Registered number: 12254895

PRIESTHOLM MIDCO LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

PRIESTHOLM MIDCO LTD

Company Information

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PRIESTHOLM MIDCO LTD

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Strategic Report

Introduction

The Directors present their Strategic Report for the year ended 30th September 2024.

The Directors consider that the financial statements comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Business Model

The Forge Holiday Group has four main trading divisions: UK Core Cottage Agency (Sykes Cottages Group inclusive of Sykes Cottages Ltd and trading brands listed in Subsidiaries note 19), International (Bachcare), Specialist Operator (Forest Holidays) and Caravans (UKCaravans4Hire Ltd).

The UK Core Cottage Agency division is dedicated to providing a holiday letting agency service in the UK and Ireland, with the international division providing a comparable agency service in New Zealand.

Through an environmentally sensitive development process, the Specialist Operator provides short-term holiday lets of eco-cabin sites in the UK's forests.

The Caravans division provides a caravan letting agency service in the UK.

UK Core Cottage Agency & International Division
For guests, the Group provides a booking service and access to a portfolio of quality holiday properties, enabling the introduction of customers to our property owner business partners. The group also provides guest support services during and after travel.

For our portfolio of Cottage owners, the Group provides marketing, booking and payment services, alongside the provision of fully managed services in specific regions.

From a Group Head office in Chester, combined with an international office in Auckland, and dedicated regional teams, the business secures contracts to book and market properties across our geographical target areas.

The holiday letting market is competitive with regards to price, holiday options and stock acquisition. To ensure the agency divisions remains competitive, the prices of holiday cottages and other products are dynamically managed, and the Group ensures it maintains strong relationships with its property owners.

Both divisions utilise its technology and digital marketing expertise to deliver a market leading proposition to both owners and customers alike. For UK owners, Sykes Cottages regional offices deliver a full-service proposition in specific areas, maintaining a local presence and community ties, and for guests it provides them with local access to a wide range of properties to suit all budgets.

The UK Core Cottage Agency (and international division) have 4 main revenue streams: booking fees, commission, insurance and managed services income.

Strategic Report (Continued)

Business Model (Continued)

UK Core Cottage Agency & International Division (continued)

Booking fees
Variable Booking fees are charged per booking to guests, increasing in increments with the property rental, the income being recorded on the confirmation of the booking. The booking fee is charged as the Agency divisions act as a booking agent by arranging the holiday let and providing property details to guests.

Commission
A commission fee is charged to property owners for the sales and marketing services provided. Commission is earned and recognised at the point of booking confirmation through arranging and facilitating letting of holiday cottages for the property owners.

Insurance
The company acts as an appointed representative of a regulated insurance provider (Towergate, underwritten by Allianz) and commission is earned for the sale of travel insurance and damage protection products.

Managed Service income
Managed service income is earned mainly in New Zealand and in the regional UK brands. It provides owners with a full in-house offering with local cleaning, maintenance and property management. For other owners, Sykes Cottages Group leverages its outsourced network of approved suppliers to provide services to owners independently and in a cost-effective manner.

Specialist Operator Division

Forest Holidays provides high-quality cabin breaks in stunning forest locations across the UK, allowing customers to get back to nature, whilst supporting the long-standing aims of the UK's National Forestry Commissions with a commitment to biodiversity and public access to Britain's public forest estate. The business retains a strong working relationship with Forestry England, Forestry & Land Scotland and Natural Resources Wales who act in the capacity of landlord.

The specialist operator division has 2 main revenue streams: cabin rental and ancillary services.

Cabin rental
Cabin rentals are charged per booking to guests, the income is recorded on delivery of the holiday, with Forest Holidays acting as a principal, as it provides the holiday.

Ancillary services
Ancillary services are charged to guests at the point of purchase. Forest Holidays provides in cabin entertainment, activities and food and beverages at its sites. The income is recognised at the point the good or service is provided.

Caravan Division
For Caravan guests, the Group provides a booking service and access to a portfolio of quality holiday caravans, enabling the introduction of customers to caravan owner business partners. The group also provides guest support services during and after travel.

Strategic Report (Continued)

Business Model (Continued)

Caravan Division **(continued)**

For our portfolio of Caravan owners, the Group provides marketing, booking and payment services.

The caravan division has 4 main revenue streams: booking fees, annual membership, commission and insurance.

Booking fees
Booking fees are charged per booking to guests, the income being recorded on the confirmation of the booking. The booking fee is charged as UKCaravans4Hire acts as a booking agent by arranging the holiday let and providing accommodation details to guests.

Annual membership fee
Annual membership fees are charged to caravan owners and recognised evenly over the year. The annual membership fee is charged as UKCaravans4Hire advertises the caravans on its website. During the year UKCaravans4Hire has continued to transition from this model to a commission model.

