Forest Holidays Limited

Directors' report and financial statements

Registered number 08159308

25 February 2021

Contents

Company information

Directors	Mr B McKendrick Mr APJ Priestley
Company number	08159308
Registered office	Bath Yard Bath Lane Moira Derbyshire DE12 6BA
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	NatWest 16 South Parade Nottingham NG1 2JX
Solicitors	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

Directors' report

The directors present the audited financial statements for Forest Holidays Limited ("the Company") for the period ended 25 February 2021.

Principal activity

The principal activity of the Group is developing sensitively and operating as short-term holiday lets, eco-cabin sites in the UK's stunning forests, providing highly differentiated and memorable experiences intended to connect people with each other and with nature for their mutual wellbeing.

Directors

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

Mr B McKendrick
Mr APJ Priestley

Political contributions

The Company made no *(2020: £nil)* political contributions during the period.

Going concern

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

At the time of writing all locations are now open and trading strongly. Further, we are experiencing strong demand for future holidays, with an order book that indicates the potential to exceed budgeted revenue projections for the current financial year.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of the financial statements, which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period. In particular, the directors have taken into consideration cash flow taking account of reasonably possible severe but plausible downsides (discussed below), which include the impact of COVID-19 and a potential return to lockdown measures.

Further detail on the going concern analysis is provided in note 1.2.

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

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

Bruce McKendrick
Director

Registered Office:

Bath Yard
Bath Lane
Moira
Derbyshire
DE12 6BA

Dated: 11 August 2021

Strategic report

Overview

Forest Holidays provides high quality cabin breaks in eleven stunning forest locations across the UK. It is a purpose led organisation, helping people experience and reconnect with forests, each other and rural communities, with a core belief that these important connections are good for people's physical and mental well-being and good for nature.

Protecting and enhancing the environment is at the core of the Group's values and the directors believe the Group's aims and activities are consistent with the targets set out in the Government's 25-year Environmental Plan. The Group funds and supports vital conservations projects across the UK.

The Group is part owned by a partnership (FHPSH LLP) comprising the three devolved bodies previously part of the Forestry Commission: Forestry England, Forestry & Land Scotland and Natural Resources Wales, constituting a long-standing relationship that delivers value to the taxpayer whilst supporting our commitment to bio-diversity in, and public access to, Britain's public forest estate.

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

Results for the year

The financial results for the year are set out on page 11.

Business review

At a revenue level, performance was reduced with prior year, due to the ongoing global COVID pandemic which caused sites to be closed. Underlying costs of the business continue to increase in line with inflation, along with a high proportion of our workforce being on the national living wage, and the entry into a new energy contract part way through the year, the EBITDA came down relative to prior year.

We continue to focus on our wider estate of cabins through investment into the maintenance, development and improvement of the estate and customer offer on an annual basis. Additionally, towards the end of the year, the business commenced a project focusing on refreshing the brand and the existing website, and associated infrastructure, with the objective of improving the overall trading momentum of the business over the long-term.

Our eleventh location at Delamere Forest is under development and opened in April 2021. Alongside additional cabins, this location will allow us to launch our new White Willow Premium cabin concept. All funding for this project was put in place at the end of the financial year.

The position of the company remains healthy with lines of credit fully established.

Principal risks and uncertainties

The directors have performed a thorough review of the potential impacts of COVID-19 in light of the ongoing impact of the pandemic and in conjunction with the likely government imposed rules and regulations with regards travel. All required safety measures are in place and working at all locations, and the directors have reviewed the financial projections of the business alongside a number of potential COVID-19 scenarios.

A review of the possible impact of Brexit has taken place and whilst from a procurement point of view there is an additional requirement to work closely with suppliers that are impacted, we do not expect it to have a material effect on either the Group's financial position or performance.

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

Strategic report *(continued)*

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

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 31 May 2018 the group entered into an interest rate cap which terminates on 28 February 2022.

Introduction to S172

The Board is responsible for leading stakeholder engagement. Considering stakeholders when making decisions of strategic importance is fundamental to the execution of our strategy and critical in achieving long-term sustainable success.

The Board understands the needs of our different stakeholders to ensure that the long-term consequences of any decisions are well considered. It is not always possible to provide positive outcomes for all stakeholders and the Board is mindful when making decisions based on the competing priorities of stakeholders.

Our stakeholder engagement processes enable our Board to understand what matters to stakeholders and carefully consider all the relevant factors and select the course of action that best leads to the high standards of business conduct and success of Forest Holidays in the long-term.

