

Forest Midco Limited

Financial statements

52 weeks ended 21 April 2016

Forest Midco Limited

Annual report and financial statements

For the 52 weeks ended 21 April 2016

Company registration number: 05724326



Financial statements

52 weeks ended 21 April 2016

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Strategic report For the 52 weeks ended 21 April 2016

The Directors present their strategic report on the Company for the 52 weeks ended 21 April 2016 (2015: 52 weeks ended 23 April 2015).

Review of the Business

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 arising from the holding of certain debt instruments.

The results of the Company for the period show a profit of £1.6 million (2015: profit of £1.6 million).

On 11 June 2015 the Center Parcs (Holdings 1) Limited Group ("the Group") issued £490.0 million of New Class A senior notes, divided into £350.0 million 2.666% notes due to mature in February 2020 and £140.0 million 3.588% notes due to mature in August 2025. The proceeds of these new notes, along with existing cash resources available, were used to settle the Group's Class A1 secured notes, which were due to mature in February 2017, and fund the acquisition of the equity share capital of CP Woburn (Operating Company) Limited.

On 3 August 2015 the Group, including all subsidiary undertakings, was acquired by a fund managed by Brookfield Property Group, a subsidiary of Brookfield Asset Management Inc. On the same date the Group announced the issue of £560.0 million 7.00% Class B2 secured notes due to mature in August 2020. Part of the proceeds from these new notes were used to settle the Group's Class B secured notes which were due to mature in February 2018.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Center Parcs (Holdings 1) 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 Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report.

Key performance indicators

The key performance indicators (KPIs), and financial risk management of the Company are integrated with those of the Center Parcs (Holdings 1) 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 Center Parcs (Holdings 1) Limited Annual Report which does not form part of this report.

By order of the board



P Inglett
Director
24 June 2016

Directors' report

For the 52 weeks ended 21 April 2016

The Directors present their report and the audited financial statements for the 52 weeks ended 21 April 2016 (2015: 52 weeks ended 23 April 2015).

The registration number of the Company is 05724326.

Future developments

No changes to the nature of the business are anticipated.

Dividends

The Directors have not proposed the payment of a dividend (2015: no dividends proposed or paid).

Going concern

The Company had no liabilities at the balance sheet date and the only activity anticipated by the Directors for the foreseeable future is the receipt of interest on intra-group loans. As such, the financial statements have been prepared on the going concern basis.

Directors

The Directors who served during the period and up to the date of this report, unless otherwise stated, were as follows:

M P Dalby

P Inglett

A M Robinson (resigned 22 May 2015)

A Valeri (resigned 3 August 2015)

F Mawji-Karim (resigned 3 August 2015)

A Burych (appointed 3 August 2015, resigned 22 February 2016)

K O McCrain (appointed 3 August 2015)

S Skaar (appointed 3 August 2015, resigned 16 October 2015)

Z B Vaughan (appointed 16 October 2015)

V Aneja (appointed 22 February 2016)

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

Directors' report

For the 52 weeks ended 21 April 2016 (continued)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the strategic report, 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 period. Under that law the Directors have prepared 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; and
- 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.

Statement of disclosure of information to the Company's auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' 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 auditor is 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 auditor is aware of that information.

Independent auditor

A resolution to reappoint Deloitte LLP, who were appointed as auditor during the period, will be proposed at the Annual General Meeting.

By order of the board



P Inglett
Director
24 June 2016

Independent auditor's report to the members of Forest Midco Limited

We have audited the financial statements of Forest Midco Limited for the 52 weeks ended 21 April 2016 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 12. 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.

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities, 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 and express an opinion on 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.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 21 April 2016 and of its profit for the 52 weeks 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Forest Midco Limited (continued)

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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

24 June 2016

Income Statement

for the 52 weeks ended 21 April 2016

	Note	52 weeks ended 21 April 2016 £m	52 weeks ended 23 April 2015 £m
Operating profit	2	-	-
Finance income	4	1.6	1.6
Profit before taxation		1.6	1.6
Taxation	5	-	-
Profit for the period attributable to equity shareholders	9	1.6	1.6

All amounts relate to continuing activities.

The Company has no recognised income or expenses other than the profit for the period above and so no Statement of Comprehensive Income is presented.

The notes on pages 9 to 14 form part of these financial statements.

Statement of Changes in Equity

for the 52 weeks ended 21 April 2016

	Attributable to owners of the parent		
	Share capital	Retained earnings	Total
	£m	£m	£m
At 23 April 2015	20.0	5.0	25.0
Comprehensive income			
Profit for the period	-	1.6	1.6
At 21 April 2016	20.0	6.6	26.6

	Attributable to owners of the parent		
	Share capital	Retained earnings	Total
	£m	£m	£m
At 24 April 2014	20.0	3.4	23.4
Comprehensive income			
Profit for the period	-	1.6	1.6
At 23 April 2015	20.0	5.0	25.0

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet

At 21 April 2016

	Note	21 April 2016 £m	23 April 2015 £m
Assets			
Non-current assets			
Investments	6	-	-
Current assets			
Trade and other receivables	7	26.6	25.0
Net current assets		26.6	25.0
Net assets		26.6	25.0
Equity			
Share capital	8	20.0	20.0
Retained earnings	9	6.6	5.0
Total equity		26.6	25.0

The financial statements on pages 6 to 14 were approved by the board of Directors on 24 June 2016 and were signed on its behalf by:



P Inglett
Director

Forest Midco Limited
Registered no. 05724326

The notes on pages 9 to 14 form part of these financial statements.

Notes to the financial statements

for the 52 weeks ended 21 April 2016

1. Accounting policies

General information

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

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies are consistent with the prior period.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis.

The Company's accounting reference date is 22 April.

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 financial statements.

