	
Alexander Peter James Priestly	(resigned 23 February 2023)
Alexander James Roberts	(appointed 23 February 2023)

Political contributions

The Company made no political donations or incurred any political expenditure in the Period (3 March 2022: £nil).

Future developments

An indication of likely future developments in the business and particulars of significant events, which have occurred since the end of the financial Period, have been included in the strategic report on page 1.

Financial Instruments

Objectives and policies

The Company does not use derivative financial instruments. The Company enters into financial derivative contracts to mitigate financial risk and details are included above in the Strategic Report under the relevant risk heading.

FOREST HOLIDAYS LIMITED

Directors' Report (Continued)

Going concern

The Directors of the Company during their going-concern assessment have confirmed the ability of its parent company to provide continued support access to cash to ensure its day-to-day running of the Company. The Board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2024. For the detailed going concern assessment, refer to Priestholm TopCo Ltd consolidated financial statements of this group may be obtained from 4th Floor, St Paul's Gate, 22-24 New Street, St. Helier, JE1 4TR, Jersey.

Streamlined Energy and Carbon Reporting (SECR)

Information about the Company's Streamlined Energy and Carbon Reporting ("SECR") is included in the parent company Directors' Report which is prepared on a consistent basis with the requirements applicable to the Company. The consolidated financial statements of Priestholm Midco Ltd may be obtained from 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

Disclosure of information to auditors

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

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

Post Period end events

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

Auditors

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

This report was approved by the board on 7th March 2023 and signed on its behalf.

DocuSigned by:

Michael Graham

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Michael Steven Graham
Director

FOREST HOLIDAYS LIMITED

Directors' Responsibilities' Statement

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

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

Under Company law the Directors must not approve the 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the 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.

Independent Auditors' Report to the Members of Forest Holidays Limited

Opinion

We have audited the financial statements of Forest Holidays Limited for the year ended 30 September 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period a period to 31 March 2024 from when the financial statements are authorised for issue.

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

Other information

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

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

Independent Auditors' Report to the Members of Forest Holidays Limited (Continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report to the Members of Forest Holidays Limited (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom.
- We understood how Forest Holidays Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by internal team conversations and inquiry of management and those charged with governance.
- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition, particularly the manual journal posted to revenue.
- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

Independent Auditors' Report to the Members of Forest Holidays Limited (Continued)

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

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

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

Use of our report

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

DocuSigned by:

Ernst & Young LLP

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Senior statutory auditor

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

07 March 2023

FOREST HOLIDAYS LIMITED**Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 30 September 2022**

	Note	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Revenue	9	37,569	55,838
Cost of sales	10	(16,125)	(23,995)
Gross profit		21,444	31,843
Administrative expenses		(10,111)	(17,835)
Exceptional items	16	(115)	(348)
Operating profit	11	11,218	13,660
Finance expense	14	(3,911)	(7,248)
Profit before tax		7,307	6,412
Tax charge	15	(2,709)	(2,789)
Profit for the period		4,598	3,623
Items that will not be classified to profit or loss:			
Revaluation in the period	17	(3,383)	45,548
Taxation on items that will not be classified to profit or loss	15	846	(14,534)
Other comprehensive income for the period, net of tax		(2,537)	31,014
Total comprehensive profit for the period		2,061	34,637

Revenue and operating profit are derived wholly from continuing operations.

The financial statements include the notes on pages 19 to 49.

FOREST HOLIDAYS LIMITED**Statement of Financial Position
as at 30 September 2022**

	Note	30 September 2022 £000	3 March 2022 £000
Assets			
Non-current assets			
Tangible fixed assets	17	263,697	267,045
Intangible fixed assets	18	2,961	-
Investments	19	-	-
		<u>266,658</u>	<u>267,045</u>
Current assets			
Inventories	20	480	462
Trade and other receivables	21	2,201	3,288
Cash and cash equivalents		<u>14,423</u>	<u>12,765</u>
		<u>17,104</u>	<u>16,515</u>
Total assets		<u>283,762</u>	<u>283,560</u>
Non-current liabilities			
Lease liabilities	24	(55,408)	(53,897)
Deferred tax liabilities	15	<u>(38,676)</u>	<u>(39,202)</u>
		<u>(94,084)</u>	<u>(93,099)</u>
Current liabilities			
Trade and other liabilities	22	(70,879)	(68,895)
Contract liabilities	23	(10,333)	(14,802)
Lease liabilities	24	<u>(5,965)</u>	<u>(6,324)</u>
		<u>(87,177)</u>	<u>(90,021)</u>
Total liabilities		<u>(181,261)</u>	<u>(183,120)</u>
Net assets		<u>102,501</u>	<u>100,440</u>
Issued capital and reserves attributable to owners			
Share capital	25	-	-
Revaluation reserve	26	124,740	127,277
Retained earnings	26	<u>(22,239)</u>	<u>(26,837)</u>
Total equity		<u>102,501</u>	<u>100,440</u>

