

Canopy Bidco Limited

**Directors' report and financial
statements**

Registered number 11070472

28 February 2019

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Company information

Directors	JB McKendrick JL Ellis PW Phillipson RJ Palmer
Company number	11070472
Registered office	Bath Yard Moir Derbyshire DE12 6BA
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Lloyds Bank PLC 114-116 Colmore Row Birmingham West Midlands B3 3BD
Solicitors	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

Directors' report

The directors present the audited financial statements for Canopy Bidco Limited ('the Company') for the period from 17 November 2017 (the date of incorporation) to 28 February 2019.

Company incorporation

The company was incorporated on 17 November 2017 and therefore this is the first accounting period.

Principal activity

The principal activity of the Company is that of a holding company.

Directors

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

W Skinner	Appointed on incorporation, resigned 18 December 2017
D Burns	Appointed on incorporation, resigned 18 December 2017
J Squires	Appointed 13 December 2017, resigned 18 December 2017
A Corbett	Appointed 13 December 2017, resigned 18 December 2017
JB McKendrick	Appointed 18 December 2017
JL Ellis	Appointed 18 December 2017
PW Phillipson	Appointed 18 December 2017
Ms JE Grinsted	Appointed 18 December 2017, resigned 30 November 2018
RJ Palmer	Appointed 18 December 2017

Political contributions

The Company made no political contributions during the period.

Disclosure of information to auditor

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

Auditor

KPMG LLP was appointed first auditor of the company by the directors. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



Jon Ellis
Director

Registered Office:

Bath Yard
Bath Lane
Moir
Derbyshire
DE12 6BA

Dated: . . . 15th August 2019.

Strategic report

Overview

Forest Holidays' Purpose is to create authentic experiences in Britain's amazing forests, connecting people, nature and local communities through offering 'back to nature' cabin breaks in ten beautiful locations across the UK.

Protecting and enhancing the environment is at the core of the Group's values and the directors believe the Group's aims and activities are entirely consistent with the targets set out in the Government's 25-year Environment Plan. The Group funds vital conservation projects across the UK including the recent re-introduction of Eurasian beavers into the Forest of Dean, 400 years after the species was driven to extinction.

The Group is part owned by the Forestry Commission, constituting a long-standing relationship that delivers value to the taxpayer whilst supporting our commitment to bio-diversity in, and public access to, Britain's public forest estate.

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

Results for the year

The financial results for the year are set out on page 8.

The loss before interest and tax for the period was (£5,434,000) with adjusted profit before interest and tax of £71,000.

Business review

The directors are pleased to report a stable performance despite challenging trading conditions arising from wider economic, political uncertainty during the year and significant one off cost increases.

June 2019 saw the opening of our 10th location in Beddgelert in the Snowdonia national park. Beddgelert has performed very well exceeding budgeted expectations delivered through strong performance in both occupancy and rate per night achieved. In addition, investment in an estate wide upgrade of cabins has been completed and a considerable proportion of profit continues to be re-invested into the maintenance, development and improvement of the estate and customer offer on an annual basis.

In line with the company's strategy of providing an all year round short to medium term holiday breaks, occupancy levels were maintained at 2018 levels of 91%.

Further expansion plans continue to be explored with our eleventh location currently under development and due to be operational in the autumn of 2020.

The position of the group is healthy with lines of credit fully established on the back of a stable trading performance.

Following the refinancing and investment from Phoenix Equity Partners in December 2017, three additional group companies were incorporated in November 2017; Canopy Bidco Limited, Canopy Midco Limited and Canopy Holdco Limited. 2019 is the first year in which consolidated accounts for the new corporate structure have been prepared on a long accounting date basis covering the period December 2017 to February 2019.

Strategic report *(continued)*

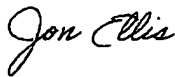
Principal Risks and Uncertainties

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

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

Interest rate risk - The group is exposed to movements in the level of interest rates particularly on the loans drawn down to meet financial obligations around development of sites. In order to manage the risk associated with increases in interest rates on the 31 May 2018 the group entered into an interest rate cap which terminates 28 February 2022.