Key stakeholders

The Board considers its key stakeholders to be its team members (employees), customers, suppliers, local communities in which it operates, the environment, Governments and industry bodies and its shareholders.

S172 (1) Statement

In accordance with Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:
a. the likely consequences of any decision in the long-term
b. the interests of the company's employees
c. the need to foster the company's business relationships with customers.
d. the impact of the company's operations on local communities and the environment
e. the desirability of the company maintaining a reputation for high standards of business conduct.
f. the need to act fairly between members of the company.

The following disclosure describes how the directors of the Group have taken account of the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 172 of the Companies Act 2006.

Strategic report *(continued)*

How the Group engages with its key stakeholders

Stakeholder	**Engagement examples**
Team members	• Comprehensive onboarding and induction plans for new team members • Companywide online learning platform to upskill and develop our team • Quarterly company-wide team member engagement survey • Weekly company-wide team member updates • Annual leadership academy for team members focused on personal development
Customers	• Customer feedback survey for every customer on arrival and departure • Regular customer database surveys conducted to provide customer insight • Interaction with customers on location on a daily basis • Relevant targeted marketing campaigns and engaging social media content • Sales and Service support function and social media assists with all customer queries
Partners & Suppliers	• Working in partnership with Forestry England, Forestry Land Scotland and National Resources Wales to deliver environmental, social and economic benefits for all • Five-year partnership with the UK's National Parks that will connect over 20,000 young people with nature • Three-year commitment to fund a rural business start up every year with the Prince's Countryside Fund • Where possible, a commitment to buy goods from local suppliers • Assessment and onboarding process for all new Forest Holidays suppliers • Regular account management meetings are held with representatives from our larger suppliers • Periodic supplier meetings covering topical matters, for example Brexit readiness and COVID-19.
Local communities & Environment	• Employment of c.650 individuals from local communities • Forest Ranger employed at each location to both protect, enhance and educate our customers about the local forest environment • Each location has a long-term biodiversity enhancement strategy and active woodland management plan
Governments (and tax authorities) & Industry bodies	• The Group has processes in place to monitor new regulations and compliance requirements that may impact the business – including for example product regulations, financial accounting and reporting updates and tax accounting and reporting compliance

On behalf of the board

Bruce McKendrick
Director

Registered Office:

Bath Yard
Bath Lane
Moira
Derbyshire
DE12 6BA

Dated: 11 August 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 Forest Holidays Limited

Opinion

We have audited the financial statements of Forest Holidays Limited ("the company") for the period ended 25 February 2021 which comprise the Statement of profit and loss and other comprehensive income, the Statement of financial position, the Statement of cash flows and 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 25 February 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

Emphasis of matter – uncertain valuation of property, plant and equipment

We draw attention to note 24 to the financial statements which states that the independent external valuations of the completed sites category of property, plant and equipment at the reporting date are reported on the basis of 'material valuation uncertainty' due to the potential economic effect of the Coronavirus (COVID-19) Global Pandemic. Consequently, more subjectivity is associated with the valuation of the completed sites category of property, plant and equipment than would normally be the case. Our opinion is not modified in respect of this matter.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the capitalisation of planning costs for proposed new sites. On this audit we do not believe there is a fraud risk related to revenue recognition because the sites were closed for a number of months during the period, including for a period of several months spanning the period end date, reducing the opportunity for fraudulent manipulation of revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual entries to cash and borrowings accounts and unusual entries that have a positive impact on the reported EBITDA (earnings before interest, taxation, depreciation and amortisation).

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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. 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 6, 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.

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

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 FRC'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

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

Date: 12 August 2021

Statement of profit and loss and other comprehensive income
for the period ended 25 February 2021

	Note	2021 Adjusted £000	2021 Adjustments (note 5) £000	2021 £000	2020 Adjusted £000	2020 Adjustments (note 5) £000	2020 £000
Revenue	4	**23,397**	**-**	**23,397**	37,539	-	37,539
Cost of sales		**(15,968)**	**-**	**(15,968)**	(22,804)	-	(22,804)
Gross profit		**7,429**	**-**	**7,429**	14,735	-	14,735
Administrative expenses	5	**(8,274)**	**(3,420)**	**(11,694)**	(9,360)	(1,141)	(10,501)
(Loss)/Profit before interest and tax	6	**(845)**	**(3,420)**	**(4,265)**	5,375	(1,141)	4,234
Financial expenses	7			**(6,987)**			(6,567)
Loss before tax for the period				**(11,252)**			(2,333)
Tax on loss	8			**316**			(85)
Loss after tax for the period				**(10,936)**			(2,418)
Items that will not be classified to profit or loss:							
Revaluation in the period				**67,192**			-
Taxation on items that will not be classified to profit or loss				**(13,726)**			-
Other comprehensive income for the period, net of tax				**53,466**			-
Total comprehensive profit/(loss) for the period				**42,530**			(2,418)