The financial statements on pages 16 to 49 were approved and authorised for issue by the board of Directors on 7th March 2023 and were signed on its behalf by:

DocuSigned by:

 91F5ED9AE90F4AF...

Michael Steven Graham
 Director

FOREST HOLIDAYS LIMITED

Statement of Changes in Equity For the Period Ended 3 March 2022

	Share capital £000	Revaluation Reserve £000	Retained Earnings £000	Total Equity £000
At 26 February 2021	-	96,263	(30,460)	65,803
Profit for the period	-	-	3,623	3,623
Revaluation in the period	-	31,014	-	31,014
Total comprehensive income for the period	-	31,014	3,623	34,637
At 3 March 2022	-	127,277	(26,837)	100,440

Statement of Changes in Equity For the Period Ended 30 September 2022

	Share capital £000	Revaluation Reserve £000	Retained Earnings £000	Total Equity £000
At 4 March 2022	-	127,277	(26,837)	100,440
Profit for the period	-	-	4,598	4,598
Revaluation in the period	-	(2,537)	-	(2,537)
Total comprehensive income for the period	-	(2,537)	4,598	2,061
At 30 September 2022	-	124,740	(22,239)	102,501

The financial statements include the notes on pages 19 to 49.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

1. Corporate Information

Forest Holidays Limited ("the Company") is a Limited Liability Company incorporated and domiciled in the United Kingdom. The registered office is located at Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 8).

In order to bring the year end in line with the group the current year accounts represent a 7-month period ending 30th September 2022, therefore the comparative amounts presented in the financial statements (including related notes) are not entirely comparable. The prior period represents a period of trade commencing on 26 February 2021 and ending on 3 March 2022.

Going Concern

The Directors of the Company during their going-concern assessment have confirmed the ability of its parent company to provide continued support access to cash to ensure its day-to-day running of the Company. The Board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2024. For the detailed going concern assessment, refer to Priestholm TopCo Ltd consolidated financial statements of this group may be obtained from 4th Floor, St Paul's Gate, 22-24 New Street, St. Helier, JE1 4TR, Jersey.

Financial statement approval

The financial statements of Forest Holidays Limited for the period ended 30th September 2022 were authorised for issue in accordance with a resolution of the board of directors on 7th March 2023.

3. Functional and presentation currency

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

4. Standards issued not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements as they do not have a material effect on the Company's financial statements.

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

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of material amendments to IAS 1 and IAS 8
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

5. Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 Periods required by Company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

6. Exemption from preparing consolidated financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking in the UK is Priestholm MidCo Ltd. Priestholm MidCo Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Priestholm MidCo Ltd are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies

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

7.1 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

The Company classifies all other liabilities as non-current.

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

7.2 Revenue

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

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

Revenue comprises of 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 relevant company website.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.2 Revenue (continued)

Contract liabilities

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

7.3 Exceptional items

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

7.4 Finance income and expenses

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

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

7.5 Employee benefits

Short term and other long-term employee benefits

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

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

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

Defined contribution schemes

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.6 Taxation

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

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

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

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

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

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

7.7 Leases

The Company as a lessee

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

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.7 Leases (continued)

Right of use assets

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

- Fixtures and fittings 5 - 33% per annum on cost
- Land and Buildings 1.33 - 5% per annum on cost or over the lease term

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 7.13 Impairment of non-financial assets.

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

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

Lease liabilities

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

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are included in 'Lease liabilities' on the Statement of Financial Position'.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.7 Leases (continued)

Short term leases and leases of low value assets

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

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 7.10% for lease liabilities.

