

Forest Midco Limited

Financial statements

52 weeks ended 22 April 2010

Forest Midco Limited

Annual report

For the 52 weeks ended 22 April 2010

Company registration number: 5724326



Financial statements

52 weeks ended 22 April 2010

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Directors' report

For the 52 weeks ended 22 April 2010

The Directors present their report and the audited financial statements of the Company for the 52 weeks ended 22 April 2010 (2009 53 weeks ended 23 April 2009)

The registration number of the Company is 5724326

Principal activities and business review

The Company's principal activity is that of an intermediate holding company. The Company did not trade during the current or prior period, its only income coming from investments in a subsidiary undertaking.

Future developments

No changes are anticipated in the nature of the business in the foreseeable future.

Results and dividends

The profit for the period, after taxation, amounted to £33,859,000 (2009 £22,850,000). The shareholders approved a dividend of £7,000,000 (2009 £17,500,000) during the period.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Forest Holdco Limited Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business Review of the Forest Holdco Limited Annual Report which does not form part of this report.

Further, the key performance indicators (KPIs), and financial risk management of the Company are integrated with those of the Forest Holdco Limited Group and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Business Review of the Forest Holdco Limited Annual Report which does not form part of this report.

Directors

The Directors who served the Company during the period and up to the date of this report were as follows:

P H Stoll
M P Dalby
M R France (resigned 31 December 2009)
P Inglett (appointed 11 January 2010)
A M Robinson
A Valeri
J P Baratta
C R Pike

During the period, the Company had in place Directors' and officers' insurance.

Directors' report

For the 52 weeks ended 22 April 2010

Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

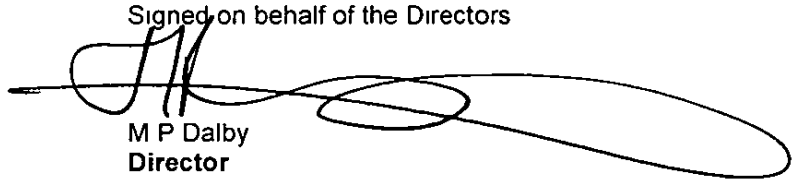
In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Signed on behalf of the Directors



M P Dalby
Director
19 October 2010

Independent auditors' report

to the members of Forest Midco Limited

We have audited the financial statements of Forest Midco Limited for the 52 weeks ended 22 April 2010 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 22 April 2010 and of its profit and cash flows for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

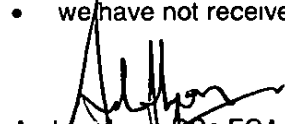
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Andrew Lyon BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
19 October 2010

Income Statement

for the 52 weeks ended 22 April 2010

	Notes	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Operating profit	2	-	-
Finance costs	4	(4,000)	(4,626)
Finance income	4	61	-
Income from Group undertakings	5	31,000	28,000
Profit on ordinary activities before taxation		27,061	23,374
Tax on profit on ordinary activities	6	6,798	(524)
Profit for the financial period	13	33,859	22,850

All results relate to continuing operations

The Company has no items of income and expense other than those included above, and therefore no Statement of Comprehensive Income has been presented

The notes on pages 8 to 15 form part of these financial statements

Statement of Changes in Equity

for the 52 weeks ended 22 April 2010

	Attributable to owners of the parent		
	Share capital £'000	Retained earnings £'000	Total £'000
At 23 April 2009	20,000	(486)	19,514
Comprehensive income			
Profit for the period	-	33,859	33,859
Transactions with owners			
Dividends	-	(7,000)	(7,000)
At 22 April 2010	20,000	26,373	46,373

	Attributable to owners of the parent		
	Share capital £'000	Retained earnings £'000	Total £'000
At 17 April 2008	20,000	(5,836)	14,164
Comprehensive income			
Profit for the period	-	22,850	22,850
Transactions with owners			
Dividends	-	(17,500)	(17,500)
At 23 April 2009	20,000	(486)	19,514

The notes on pages 8 to 15 form part of these financial statements

Balance Sheet

At 22 April 2010

	Notes	22 April 2010 £'000	23 April 2009 £'000
Assets			
Non-current assets			
Investments	7	90,516	90,516
Deferred tax asset	8	-	426
		90,516	90,942
Current assets			
Trade and other receivables	9	23,224	28,000
Cash and cash equivalents		-	-
		23,224	28,000
Liabilities			
Current liabilities			
Trade and other payables	10	(45,500)	(68,016)
Net current liabilities		(22,276)	(40,016)
Total assets less current liabilities		68,240	50,926
Non-current liabilities			
Trade and other payables	11	(21,867)	(31,412)
Net assets		46,373	19,514
Shareholders' equity			
Equity share capital	12	20,000	20,000
Retained earnings	13	26,373	(486)
Total equity		46,373	19,514

The financial statements on pages 4 to 15 were approved by the board of Directors on 19 October 2010 and were signed on its behalf by