On behalf of the board



Jon Ellis
Director

Registered Office:

Bath Yard
Bath Lane
Moirā
Derbyshire
DE12 6BA

Dated: . . 15th August 2019.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 auditor's report to the members of Canopy Bidco Limited

Opinion

We have audited the financial statements of Canopy Bidco Limited ("the company") for the period ended 28 February 2019 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

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

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



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

Based solely on that work:

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Anthony Hambleton (Senior Statutory Auditor)

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

Dated: 15th August 2019

Statement of profit and loss and other comprehensive income
for the period ended 28 February 2019

	<i>Note</i>	2019		
		Adjusted £000	Adjusted items (note 3) £000	£000
Revenue		1,198	-	1,198
Cost of sales		-	-	-
Gross profit		1,198	-	1,198
Administrative expenses		(1,127)	(5,505)	(6,632)
Loss before interest and tax	4	71	(5,505)	(5,434)
Financial income	5			401
Financial expense	5			(6,605)
Loss before tax for the period				(11,638)
Tax on loss	6			-
Loss after tax for the period				(11,638)
Total comprehensive loss for the period				(11,638)

Statement of financial position
as at 28 February 2019

	<i>Note</i>	2019 £000
Non-current assets		
Investments in subsidiaries	7	60,074
		<u>60,074</u>
Current assets		
Trade and other receivables	8	52,861
		<u>52,861</u>
Total assets		<u><u>112,935</u></u>
Current liabilities		
Trade and other payables	10	(675)
Other payables due to related parties	10	(66,449)
		<u>(67,124)</u>
Non-current liabilities		
Borrowings	11	(57,449)
		<u>(57,449)</u>
Total liabilities		<u><u>(124,573)</u></u>
Net liabilities		<u><u>(11,638)</u></u>
Shareholders' deficit		
Ordinary shares	13	-
Retained earnings		(11,638)
		<u>(11,638)</u>
Total deficit		<u><u>(11,638)</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on . 15th August 2019 . .
and signed on its behalf by:



Jon Ellis
Director

Registered number: 11070472

Statement of cash flows
for the period ended 28 February 2019

	<i>Note</i>	2019 £000
Cash flows from operating activities		
Loss after tax for the period		(11,638)
Adjustments for:		
Finance income		(401)
Financial expenses		6,605
(Increase) in receivables		(52,861)
Increase in trade and other payables		66,995
Cash inflow from operations		8,700
Interest paid		(5,629)
Net cash inflow from operating activities		3,071
Purchase of investments		(60,074)
Net cash outflow from investing activities		(60,074)
Net proceeds from drawdown on new bank loans		57,003
Net cash outflow from financing activities		57,003
Net cash inflow		-
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	9	-

Statement of changes in equity
for the period ended 28 February 2019

	Share capital £000	Retained earnings £000	Total £000
Balance at 17 November 2017	-	-	-
Total comprehensive income for the period			
Loss after tax for the period	-	(11,638)	(11,638)
Transactions with owners recorded directly in equity			
Shares issued in the period	-	-	-
Balance at 28 February 2019	-	(11,638)	(11,638)

Notes

(forming part of the financial statements)

1 Accounting policies

Canopy Bidco Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered number is 11070472 and the registered address is Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA.

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.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs').

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 19.

1.1. Measurement convention

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

1.2. Change in accounting policy

The company has adopted the following IFRSs in these financial statements:

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers

1.3. Going concern

Notwithstanding net current liabilities of £14.3 million and net liabilities of £11.6 million as at 28 February 2019 and a loss for the year of £11.6 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. The net current liability position is driven by £66.5 million of amounts owed to group undertakings.

Whilst the amounts owed to group undertakings are repayable on demand there is no intention on the part of the group to recall this amount until the earlier of 2032 or exiting of the business by the owners. A letter of support has been issued by the directors of Canopy Holdco Limited to this effect.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

1.4. Financial instruments

(i) Recognition and initial measurement

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

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

Notes (continued)

1 Accounting policies (continued)

1.4. Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

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

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

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

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

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

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

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

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

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

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

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

Notes (continued)

1 Accounting policies (continued)

1.4. Financial instruments (continued)

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

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

Financial liabilities and equity

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

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

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

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

Intra-group financial instruments

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

Notes (continued)

1 Accounting policies (continued)

1.4 Financial instruments

(iii) Impairment

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

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

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

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

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes (continued)

1 Accounting policies (continued)

1.5. Impairment excluding inventories and deferred tax assets

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

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

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

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Reversals of impairment

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

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

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

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

1.6. Employee benefits

Defined contribution plans

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 income statement as incurred.