As a practical expedient, IFRS 16 permits a lessee not to separate non lease components, and instead account for any lease and associated non lease components as a single arrangement. The Company has used this practical expedient.

7.8 Tangible fixed assets

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

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.

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

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

- | | |
|------------------------|---|
| • Plant and Machinery | 20% - 33% per annum on cost |
| • Fixture and fittings | 5% - 33% per annum on cost |
| • Completed sites | 1.33% - 5% per annum on cost or over the lease term |

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.

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.8 Tangible fixed assets (continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

7.9 Intangible fixed assets

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

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

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

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The estimated useful lives are as follows:

- Capitalised software development costs 3 - 5 years

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

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

FOREST HOLIDAYS LIMITED

Note to the Financial Statements

7. Significant Accounting policies (continued)

5.9 Intangible fixed assets (continued)

Research and development costs

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

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

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

7.10 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.

7.11 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 fee. These are recognised upon receipt and holiday start date respectively.

7.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

7.13 Provisions

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.14 Impairment of non-financial assets

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

- | | |
|---|---------|
| • Disclosures for significant assumptions | Note 8 |
| • Tangible fixed assets | Note 17 |
| • Right of use assets | Note 17 |
| • Intangible assets | Note 18 |
| • Investments | Note 19 |

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

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

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

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

Goodwill is tested for impairment annually as at 30 September and when circumstances indicate that the carrying value may be impaired.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.14 Impairment of non-financial assets (continued)

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

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

7.15 Financial instruments

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

i. Financial assets

Initial recognition and measurement

Financial assets are recognised on the trade date which is the date it commits to purchase the instruments. Loans are recognised when the funds are advanced. All other financial instruments are recognised on the date that they are originated. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, with the exception of trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one Period of receiving them. For financial assets which are not held at fair value through the income statement, transaction costs are also added to the initial fair value. Trade receivables that don't contain a significant financing component or where the customer will pay for the related goods or services within one Period of receiving them are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.15 Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories;

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

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

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

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

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset

Impairment

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

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.15 Financial instruments (continued)

i. Financial assets (continued)

Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the 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).

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

ii. Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

7. Significant Accounting policies (continued)

7.15 Financial instruments (continued)

ii. Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition

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

iii. Offsetting financial instruments

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

8. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 7, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

8. Accounting estimates and judgements (continued)

Leases – Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

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, make a judgement and ensure that costs are only capitalised where planning consent is expected to be achieved or has actually been 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 April 2022 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.

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 Directors have had to make the following estimate:

Recoverability of Investments

Due to the inherent uncertainty involved in forecasting and discounting future cash flows this is considered a critical estimate. The estimates used in the valuation of the recoverability of investments are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the use of the most appropriate methodology and the selection of a suitable discount rate.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

8. Accounting estimates and judgements (continued)

Other key sources of estimation and uncertainty is:

Useful life of Tangible fixed assets

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

9. Revenue

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

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Rental of holiday lodges	37,569	55,838
	<u>37,569</u>	<u>55,838</u>

Analysis of revenue by country of destination:

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
United Kingdom and Ireland	37,569	55,838
	<u>37,569</u>	<u>55,838</u>

Timing of revenue recognition:

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Goods and services transferred at a point in time	37,569	55,838
Goods and services transferred over time	-	-
	<u>37,569</u>	<u>55,838</u>

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

10. Cost of sales

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Cost of sales	16,125	23,995
	<u>16,125</u>	<u>23,995</u>

11. Operating profit

The operating profit is stated after charging:

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Exceptional items (note 16)	115	348
Depreciation	8,068	14,720
Amortisation	526	-
Defined contribution pension cost	<u>408</u>	<u>606</u>

12. Auditors Remuneration

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Audit of financial statements	<u>47</u>	<u>56</u>

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

13. Employee benefit expenses

Staff costs were as follows:

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Wages and salaries	6,439	10,080
National insurance	531	657
Defined contribution pension cost	408	606
	<u>7,378</u>	<u>11,343</u>

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

	Period ended 30 September 2022	Period ended 3 March 2022
Administration	98	92
Operations	708	674
	<u>806</u>	<u>766</u>

The directors are remunerated by another company in the group.