M P Dalby
Director

The notes on pages 8 to 15 form part of these financial statements

Cash Flow Statement

For the 52 weeks ended 22 April 2010

	Notes	52 weeks ended 22 April 2010 £m	53 weeks ended 23 April 2009 £m
Operating activities			
Operating profit		-	-
Interest received		61	-
Interest paid	11	(13,545)	-
Net cash outflow from operating activities		(13,484)	-
Investing activities			
Dividends received from subsidiary undertakings	5	59,000	-
Net cash inflow from investing activities		59,000	-
Financing activities			
Equity dividends paid	13	(24,500)	-
Loan issued to Group undertaking		(16,000)	-
Loan repaid to Group undertaking		(5,016)	-
Net cash outflow from financing activities		(45,516)	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of the period		-	-

The notes on pages 8 to 15 form part of these financial statements

Notes to the financial statements

for the 52 weeks ended 22 April 2010

1. Accounting policies

General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out below. The adoption of the revised IAS 1 'Presentation of Financial Statements' prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the Statement of Changes in Equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a Statement of Comprehensive Income. As a result the Company presents in the Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income, where applicable. Comparative information has been re-presented so that it is also in conformity with the revised standard. All other accounting policies are consistent with the prior period.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The Directors have received confirmation that the ultimate UK parent company, Forest Holdco Limited, will provide sufficient support to the Company to allow it to meet its debts as they fall due over the next 12 months. On this basis the financial statements have been prepared on the going concern basis.

Consolidation

The Company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Accounting reference date

The Company prepares accounts drawn up to the Thursday nearest to 22 April each year as permitted under the Companies Act 2006.

Investments

Investments are stated at cost, less any provision for permanent diminution in value. If there are indications of impairment, an assessment is made of the recoverable amount. An impairment loss is recognised in the income statement where the recoverable amount is lower than the carrying value. Dividends receivable from investments are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Notes to the financial statements

for the 52 weeks ended 22 April 2010

1. Accounting policies (continued)

Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders

New standards and interpretations not applied

During the financial period, the International Accounting Standards Board (IASB) and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application

2. Operating profit

Auditors' remuneration of £130,000 (2009: £130,000) is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow Group undertaking. This includes £2,500 (2009: £2,500) in respect of Forest Midco Limited

Notes to the financial statements

for the 52 weeks ended 22 April 2010

3. Employees

The Company has no employees other than the Directors (2009 nil) No salaries or wages have been paid to employees, including the Directors, during the period (2009 £nil)

4. Finance costs and income

	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Finance costs		
Loan note interest payable	4,000	4,626
Finance income		
Other interest receivable	(61)	-
	3,939	4,626

5. Income from Group undertakings

	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Dividend receivable	31,000	28,000

During the period, Forest Bidco Limited, the Company's subsidiary undertaking, declared and paid a dividend on its ordinary shares of £31,000,000

During the prior period, Forest Bidco Limited declared a dividend of £28,000,000 that was paid shortly after the balance sheet date

Notes to the financial statements

for the 52 weeks ended 22 April 2010

6. Tax on profit on ordinary activities

	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Analysis of tax (credit)/charge for the period		
Current tax		
- UK corporation tax on profits for the period	(2,626)	-
- Adjustment in respect of prior periods	(4,598)	-
	(7,224)	-
Deferred tax (note 8)	426	524
Tax on profit on ordinary activities	(6,798)	524

The adjustment in respect of prior periods represents finalisation of group relief claims for prior years with other Group companies and related parties

Factors affecting tax (credit)/charge

The tax assessed on the profit on ordinary activities for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%)

	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Profit on ordinary activities before taxation	27,061	23,374
Profit on ordinary activities multiplied by the corporation tax rate	7,577	6,544
Expenses not deductible for tax purposes	338	649
Group relief not paid for	2	1,779
Deduction for expenses in prior periods	(426)	-
Permanent difference in respect of transfer pricing adjustments	(1,011)	(1,132)
Income not taxable	(8,680)	(7,840)
Adjustment in respect of prior periods – current tax	(4,598)	-
Adjustment in respect of prior periods – deferred tax	-	524
Tax (credit)/charge for the period	(6,798)	524

Factors that may affect future tax charges

On 22 June 2010 it was announced that the Finance Bill 2010 will include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per year to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Government also announced a reduction in the rate of relief for capital expenditure for chargeable periods ending on or after 1 April 2012. The main plant and machinery writing down rates will reduce from 20% to 18% per annum and longer life/special rate plant and machinery writing down rates will reduce from 10% to 8% per annum.

Notes to the financial statements

for the 52 weeks ended 22 April 2010

7. Investments

	Investments in subsidiary undertaking £'000
Cost and net book value at 22 April 2010 and 23 April 2009	90,516

The Company's subsidiary undertaking is Forest Bidco Limited, an intermediate holding company incorporated in England and Wales. The Company owns 100% of the ordinary 0 0005p shares of Forest Bidco Limited.