Statement of financial position
as at 25 February 2021

	Note	**2021**	2020
		£000	£000
Non-current assets			
Property, plant and equipment	*9*	**223,579**	155,362
Investments in subsidiaries	*10*	**-**	-
		223,579	155,362
Current assets			
Inventories	*11*	**430**	460
Trade and other receivables	*12*	**4,033**	3,380
Cash and cash equivalents	*13*	**8,418**	13,793
		12,881	17,633
Total assets		**236,460**	172,995
Current liabilities			
Trade and other payables	*14*	**(21,529)**	(13,240)
Other payables due to related parties	*14*	**(69,312)**	(70,540)
Lease obligations	*16*	**(6,042)**	(5,618)
		(96,883)	(89,398)
Non-current liabilities			
Lease obligations	*16*	**(50,764)**	(50,724)
Deferred tax liabilities	*17*	**(23,010)**	(9,600)
		(73,774)	(60,324)
Total liabilities		**(170,657)**	(149,722)
Net assets		**65,803**	23,273
Shareholders' funds – equity			
Ordinary shares	*18*	**-**	-
Revaluation reserve		**96,263**	42,797
Retained earnings		**(30,460)**	(19,524)
Total equity		**65,803**	23,273

These financial statements were approved by the Board of Directors and authorised for issue on 11 August 2021 and signed on its behalf by:

Bruce McKendrick
Director

Registered number: 08159308

Statement of cash flows
for the period ended 25 February 2021

	Note	**2021**	2020
		£000	£000
Cash flows from operating activities			
Loss after tax for the period		**(10,936)**	(2,418)
Adjustments for:			
Tax	*8*	**(316)**	(85)
Financial expenses	*7*	**6,987**	6,567
Depreciation	*9*	**7,896**	8,721
Loss on disposal		**8**	-
Impairment	*9*	**3,295**	980
(Increase)/decrease in receivables		**(653)**	1,255
Decrease/(increase) in inventories		**30**	(11)
Increase in trade and other payables		**7,061**	11,064
Cash inflow from operations		**13,372**	26,073
Interest paid	*7*	**(1,030)**	(686)
Taxation paid		**-**	-
Net cash inflow from operating activities		**12,342**	25,387
Purchase of property, plant and equipment	*9*	**(12,224)**	(8,187)
Net cash outflow from investing activities		**(12,224)**	(8,187)
Lease repayments		**(5,493)**	(5,826)
Net cash outflow from financing activities		**(5,493)**	(5,826)
Net cash (outflow)/inflow		**(5,375)**	11,374
Cash and cash equivalents at beginning of period		**13,793**	2,419
Cash and cash equivalents at end of period	*13*	**8,418**	13,793

Statement of changes in equity
for the period ended 25 February 2021

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total £000
Balance at 1 March 2019	-	42,797	(17,106)	25,691
Total comprehensive income for the period				
Loss after tax for the period	-	-	(2,418)	(2,418)
Revaluation in the period (net of tax)	-	-	-	-
Balance at 27 February 2020	-	42,797	(19,524)	23,273

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total £000
Balance at 28 February 2020	-	42,797	(19,524)	23,273
Total comprehensive income for the period				
Loss after tax for the period	-	-	(10,936)	(10,936)
Revaluation in the period (net of tax)	-	53,466	-	53,466
Balance at 25 February 2021	**-**	**96,263**	**(30,460)**	**65,803**

Notes
(forming part of the consolidated financial statements)

1 Accounting policies

Forest Holidays Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered number is 08159308 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 and not about its group.

The company financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

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. Going concern

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

At the time of writing all locations are now open and trading strongly. Further, we are experiencing strong demand for future holidays, with an order book that indicates the potential to exceed budgeted revenue projections for the current financial year.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of the financial statements, which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period. In particular, the directors have taken into consideration cash flow taking account of reasonably possible severe but plausible downsides (discussed below), which include the anticipated impact of the current COVID-19 pandemic and the timing of recovery as the measures on social distancing are eased.