Going concern

The Company had no liabilities at the balance sheet date and the only activity anticipated by the Directors for the foreseeable future is the receipt of interest on intra-group loans. As such, the financial statements have been prepared on the going concern basis.

Cash Flow Statement

The Company had no cash flows during the current or prior period and hence no Cash Flow Statement has been presented.

Key assumptions and significant judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Financial instruments

The Company classifies its financial assets into two categories, being fair value through profit and loss, and loans and receivables. Financial liabilities are classified as either fair value through profit and loss or other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Other financial liabilities are carried at amortised cost using the effective interest rate method.

Notes to the financial statements

for the 52 weeks ended 21 April 2016 (continued)

1. Accounting policies (continued)

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.

Investments

The cost of investments, including loans to associated companies, is their purchase cost. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In deciding whether an impairment is required, the Directors consider the underlying value inherent in the investment. Provision is made against the cost of investments where, in the opinion of the Directors, there is an impairment in the value of the individual investment.

Investments in subsidiary undertakings

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 when the recoverable amount is lower than the carrying value. Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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. Interim dividends are recognised when paid.

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.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority and there is an intention to settle on a net basis.

Notes to the financial statements

for the 52 weeks ended 21 April 2016 (continued)

1. Accounting policies (continued)

New standards and interpretations

A number of new standards, amendments and interpretations have been issued by the International Accounting Standards Board with effective dates both prior to and post 21 April 2016. None of these have had, or are expected to have, a significant impact on the financial statements of the Company.

2. Operating profit

Auditor's remuneration of £0.3 million (2015: £0.2 million) is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow Group undertaking. This includes £2,000 (2015: £2,000) in respect of Forest Midco Limited.

3. Employees

The Company has no employees other than the Directors (2015: none). No salaries or wages have been paid to employees, including the Directors, during the period (2015: £nil).

4. Finance income

	52 weeks ended 21 April 2016 £m	52 weeks ended 23 April 2015 £m
Interest receivable from Group undertakings	1.6	1.6

Notes to the financial statements

for the 52 weeks ended 21 April 2016 (continued)

5. Taxation

(a) Taxation

The tax charge for the period is £nil (2015: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is lower (2015: lower) than that resulting from applying the standard rate of corporation tax in the UK of 20% (2015: 21%). The difference is reconciled below:

	52 weeks ended 21 April 2016 £m	52 weeks ended 23 April 2015 £m
Profit before taxation	1.6	1.6
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	0.3	0.3
Utilisation of unrecognised brought forward losses	-	(0.2)
Group relief not paid for	(0.3)	(0.1)
Tax charge for the period (note 5(a))	-	-

There is no deferred tax, either recognised or unrecognised, at the balance sheet date (2015: £nil).

Change of corporation tax rate

The Finance Act 2013, which was substantively enacted on 2 July 2013, included provisions to reduce the standard rate of corporation tax in the UK to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015.

Finance Act No. 2 2015, which was substantively enacted on 26 October 2015, included further provisions to reduce the standard rate of corporation tax in the UK to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020.

6. Investments

	Investments in subsidiary undertaking £m
Cost	
At 24 April 2014, 23 April 2015 and 21 April 2016	90.5
Impairment	
At 24 April 2014, 23 April 2015 and 21 April 2016	(90.5)
Net book value	
At 24 April 2014, 23 April 2015 and 21 April 2016	-

The Company's subsidiary undertaking is Forest Bidco Limited, a dormant intermediate holding company incorporated in England and Wales. The Company owns 100% of the ordinary 0.0005p shares of Forest Bidco Limited. The net assets of Forest Bidco Limited are £nil (23 April 2015: £nil).

Notes to the financial statements

for the 52 weeks ended 21 April 2016 (continued)

7. Trade and other receivables

	2016 £m	2015 £m
Amounts owed by Group undertakings	26.6	25.0

Amounts owed by Group undertakings are due from Center Parcs (Holdings 1) Limited. The balance represents a loan of £20.0 million (2015: £20.0 million) and the associated unpaid interest. Interest is receivable at a rate of 8% per annum and is not compounded. All amounts owed by Group undertakings are unsecured and repayable on demand.

Amounts owed by Group undertakings are categorised as loans and receivables.

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

8. Share capital

	2016 £m	2015 £m
Allotted and fully paid		
20,000,000 Ordinary shares of £1 each	20.0	20.0

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.

9. Retained earnings

	£m
At 23 April 2015	5.0
Profit for the period	1.6
At 21 April 2016	6.6
	£m
At 24 April 2014	3.4
Profit for the period	1.6
At 23 April 2015	5.0

Notes to the financial statements

for the 52 weeks ended 21 April 2016 (continued)

10. Related party transactions

The following movements on accounts with related parties occurred in the periods reported in these financial statements:

	Balance at 23 April 2015 £m	Interest receivable £m	Balance at 21 April 2016 £m
Center Parcs (Holdings 1) Limited	25.0	1.6	26.6

	Balance at 24 April 2014 £m	Interest receivable £m	Balance at 23 April 2015 £m
Center Parcs (Holdings 1) Limited	23.4	1.6	25.0

11. Contingent liabilities

The Company, along with all other members of the group headed by Center Parcs (Holdings 1) Limited, is an obligor in securing the Group's external borrowings of £1,490.0 million (23 April 2015: £1,020.0 million).

12. Ultimate parent company and controlling parties

The immediate parent company is Forest Holdco Limited, a company registered in England and Wales.

With effect from 3 August 2015 the ultimate parent company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3.

The smallest group in which the results of the Company are consolidated is that headed by Center Parcs (Holdings 1) Limited. A copy of the Center Parcs (Holdings 1) Limited financial statements can be obtained on application to The Company Secretary, One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.