14. Finance expense

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Finance expense		
Interest on lease liabilities	3,759	6,218
Interest on amounts due to related parties	152	1,030
Total finance expense	<u>3,911</u>	<u>7,248</u>

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

15. Tax charge

15.1 Income tax recognised in profit or loss

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Current tax		
Current tax on profits for the period	2,389	1,422
Adjustments in respect of prior periods	-	(291)
	<u>2,389</u>	<u>1,131</u>
Deferred tax expense		
Origination and reversal of timing differences	320	1,339
Adjustments in respect of prior periods	-	319
Total deferred tax	<u>320</u>	<u>1,658</u>
Total tax charge		
Tax charge	<u>2,709</u>	<u>2,789</u>
	<u>2,709</u>	<u>2,789</u>
	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Recognised in other comprehensive income		
Deferred tax charge/(credit) on revaluation of property, plant and equipment	<u>(846)</u>	<u>14,534</u>

FOREST HOLIDAYS LIMITED**Notes to the Financial Statements****15. Tax charge (continued)****15.1 Income tax recognised in profit or loss (continued)**

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

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Profit for the period	4,598	3,623
Tax charge	2,709	2,789
Profit before tax	7,307	6,412
Tax using the Company's domestic tax rate of 19% (3 March 2022: 19%)	1,388	1,218
Expenses not deductible for tax purposes, other than goodwill, amortisation, and impairment	11	(401)
Adjustments to tax charge in respect of prior periods	-	(291)
Adjustments to tax charge in respect of previous periods - deferred tax	-	319
Remeasurement of deferred tax for changes in tax rates	77	2,178
Fixed asset differences	1,244	672
Group relief	(11)	(906)
Total tax charge	2,709	2,789

Changed in tax rates and factors affecting the future tax charges

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

An increase in the UK corporation rate from 19% to 25% (effective 1st April 2023) was substantively enacted on 24th May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 30th September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (3 March 2022: 25%).

15.2 Current tax liabilities

	30 September 2022 £000	3 March 2022 £000
Current tax liabilities		
Corporation tax	3,812	1,131
	3,812	1,131

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

15. Tax charge (continued)

15.3 Deferred tax liabilities

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

	30 September 2022 £000	3 March 2022 £000
Deferred tax liabilities	<u>38,676</u>	<u>39,202</u>
	<u>38,676</u>	<u>39,202</u>

	Opening balance £000	Recognised in profit or loss £000	Recognised in OCI £000	Closing balance £000
30 September 2022				
Provisions	39,202	320	(846)	38,676
	<u>39,202</u>	<u>320</u>	<u>(846)</u>	<u>38,676</u>
3 March 2022				
Provisions	23,010	1,658	14,534	39,202
	<u>23,010</u>	<u>1,658</u>	<u>14,534</u>	<u>39,202</u>

The provision for deferred taxation is made up as follows:

	30 September 2022 £000	3 March 2022 £000
Property, plant and equipment deferred tax	3,796	3,470
Revaluation of property, plant and equipment	35,577	36,423
Accruals and deferred income	(133)	(156)
Pension and post-retirement benefits	(29)	-
Disallowed interest	(535)	(535)
	<u>38,676</u>	<u>39,202</u>

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

16. Exceptional items

	Period ended 30 September 2022 £000	Period ended 3 March 2022 £000
Legal and professional	26	287
Restructuring and personnel costs	4	35
Withdrawal fees	-	26
Abortive costs	75	-
BCorp registration costs	10	-
	<u>115</u>	<u>348</u>

Legal and professional fees in relation to employment issues, renegotiations of contracts and valuation reports totalling £26,000 (3 March 2022: £287,000) were expensed during the year.

Restructuring and personnel costs of £4,000 (3 March 2022: £35,000) 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 £nil (3 March 2022: £26,000) were expensed in the year.