The Company has two significant loan facilities amounting to £53million, which were fully drawn down at the year end and at the date of approval of these financial statements. At the year end the company had also drawn down £13.1 million from loan facilities that are specifically available to fund capital expenditure. Further undrawn amounts are available in the Capex facilities but these amounts cannot be drawn down to fund working capital and thus have not been factored into the available headroom in the going concern forecasts. Liquidity and leverage covenants are in place in relation to these loan facilities and all loan facilities are in place until 2024.

For liquidity and working capital purposes, at the time of the accounts being signed the Company has access to an undrawn overdraft of £2million and a further undrawn RCF of £1million. It should be noted that the undrawn RCF is only available through to January 2022. Neither of these undrawn facilities are forecast to be utilised in any of the scenarios modelled.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2. Going concern (continued)

The lockdown implemented by the UK Government and the consequential impact on holidays taken in the UK resulted in a marked decline in bookings and therefore revenue for the Company during 2020 and in early 2021. The Company has reacted to this by managing costs across the business and taking advantage of the UK Government support via a number of initiatives, such as the temporary reduced VAT rates, business rates relief and the Coronavirus Job Retention Scheme, which has enabled the Company to protect its cash position through the period when revenues have been impacted to the greatest extent. The Company's use of the Coronavirus Job Retention Scheme reduced since the reopening of locations in July 2020, however, since the subsequent lockdowns, the Company has made further use of the scheme.

Following the re-opening of locations in July 2020, the Company experienced a very strong period of trading performance, with high occupancy across all locations. Furthermore, bookings from April 2021 onwards are significantly ahead of prior years due to increased demand for holidays in the UK and customers choosing to book their holidays earlier.

In September 2020, the Company commenced a project that sought to i) ensure sufficient liquidity in the business over the long-term, ii) ensure that the Balance Sheet going forward was not overburdened, iii) ensure financing for new site development was available in line with the business plan requirements, iv) realign the liquidity and leverage covenants to an appropriate level. This project completed in November 2020 resulting in i) the shareholders putting in additional funding in the form of Preferred ordinary shares, ii) the coupon rate on existing Preferred ordinary shares being reset, iii) access to existing financing facilities being extended by two years and iv) an interim set of liquidity and leverage covenants being put in place for a period through to August 2022, following which the previous covenant mechanic would be reintroduced.

The current adverse economic environment has created uncertainty in relation to the timing of a return to a level of trading normality. Whilst the vaccine roll-out is proceeding well and there is evidence of efficacy, the timing and shape of economic recovery is unclear and accordingly, the Company has modelled a downside scenario, taking account of current level of bookings and the consequential impact on cash flows, including working capital. The scenario envisages a re-opening of all sites from April 2021 in line with current government guidance and includes two further periods of national lockdown, in both November 2021 and February 2022. Should there be a situation where the downside scenario transpires and there is pressure on covenants, the Company has identified mitigating actions available around discretionary and non-essential spend, within management's control, to reduce the cost base and therefore increase the LTM EBITDA, upon which the leverage covenant is based.

In modelling this downside scenario, the Company forecasts indicate that there will not be a breach of covenants. It should be noted that in all scenarios the Company has sufficient liquidity.

On conclusion, given the roadmap for reopening recently set out by the government, the success of the vaccine program so far, the measures set out within the March 2021 budget statement and the strong order book position, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report and will be able to realise its assets and discharge its liabilities in the normal course of business. For this reason, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

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

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

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

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

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

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

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

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

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Financial instruments (continued)

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

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

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.

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

(iii) Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Financial instruments (continued)

(iv) 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.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime 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)*

1.4. Property, plant and equipment

The completed sites class of assets were revalued to fair value on 18 December 2017. Prior to this date these assets were measured on cost less accumulated depreciation and accumulated impairment losses.

Within completed site assets are a range of property, plant and equipment each class of which have different useful lives and they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are initially stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment to its residual value once it is ready for its intended use. Land is not depreciated. The depreciation rates for the completed sites class are as follows:

Leasehold buildings	- 1.33% to 5% per annum or over the lease term
Fixtures, fittings and equipment	- 5% to 33% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Planning costs that are directly attributable in bringing a new, or extended, site into use are capitalised into fixed assets as incurred. These are not depreciated but are reviewed annually for impairment by the Board.

1.5. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. 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.

1.7. 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.

1.8. Revenue

Revenue comprises receipts for short break stays at cabin sites and ancillary services provided to guests which are recognised at the point the service is provided, with all deposits deferred until this point. Refunds are provided to guests in line with the cancellation policy detailed on the company website.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Financing expenses comprise interest payable.