8. Deferred tax asset

Deferred taxation is provided at 28% (2009 28%) in the financial statements as follows

	2010 £'000	2009 £'000
Deferred tax assets to be recovered after more than 12 months	-	426

The movement on the deferred tax account is as follows

	2010 £'000	2009 £'000
At beginning of the period	426	950
Charge to the income statement	(426)	(524)
At end of the period	-	426

The deferred tax asset was recognised in the prior year as it was expected that the Company would have sufficient future profits to realise the asset in future periods.

9. Trade and other receivables

	2010 £'000	2009 £'000
Amounts owed by Group undertakings	23,224	28,000

The balance at the period end includes an interest-free unsecured loan of £16,000,000 (2009 £nil) due from Center Parcs (Operating Company) Limited which is repayable on demand. The balance of £28,000,000 at the previous period end represented a dividend due from Forest Bidco Limited, the Company's subsidiary undertaking.

The fair value of trade and other receivables are equal to their book value.

10. Trade and other payables – current

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	45,500	68,016

Included within amounts owed to Group undertakings is a loan of £45,500,000 (2009 £45,500,000) from Forest Bidco Limited. This loan is interest-free, unsecured and repayable on demand.

The fair value of trade and other payables are equal to their book value.

Notes to the financial statements

for the 52 weeks ended 22 April 2010

11. Trade and other payables – non-current

	2010 £'000	2009 £'000
Loan notes	21,867	31,412

On 19 May 2006, the Company issued £20,000,000 of unsecured loan notes to Forest Luxco Sarl, a fellow Group undertaking. These loan notes incur interest at 16% and are repayable on 19 May 2016. Interest is calculated twice yearly and is compounded if not paid. During the period, interest of £4,000,000 (53 weeks ended 23 April 2009: £4,626,000) was charged and rolled up into the loan notes, and £13,545,000 of interest was paid.

12. Share capital

	2010 £'000	2009 £'000
Authorised		
20,000,000 Ordinary shares of £1 each	20,000	20,000
	2010 £'000	2009 £'000
Allotted and fully paid		
20,000,000 Ordinary shares of £1 each	20,000	20,000

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

Notes to the financial statements

for the 52 weeks ended 22 April 2010

13. Retained earnings

	£'000
At 23 April 2009	(486)
Profit for the period	33,859
Dividends	(7,000)
At 22 April 2010	26,373

	£'000
At 17 April 2008	(5,836)
Profit for the period	22,850
Dividends	(17,500)
At 23 April 2009	(486)

During the period a dividend of £7,000,000 (35p per share) was declared and paid

On 17 April 2009 the shareholders approved a dividend of £17,500,000 (87.5p per share). This was paid shortly after the balance sheet date.

14. Related party transactions

The following movements on accounts with fellow Group companies occurred in the periods reported in these financial statements

	Balance at 23 April 2009 £'000	Movement in 52 weeks £'000	Balance at 22 April 2010 £'000
Forest Bidco Limited	(17,500)	(25,797)	(43,297)
Forest Holdco Limited	(22,516)	22,516	-
Center Parcs (Operating Company) Limited	-	20,569	20,569
Center Parcs (Jersey) 1 Limited	-	246	246
Center Parcs Limited	-	124	124
Center Parcs Energy Services Limited	-	82	82
Forest Luxco Sarl	(31,412)	9,545	(21,867)

	Balance at 17 April 2008 £'000	Movement in 53 weeks £'000	Balance at 23 April 2009 £'000
Forest Bidco Limited	(45,500)	28,000	(17,500)
Forest Holdco Limited	(5,016)	(17,500)	(22,516)
Forest Luxco Sarl	(26,786)	(4,626)	(31,412)

The movement on the Forest Bidco Limited balance represents the payment of dividends and payment due for corporation tax losses surrendered to that company.

The balance with Forest Holdco Limited was settled during the period.

Notes to the financial statements

for the 52 weeks ended 22 April 2010

14. Related party transactions (continued)

The movement on the Center Parcs (Operating Company) Limited balance represents a new £16 million loan and payment due for corporation tax losses surrendered to that company. The balances with Center Parcs (Jersey) 1 Limited, Center Parcs Limited and Center Parcs Energy Services Limited represent payment due for corporation tax losses surrendered to those companies.

In addition the Company has a loan balance with Forest Luxco Sarl, a company registered in Luxembourg. The initial loan was £20,000,000 which bears interest at 16%. During the period interest of £4,000,000 (2009 £4,626,000) was charged on the loan and the year end balance (including accrued interest) was £21,867,000 (2009 £31,412,000).

15. Ultimate parent company and controlling parties

At 22 April 2010, the immediate parent company was Forest Holdco Limited, a company registered in England and Wales, with the ultimate parent company Forest Cayco Holdings L.P., registered in the Cayman Islands. The ultimate controlling parties are funds advised by The Blackstone Group. The largest and smallest group of which the Company is a member and for which group accounts are drawn up is Forest Holdco Limited.

A copy of the Forest Holdco Limited financial statements can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.