Abortive costs in relation to property lease refinancing of £75,000 (3 March 2022: £nil) were expensed in the year.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

17. Tangible fixed assets

	Completed sites	Plant and machinery	Right of use assets	Planning
	£000	£000	£000	£00
Cost or valuation				
At 4 March 2022	247,185	20,034	56,737	5,72
Transfer to intangible fixed assets*	-	(4,790)	-	-
Additions	-	35	1,933	68
Transfer between tangible fixed assets	(906)	518	-	-
Revaluation	(44,168)	-	-	-
At 30 September 2022	202,111	15,797	58,670	6,41
Accumulated depreciation and impairment				
At 4 March 2022	38,892	14,349	11,787	-
Transfer to intangible fixed assets	-	(2,340)	-	-
Charge for the Period – owned assets	6,332	650	-	-
Charge for the Period – finance assets	-	-	1,086	-
Revaluation	(40,785)	-	-	-
At 30 September 2022	4,439	12,659	12,873	-
Net book value				
At 30 September 2022	197,672	3,138	45,797	6,41
At 3 March 2022	208,293	5,685	44,950	5,72

*The transfer of Software from tangible fixed assets relates to the alignment of the presentation of Computer Software from Priestholm MidCo Ltd statutory accounts).

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

17. Tangible fixed assets (continued)

'Completed sites' are held at valuation. A revaluation was performed in the period with an effective date of the valuation being 27 April 2022. The valuation was performed by Knight Frank, an independent valuer in accordance with the RICS Valuation Standards. At the period end the Directors conducted a valuation internally and believe the completed sites are held at fair value. Information about right of use assets is summarised below:

Net book value

	30 September 2022 £000	3 March 2022 £000
Property	45,524	44,557
Motor vehicles	181	256
Plant and machinery	92	137
	<u>45,797</u>	<u>44,950</u>

Depreciation charge for the period ended

	30 September 2022 £000	3 March 2022 £000
Property	965	1,591
Motor vehicles	75	149
Plant and machinery	46	103
	<u>1,086</u>	<u>1,843</u>

Additions to right-of-use assets

	30 September 2022 £000	3 March 2022 £000
Additions to right-of-use assets	<u>1,933</u>	<u>3,476</u>

The details for the lease liabilities relating to the right-of-uses assets are disclosed in note 28.

Impairment losses recognised in the period

The Company has not recognised any impairment losses in the period (2020: £nil).

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

18. Intangible fixed assets

	Software £000
Cost	
At 4 March 2022	-
Transfer from tangible fixed assets*	5,297
Additions	530
At 30 September 2022	5,827
Amortisation	
At 4 March 2022	-
Transfer from tangible fixed assets*	2,340
Charge for the Period	526
At 30 September 2022	2,866
Net book value	
At 30 September 2022	2,961
At 3 March 2022	-

*The transfer of Software from tangible fixed assets relates to the alignment of the presentation of Computer Software to the Group (Priestholm TopCo Ltd and Priestholm MidCo Ltd statutory accounts).

19. Investments

	Investments in subsidiary companies £000
Cost	
At 4 March 2022	-
Additions	-
At 30 September 2022	-
Impairment	
At 4 March 2022	-
Impairment	-
At 30 September 2022	-
Net book value	
At 30 September 2022	-
At 3 March 2022	-

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

19. Investments (continued)

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership	
				30 September 2022	3 March 2022
Directly held					
FH England LLP*	UK	OC318816	Ordinary	99%	99%
Forest Holidays (Scotland) LLP**	UK	2779888	Ordinary	99%	99%

Registered office

* Forest Holidays, Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA

** 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

20. Inventories

	30 September 2022 £000	3 March 2022 £000
Retail stocks	480	462
	<u>480</u>	<u>462</u>

During the period, £1,470,000 (3 March 2022: £2,055,000) has been recognised as an expense in the statement of profit or loss.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

21. Trade and other receivables

	30 September 2022 £000	3 March 2022 £000
Trade receivables – gross	262	805
Allowance for expected credit losses	(25)	(4)
Trade receivables – net	<u>237</u>	<u>801</u>
Total financial assets other than cash and cash equivalents classified as loans and receivables	<u>237</u>	<u>801</u>
Prepayments and accrued income	1,810	2,252
Other receivables	154	235
Total trade and other receivables	<u>2,201</u>	<u>3,288</u>
Total current portion	<u>(2,201)</u>	<u>(3,288)</u>
Total non-current portion	<u>-</u>	<u>-</u>

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

The amounts owed by group undertakings are repayable on demand.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

22. Trade and other liabilities

	30 September 2022 £000	3 March 2022 £000
Trade payables	1,217	1,068
Amounts due to other group undertakings	60,776	62,665
Other payables	39	-
Accruals	3,534	3,215
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	65,566	66,948
Other payables – tax and social security payments	1,501	816
Corporation tax payable	3,812	1,131
Total trade and other liabilities	70,879	68,895
Less: current portion - trade payables	(1,217)	(1,068)
Less: current portion - payables to other group undertakings	(60,776)	(62,665)
Less: current portion - other payables	(1,540)	(816)
Less: current portion – accruals	(3,534)	(3,215)
Less: current portion – corporation tax payable	(3,812)	(1,131)
Total current portion	(70,879)	(68,895)
Total non-current portion	-	-

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

The amounts due to other group undertakings are repayable on demand.