1.10. Right of Use Assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11. Forest Holidays Membership Club

The Forest Holidays Membership Club is now a closed scheme. It was set up as an exclusive scheme whereby members paid advanced amounts of money in return for membership points which they can then redeem against holidays over several years. Accrual and matching concepts are applied to this revenue stream, both income and associated costs are recognised in the profit and loss at the point that the service is provided, and members utilise their points. Receipts and directly attributable costs are deferred until this point.

Members also pay an annual membership fee and booking fee. These are recognised upon receipt and holiday start date respectively.

1.12. Adjusted items

The group identifies items that are non-recurring in the normal course of its trading activities which are considered exceptional, and are therefore adjusted in the reaching the trading EBITDA which the directors use to measure the on-going performance of the business.

1.13. Taxation

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

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

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

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

1.14. 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 2021 and have not been applied in preparing these financial statements. The Company chose not to adopt any of the below standards and interpretations early.

Notes *(continued)*

2 Revenue from contracts with customers

(i) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	2021 £000	2020 £000
Major products		
Rental of holiday lodges	**23,397**	37,539

3 Employees and directors' remuneration

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

	Number of employees 2021	Number of employees 2020
Administration	**82**	87
Operations	**594**	556
	676	643

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

	2021 £000	2020 £000
Wages and salaries	**6,312**	7,039
Social security costs	**495**	465
Other pension costs (note 20)	**495**	440
	7,302	7,944

The directors are remunerated by another company in the group.

Notes *(continued)*

4 Segmental information

The Company has only one business activity from which it may earn revenues and incur expenses on an ongoing basis. This activity is for the provision of premium and spacious cabins across the UK.

The directors review internal management reports on at least a monthly basis which covers performance of the Company.

2021	**£000**	**Adjusted items £000**	**Adjusted £000**
Revenue	**23,397**	**-**	**23,397**
Cost of sales	**(15,968)**	**-**	**(15,968)**
Gross profit	**7,429**	**-**	**7,429**
Administrative expenses	**(8,274)**	**(3,420)**	**(11,694)**
Segmental (loss)/profit before interest and tax	**(845)**	**(3,420)**	**(4,265)**
Financial expenses			**(6,987)**
Loss before tax for the period			**(11,252)**

2020	£000	Adjusted items £000	Adjusted £000
Revenue	37,539	-	37,539
Cost of sales	(22,804)	-	(22,804)
Gross profit	14,735	-	14,735
Administrative expenses	(9,360)	(1,141)	(10,501)
Segmental profit/(loss) before interest and tax	5,375	(1,141)	4,234
Financial expenses			(6,567)
Loss before tax for the period			(2,333)

Notes *(continued)*

5 Adjusted items

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

	2021	2020
	£000	£000
Within administrative expenses:		
Write off of deal costs	-	(39)
Planning costs written off	(3,295)	(980)
Rebranding costs	-	(16)
Legal costs	(29)	-
Restructuring and personnel costs	(96)	(106)
	(3,420)	(1,141)

Following the implementation of a revised strategy regarding new sites and a change of personnel responsible for new sites, the business has taken the decision to write off costs relating to a number of sites that are unlikely to be progressed in the short to medium term. The planning costs were written off in the period of £3,295,000 (*2020: £980,000*).

In the current period £nil (*2020: £39,000*) of deal fees were written off. In addition, the Company has been working on a large scale rebranding project and incurred costs in this regard of £nil *(2020: £16,000)*.

Legal fees in relation to the set up of a credit facility and renegotiations of contracts totalling £29,000 *(2020: £nil)* were expensed during the year.

Restructuring and personnel costs of £96,000 (*2020: £106,000*) were expensed in the period. These relate to non-recurring costs incurred during the transition of a senior role, restructuring, work to ensure compliance with GDPR and the set up of a new payroll/HR system.