Notes (continued)

1 Accounting policies (continued)

1.7 Expenses

Financing expenses

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

1.8 Taxation

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

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

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the company. The company chose not to adopt any of the above standards and interpretations early.

Notes (continued)

2 Employees and directors' remuneration

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

	Number of employees 2019
Administration	4

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

	2019 £000
Wages and salaries	854
Social security costs	98
Other pension costs (note 15)	57
	<u>1,009</u>

Emoluments paid or payable to the directors of Canopy Bidco Limited were as follows:

	2019 £000
Remuneration for management services	982
Compensation for loss of office	25
Other pension costs	57
	<u>1,064</u>

In relation to the highest paid director:

	2019 £000
Remuneration	338
Other pension costs (note 15)	-
	<u>338</u>

3 Adjusted items

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

	2019 £000
<i>Within administrative expenses:</i>	
Deal fees	5,329
Rebranding costs	102
Personnel costs	74
	<u>5,505</u>

Notes (continued)

4 Expenses and auditor's remuneration

Auditor's remuneration

	2019 £000
Audit of these financial statements	5

5 Finance income and expenses

Recognised in profit or loss

	2019 £000
Finance income - interest	
Interest on intercompany loans	401
	<hr/>
	2019 £000
Finance expense	
Interest on loans and overdrafts	5,865
Fair value assessment of interest rate cap	295
Amortisation of debt issue costs	445
	<hr/>
Finance expense	6,605

Notes (continued)

6 Tax on loss

Recognised in the income statement

	2019 £000
<i>Current tax expense</i>	
Current tax expense	-
	<hr/>
Total tax charge in income statement	-
	<hr/>

Recognised in other comprehensive income

	2019 £000
Reduction in tax rate	-
	<hr/>
Total tax credit in other comprehensive income	-
	<hr/>

Reconciliation of tax expense

	2019 £000
Loss for the period	(11,638)
Total tax charge	-
	<hr/>
Loss excluding taxation	(11,638)
	<hr/>
Tax using the UK corporation tax rate of 19%	(2,211)
Expenses not deductible for taxation	1,026
Group relief surrendered	521
Adjustment to deferred tax to average rate	70
Deferred tax not recognised	594
	<hr/>
Total tax charge in income statement	-
	<hr/>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 16 March 2016 with an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax expenses accordingly. The deferred tax asset at 28 February 2019 has been calculated based on these rates.

Notes (continued)

7 Investments in subsidiaries

	2019 £000
Cost of investments At 28 February 2019	60,074

The company has the following investments in subsidiaries.

	Registered office address	Country of incorporation	Ownership %
Forest Holidays Group Limited	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	100%

8 Trade and other receivables

	2019 £000
Amounts due from group companies	52,861

Interest is receivable on £6,391,000 of the amount due to related parties at a rate of 8%. There is no interest levied on the remaining balance. All amounts due from related parties are due on demand.

9 Cash and cash equivalents and bank overdrafts

	2019 £000
Cash and cash equivalents per statement of financial position	-

10 Trade and other payables

	2019 £000
<i>Current</i>	
Trade and other payables	295
Accruals and deferred income	380
Amount due to group companies (note 11)	66,449
	67,124

Included within other payables above is £295,000 being the fair value assessment of the interest rate cap.

Notes (continued)

11 Borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £000
<i>Current liabilities</i>	
Other payables due to related parties (note 15)	66,449
	<u>66,449</u>
	<u>66,449</u>
	2019 £000
<i>Non-current liabilities</i>	
Secured bank loans	57,449
	<u>57,449</u>
	<u>57,449</u>

Secured bank loans

Included within bank loans above are £2,387,000 of capitalised debt costs. Of these costs, £445,000 have been amortised during the year.