23. Contract liabilities

	30 September 2022 £000	3 March 2022 £000
Balance at 4 March	14,802	17,463
Deferred during the period	34,774	51,811
Recognised as revenue during the period	(39,243)	(54,472)
Balance at 30 September	10,333	14,802

Contract liabilities relate to annual membership points for guests and future rental income on bookings. The membership points liability relates to points purchased between 2008 and 2010 which can be redeemed against future breaks based on a fixed points price list set at the time of purchase. In 2013 the membership points were fair valued to represent the true revenue value of the points on redemption. The revenue from the membership points is recognised when they are redeemed and the holiday is taken. Future rental income on bookings is recognised at the point the service or holiday is provided.

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

24. Lease liabilities

	30 September 2022 £000	3 March 2022 £000
Non-current		
Lease liabilities	55,408	53,897
	<u>55,408</u>	<u>53,897</u>
Current		
Lease liabilities	5,965	6,324
	<u>5,965</u>	<u>6,324</u>
Total lease liabilities	<u>61,373</u>	<u>60,221</u>

The carrying value of lease liabilities classified as financial liabilities measured at amortised cost approximates fair value.

The currency profile of the Company's lease liabilities is as follows:

	30 September 2022 £000	3 March 2022 £000
GBP	61,373	60,221
	<u>61,373</u>	<u>60,221</u>

25. Share Capital

Authorised, issued and fully paid

	30 September 2022		3 March 2022
	Number	£000	Number £000
Shares treated as equity			
Ordinary shares of £1.00 each	1	-	1 -
	<u>1</u>	<u>-</u>	<u>1</u> <u>-</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time.

26. Reserves

Revaluation reserve

Where completed sites are revalued, the cumulative increase in fair value of the property at the date of valuation is included in the revaluation reserve.

Retained earnings

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

27. Employee benefits

Defined contribution plans

The Company operates a defined contribution plan. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total expense relating to these plans in the current period was £408,000 (3 March 2022: £606,000).

28. Leases

i. Leases as a lessee

The Company has leases for property, motor vehicles and property, plant and machinery. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right of use asset shown within tangible assets and a lease liability as shown below.

Lease liabilities are due as follows:

	30 September 2022 £000	3 March 2022 £000
Contractual discounted cash flows due		
Not later than one period	5,965	6,324
Between one period and five periods	18,924	18,196
Later than five periods	36,484	35,701
	<u>61,373</u>	<u>60,221</u>
Lease liabilities included in the statement of financial position at 30 September	<u>61,373</u>	<u>60,221</u>
Non-current	55,408	53,897
Current	<u>5,965</u>	<u>6,324</u>

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

	30 September 2022 £000	3 March 2022 £000
Interest expense on lease liabilities	<u>3,759</u>	<u>6,218</u>

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

FOREST HOLIDAYS LIMITED

Notes to the Financial Statements

29. Capital commitments

During the period ended 30 September 2022, the company had entered into contracts to purchase property, plant and equipment of £9,855,000 (3 March 2022: £363,000).

30. Controlling party

On 27 April 2022, 100% of the issued share capital of Canopy Holdco Limited was acquired by Forge Holiday Group Ltd (formerly Priestholm Bidco Limited), a subsidiary of the Priestholm Topco Ltd (trading as Forge Holiday Cottages).

At the period ended 30th September 2022, the Company was a subsidiary undertaking of Priestholm TopCo Ltd which was the Ultimate Parent Company incorporated in Jersey. The Ultimate Controlling Party was Vitruvian Partners LLP.

The smallest group in which the results of the Company are consolidated was that headed by Priestholm MidCo Ltd, incorporated in the United Kingdom. The consolidated financial statements of this group may be obtained from 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

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

31. Events after the reporting date

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