6 Expenses and auditor's remuneration

The profit/(loss) before interest and tax is stated after charging the following:

	2021	2020
	£000	£000
Depreciation	7,896	8,721

Auditor's remuneration

	2021	2020
	£000	£000
Audit of these financial statements	41	36
Amounts receivable by auditors and their associates in respect of:		
Audit-related assurance services	1	2
Other assurance services	2	3
Taxation compliance services	25	20
Other tax advisory services	17	20

Notes *(continued)*

7 Finance expenses

	2021	2020
	£000	£000
Finance lease interest (note 16)	**5,957**	5,881
Interest on amounts due to related parties	**1,030**	686
Total finance expenses	**6,987**	6,567

8 Tax on loss

Recognised in the income statement

	2021	2020
	£000	£000
Current tax expense		
Current tax expense	-	-
Adjustment in respect of prior periods	-	(98)
	-	(98)
Deferred tax expense (note 17)		
Origination and reversals of temporary differences	**(316)**	104
Adjustment in respect of prior period	-	79
Deferred tax charge	**(316)**	183
Total tax charge in income statement	**(316)**	85

Recognised in other comprehensive income

	2021	2020
	£000	£000
Deferred tax on revaluation of property, plant and equipment	**13,726**	-

Notes *(continued)*

8 Tax on loss (continued)

Reconciliation of tax expense

	2021 £000	2020 £000
Loss for the period	**(10,936)**	(2,418)
Total tax (credit)/charge	**(316)**	85
Loss excluding taxation	**(11,252)**	(2,333)
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**(2,138)**	(443)
Expenses not deductible for taxation	**10**	11
Fixed asset differences	**1,628**	992
Group relief	**-**	(443)
Adjustment in respect of prior period	**-**	(19)
Adjustment of deferred tax rates	**184**	(13)
Total tax charge/(credit) in income statement	**(316)**	85

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes *(continued)*

9 Property, plant and equipment

	Completed sites £000	Right of use assets £000	Planning £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 1 March 2019	168,245	-	9,050	252	177,547
Additions	1,458	13,066	1,344	5,392	21,260
Impairment	-	-	(980)	-	(980)
Transfers	(38,985)	39,750	-	(765)	-
At 27 February 2020	130,718	52,816	9,414	4,879	197,827
At 28 February 2020	130,718	52,816	9,414	4,879	197,827
Additions	993	514	561	10,156	12,224
Revaluation	67,192	-	-	-	67,192
Transfers	1,716	-	-	(1,716)	-
Impairment	-	-	(3,295)	-	(3,295)
Disposal	(12)	-	-	-	(12)
At 25 February 2021	200,607	53,330	6,680	13,319	273,936
Accumulated depreciation					
At 1 March 2019	33,744	-	-	-	33,744
Charge for the period	6,977	1,744	-	-	8,721
Transfers	(6,466)	6,466	-	-	-
At 27 February 2020	34,255	8,210	-	-	42,465
At 28 February 2020	34,255	8,210	-	-	42,465
Charge for the period	6,113	1,783	-	-	7,896
Eliminated on disposal	(4)	-	-	-	(4)
At 25 February 2021	40,364	9,993	-	-	50,357
Net book value					
At 25 February 2021	**160,243**	**43,337**	**6,680**	**13,319**	**223,579**
At 27 February 2020	96,463	44,606	9,414	4,879	155,362
At 28 February 2019	134,501	-	9,050	252	143,803

'Completed sites' are held at valuation. A revaluation was performed in the period with an effective date of the valuation being 28 February 2021. The valuation was performed by Jones Lang Lasalle, an independent valuer in accordance with the RICS Valuation Standards. If the 'Completed sites' and 'Right of use' classes of assets were held under the cost model, the carrying amount would be £95,708,000 *(2020: £96,435,000)*.

As discussed in note 24 to the financial statements, the impacts of the Novel Coronavirus (COVID-19) Global Pandemic have led to the external independent valuer including a 'material valuation uncertainty' in their valuation opinion, in line with RICS Valuation Standards. Consequently, more subjectivity is associated with the valuation of the completed sites category of property, plant and equipment than would normally be the case.

Notes *(continued)*

10 Investments in subsidiaries

	2021 £000	2020 £000
Cost of investments		
At 27 February 2020 and 25 February 2021	-	-

The Company has the following investments in subsidiaries.

	Registered office address	Country of incorporation	Ownership %
FH England LLP	Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA	England	99%
Forest Holidays (Scotland) LLP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	Scotland	99%

11 Inventories

	2021 £000	2020 £000
Retail stock	430	460

During the period, £503,000 *(2020: £1,826,000)* has been recognised as an expense in the statement of profit and loss.