The secured bank loans include two significant facilities. Facility A consists of a principal of £10,600,000. Interest is charged on this facility at 2.75% above LIBOR. Facility B consists of a principal of £42,400,000. Interest is charged at 7% above LIBOR. Additional loans were drawn down in the period of £6,391,000 from which there is another £43,609,000 available. All borrowings are secured against the assets of the Company.

Amounts due to related parties

There is no interest charged on the balance as it is due on demand.

Maturity of financial liabilities

	Amount due to group companies £000	Bank loans £000
<i>28 February 2019</i>		
Within one year	66,449	-
After more than five years	-	59,391
Unamortised costs of issue	-	(1,942)
	<u>66,449</u>	<u>57,449</u>
	<u>66,449</u>	<u>57,449</u>

Notes (continued)

12 Deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities

Tax losses totalling £2,211,248 with a tax effect of £593,766 may be carried forward. These losses have not been recognised as deferred tax assets as it is not certain that they will be recovered in the future. The future availability of these losses may be impacted by any changes in the Company's ownership or the nature of the Company's activities.

13 Capital and reserves

Called up share capital

	2019 £000
<i>Allotted, called up and fully paid</i>	
1 ordinary share of £1	—

The holder of the ordinary share is entitled to receive dividends as declared from time to time.

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

(a) *Fair values of financial instruments*

Trade and other receivables, trade and other payables

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

Interest-bearing borrowings

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

	2019 £000
<i>Categories of financial instruments</i>	
<i>Loans and receivables</i>	
Other loans and receivables (note 8)	52,861
Total financial assets	52,861
<i>Financial liabilities measured at amortised cost</i>	
Trade and other payable (note 10)	(380)
Secured bank loans	(57,449)
Amounts due to group companies (note 10)	(66,449)
Fair value assessment of interest rate cap	(295)
Total financial liabilities measured at amortised cost	(124,573)
Total financial instruments	(71,712)

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

Notes (continued)

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

(b) Credit risk

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

The Company does not have any trade receivables or investment securities.

(c) Liquidity risk

Financial risk management

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

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

	Carrying amount £000	2019			
		1 year or less £000	1 to < 2 years £000	2 to < 5 years £000	5 years and over £000
<i>Non-derivative financial liabilities</i>					
Secured bank loans	(57,449)	<i>Note 11</i> -	-	-	(57,449)
Trade and other payables	(675)	<i>Note 10</i> (675)	-	-	-
Other payables due to related parties	(66,449)	<i>Note 10</i> (66,449)	-	-	-
	<u>(124,573)</u>	<u>(67,124)</u>	<u>-</u>	<u>-</u>	<u>(57,449)</u>

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. All of the Company's operations are sterling denominated and it does not hold equity investments. Therefore, it does not face foreign exchange risk and equity price risk.

Market risk – Interest rate risk

Profile

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

	2019 £000
<i>Hedged and fixed rate instruments</i>	
Amount due to group companies	(66,449)
	<u>(66,449)</u>
<i>Variable rate instruments</i>	
Financial liabilities	(59,391)
	<u></u>

Notes (continued)

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

Sensitivity analysis

An increase of 100 basis points in interest rates at the balance sheet date would have decreased group equity and profit or loss by £722,000. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

(e) Capital management

The Company's objectives when managing capital are:

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

15 Employee benefits

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current period was £57,000.

16 Commitments

Capital commitments

During the period ended 28 February 2019, the company had not entered into any contracts to purchase property, plant and equipment.

17 Contingencies

The company, together with its subsidiaries, is part of a group for arranging borrowing requirements and has cross guarantees for the facilities set out in note 11.

18 Related party transactions and ultimate controlling parties

The ultimate holding company is Phoenix Equity Partners LLP. The immediate parent company is Canopy Midco Limited, incorporated in England and Wales.

The registered office address of Canopy Midco Limited is Bath Yard, Moira, Derbyshire, DE12 6BA.

There were no transactions with Phoenix Equity Partners LLP within the year and no balance outstanding at the end of the year.

19 Accounting estimates and judgements

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

The directors do not consider there to be any key accounting estimates or judgements that have been applied.