12 Trade and other receivables

	2021 £000	2020 £000
Trade and other receivables	1,851	752
Prepayments and accrued income	2,127	2,124
Amounts due from group companies (note 23)	-	27
Other debtors	55	477
	4,033	3,380

13 Cash and cash equivalents and bank overdrafts

	2021 £000	2020 £000
Cash and cash equivalents per statement of financial position	8,418	13,793
Cash and cash equivalents per the statement of cash flows	8,418	13,793

Notes *(continued)*

14 Trade and other payables

	2021	2020
	£000	£000
Current		
Trade and other payables	**2,164**	2,449
Current tax liabilities	**12**	-
Accruals and deferred income	**19,353**	10,791
	21,529	13,240
Amount due to group companies (note 23)	**69,312**	70,540
	90,841	83,780

15 Borrowings

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

	2021	2020
	£000	£000
Current liabilities		
Other payables due to related parties (note 23)	**69,312**	70,540
	69,312	70,540

Amounts due to related parties

There is interest payable on amount due to related parties of £12,874,000 *(2020: £12,874,000)* at a rate of 8% and no interest was charged on the remaining balance. All amounts due to related parties are due on demand.

Maturity of financial liabilities

	Amount due to group companies	
	2021	2020
	£000	£000
Within one year	**69,312**	70,540

Notes *(continued)*

16 Lease obligations

Future minimum payments under leases are as follows:

	2021 £000	2020 £000
Within one year	**6,042**	5,618
In more than one year, but not more than five years	**24,233**	23,331
In more than five years	**172,642**	177,089
Total gross payments	**202,917**	206,038
Less: finance charges included above	**(146,111)**	(149,696)
	56,806	56,342
Due within less than one year	**6,042**	5,618
Due within greater than one year	**50,764**	50,724
	56,806	56,342

Gross payments represent both the future interest expense and capital element.

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021 £000	2020 £000
Property, plant and equipment deferred tax	**2,269**	1,592
Revaluation of property, plant and equipment	**21,889**	8,163
Accruals and deferred income	**(134)**	(133)
Tax losses carried forward	**(1,014)**	(22)
Net deferred tax liabilities	**23,010**	9,600

Notes *(continued)*

17 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the period

	Opening balance £000	Recognised in income £000	Recognised in OCI £000	25 February 2021 £000
Property, plant and equipment deferred tax	1,592	677	-	2,269
Revaluation of property, plant and equipment	8,163	-	13,726	21,889
Accruals and deferred income	(133)	(1)	-	(134)
Tax losses carried forward	(22)	(992)	-	(1,014)
	9,600	(316)	13,726	23,010

Movement in deferred tax during the prior period

	Opening balance £000	Recognised in income £000	Recognised in OCI £000	27 February 2020 £000
Property, plant and equipment deferred tax	1,432	160	-	1,592
Revaluation of property, plant and equipment	8,163	-	-	8,163
Accruals and deferred income	(156)	23	-	(133)
Tax losses carried forward	(22)	-	-	(22)
	9,417	183	-	9,600

18 Capital and reserves

Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1 ordinary share of £1	-	-

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

Revaluation reserve

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

Notes *(continued)*

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

(a) Fair values of financial instruments

Trade and other receivables, trade and other payables and finance lease liabilities

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

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

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.

	2021	2020
IFRS 9 categories of financial instruments	**£000**	£000
Loans and receivables		
Cash and cash equivalents (note 13)	**8,418**	13,793
Other loans and receivables (note 12)	**1,851**	752
Amounts due from group companies (note 12)	**-**	27
Total financial assets	**10,269**	14,572
Financial liabilities measured at amortised cost		
Trade and other payable (note 14)	**2,164**	2,449
Amount due to group companies (note 14)	**69,312**	70,540
Finance lease liabilities (note 16)	**56,806**	56,342
Total financial liabilities measured at amortised cost	**128,282**	129,331
Total financial instruments	**(118,013)**	(114,759)

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

(b) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Therefore the maximum exposure to credit risk at the balance sheet date was £1,851,000 *(2020: £752,000)*.

Notes *(continued)*

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

(b) Credit risk (continued)

Ageing beyond contractual due date

The ageing beyond contractual due date of the Company's trade receivables and prepayments is:

2021	**Within terms £000**	**Up to three months overdue £000**	**Between three months and one year overdue £000**	**More than one year overdue £000**	**Total £000**
Assets					
Other loans and receivables	**1,697**	**101**	**53**	**-**	**1,851**

2020	Within Terms £000	Up to three months overdue £000	Between three months and one year overdue £000	More than one year overdue £000	Total £000
Assets					
Other loans and receivables	689	27	36	-	752

Trade receivables represent the primary source of the Company's credit risk and are all denominated in Sterling.

A bad debt provision of £nil *(2020: £nil)* is calculated based on a best estimate of the likely future cash flows arising.

(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		**2021 1 year or less £000**	**1 to < 2 years £000**	**2 to < 5 years £000**	**5 years and over £000**
Non-derivative financial liabilities						
Trade and other payables	**(2,164)**	***Note 14***	**(2,164)**	**-**	**-**	**-**
Other payables due to related parties	**(69,312)**	***Note 15***	**(69,312)**	**-**	**-**	**-**
Finance lease liabilities	**(56,806)**	***Note 16***	**(6,042)**	**(4,922)**	**(12,176)**	**(33,666)**
	(128,282)		**(77,518)**	**(4,922)**	**(12,176)**	**(33,666)**

Notes *(continued)*

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

(c) Liquidity risk (continued)

	Carrying amount £000		2020 1 year or less £000	1 to < 2 years £000	2 to < 5 years £000	5 years and over £000
Non-derivative financial liabilities						
Trade and other payables	(2,449)	*Note 14*	(2,449)	-	-	-
Other payables due to related parties	(70,540)	*Note 15*	(70,540)	-	-	-
Finance lease liabilities	(56,342)	*Note 16*	(5,618)	(5,706)	(18,115)	(26,903)
	(129,331)		(78,607)	(5,706)	(18,115)	(26,903)

(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:

	2021 £000	2020 £000
Hedged and fixed rate instruments		
Amount due to group companies	**8,750**	12,874
	8,750	12,874
Variable rate instruments		
Financial liabilities	-	-

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 £129,000 *(2020: £751,000)*. 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.

Notes *(continued)*

20 Employee benefits

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current period was £495,000 *(2020: £440,000)*.

21 Commitments

Capital commitments

During the period ended 25 February 2021, the company had entered into any contracts to purchase property, plant and equipment of £2,600,000. *(2020: £nil)*.

22 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 15.

23 Related party transactions and ultimate controlling parties

Transactions with key management personnel

The key management personnel of the Company are considered to be the directors. There were no transactions with the directors within the period and no balance outstanding at the end of the period.

Transactions with non-consolidated parties are as follows:

	2021 £000	2020 £000
Transactions:		
Management charge payable to Canopy Bidco Limited	**(1,098)**	(1,267)
Interest payable to Canopy Bidco Limited	**(1,030)**	(687)
Goods and services to Forestry Commission	**24**	284
Property lease payments to Forestry Commission	**981**	935
Balances:		
Loan from Forest Holidays Group Limited	**51,438**	51,439
Loan from FH England LLP	**4,970**	4,970
Loan from Forest Holidays (Scotland) Limited	**2,654**	2,654
Loan from Canopy Bidco Limtied	**8,750**	11,477
Loan from Canopy Holdco Limited	**1,500**	-
	69,312	70,540
Loan to Canopy Holdco Limited	-	(27)
	-	(27)
	69,312	70,513

The Company is a subsidiary undertaking of Forest Holidays Group Limited and the ultimate parent company is Canopy Holdco Limited, incorporated in England and Wales. The ultimate controlling party is Phoenix Equity Partners LLP. The immediate parent company is Forest Holidays Group Limited, incorporated in England and Wales.

The registered office address of Forest Holidays Group Limited is Bath Yard, Bath Lane, Moira, Derbyshire, DE12 6BA.

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

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

Notes *(continued)*

24 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 primary area of judgement considered by the directors is the allocation of useful economic lives of capex site spend.

Another area of estimation is around leases. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Carrying value of planning costs

The Company has a number of different sites where planning permission is being sought at any one time. The costs incurred in this process are held on the balance sheet as a non-current asset. The stage of planning consent varies significantly. In some cases the sites have already obtained planning enquiries have just commenced. At each period end management assess the likelihood of planning consent being achieved on a site by site basis, which is based on the best evidence available at the time, make a judgement and ensure that costs are only capitalised where planning consent is expected to be achieved or has actually been achieved.

Period-end carrying value of property, plant and equipment

The board consider that the key area of estimation uncertainty in the financial statements is the valuation of the completed sites category of property, plant and equipment. The completed sites were valued on a fair value basis in February 2021 by an external independent valuer who has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was performed in accordance with the RICS Valuation Standards.

The key assumption used in the valuations is considered to be the multiple applied to EBITDA forecasts to arrive at the valuation, which is determined primarily with reference to comparable transactions in the leisure and holiday sector, as well as local and national economic factors.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and the global economy. As a result, at the valuation date, the external independent valuer included a 'material valuation uncertainty' in their valuation opinion, in line with RICS Valuation Standards. Consequently, more subjectivity is associated with the valuation of the completed sites category of property, plant and equipment than would normally be the case.