Commission
A commission fee is charged to property owners for the sales and marketing services provided. Commission is earned and recognised at the point of booking confirmation through arranging and facilitating letting of caravans for their owners.

Our Business

Forge Holiday Group is a fast growing and diverse provider of self-catering holiday services in the UK and New Zealand.

The group is bringing together four divisions with shared values and an underlying purpose to champion staycations. The Group’s mission is to create £1.5bn of spend in UK and New Zealand holidays each year, by taking 4.5m people away across 1.2m exceptional breaks by 2030.

The foundations of our group are built around our core values: be one team, own it, communicate honestly and learn, grow & innovate.

These values represent the core of our business philosophy encouraging our employees to act ethically and with integrity when dealing with colleagues and third parties with whom we do business. The Forge Holiday Group is also committed to making a positive impact on people, community and the planet and its UK Agency Division and Specialist Operator Divisions are B Corp accredited.

The divisions within the group have a long history of creating memories and delivering exceptional service. This, together with a focus on our environmental and social impact will lead the group to stand tall and help deliver its purpose. The Forge Holiday Group wants to bring people together as a leading holiday group to create lasting memories with a positive impact on people and planet.

As Forge Holiday Group continues to expand, it is important that everyone echoes our values, and we ensure that our policies and procedures are followed from the outset.

Strategic Report (Continued)

Company Strategy

The core business strategy is to continue to drive organic growth in revenue in all our Group brands. UK Core Cottage Agency, International and Caravans division organic growth is through the acquisition and retention of property stock with competitive, market leading propositions. The return to our owners and the group is then maximised through technology-based yield managed pricing resulting in competitive prices for our consumers.

The Specialist Operator division's organic growth will continue with the valued partnerships with the Forestry commissions, to locate and develop new and existing sites with an environmentally "forest-centred" approach to development. In addition, private site opportunities are also being sought.

The Forge Holiday Group has consistently invested in people, product and infrastructure to create a leading platform in the vacation rental sector, capable of driving material long term international growth.

The Forge Holiday Group strategy is transparently set out for all staff and stakeholders in its "house model", which provides guidance and alignment for all our stakeholders.

There are various keyways which underpin the Group purpose and mission, which are evolving as the Group matures. These are:

Best People – We are experts in what we do. We hire and train the best people to outperform and scale
The Forge Holiday Group acknowledges that its employees are key to the success and growth of the business. Employees play an important role in creating and maintaining consumer platforms, generating new products and delivering great services to both guests and property owners. The Forge Holiday Group plans to continue to invest in its employees to ensure they are happy and engaged and provide them with the tools to drive excellence and a culture of continuous improvement. The Forge Holiday Group and its brands strive to be an employer of choice.

Best Brands – Our Awareness and range, offers choice and flexibility to customers and owners. Giving them no reasons to go anywhere else
The Forge Holiday Group acknowledges that customers drive our revenue, therefore we want to ensure our guests are happy and have holidays to remember. The group invests in numerous initiatives to facilitate efficient booking journeys through the web, app and the call centre, while also collecting and monitoring feedback on all bookings to enable positive change.

Forge Holiday Group acknowledges for its agency divisions, the importance of its partnerships with property owners and therefore strives to ensure owners are happy, through market-leading products and best-in-class occupancy and yield.

Best Experiences – We do more than service. Sometimes through unreasonable hospitality, and sometimes through seamless interactions. And we know when to use which
The Forge Holiday Group aims to provide an excellent service which will enable it to retain its highly valuable property portfolio and offer customers an unmatched staycation choice under the Forge Group umbrella. On top of excellent service, the group strives to provide "Unreasonable hospitality", going that extra mile to make holiday experiences special and memorable.

Strategic Report (Continued)

Company Strategy (Continued)

Built to Last – We leverage our scale as a Group to build a business for the next 100 years
The foundations of the Forge Holiday Group are its technical platforms which drive operational efficiencies at scale. This includes a scalable multi-product and regional business, built to last, with virtual networks and workspaces on demand, monitored by a robust and efficient finance organisation.

Impact – Committed to making a positive impact for our people, community and planet
The Forge Holiday Group acknowledges that businesses should no longer just focus on creating profits for its shareholders and property owners, but should also focus on having a positive impact on the world around us. As a result, the UK Agency division and Specialist Operator division have become B Corp accredited. B Corp is one of the most demanding, internationally recognised ESG certifications, that evaluates companies' social and environmental impacts. Certified B Corps meet a high standard of social and environmental performance, transparency and accountability. The Group pledged to become carbon neutral by 2050, work with at least 20 biodiversity projects during 2025 so help to protect landscapes and local wildlife, make 100% of the team available for 2 days volunteering each year, and take 100 disadvantaged families on holiday during 2024**.**

Business Review

The profit and loss account is set out on page 41, showing an operating loss for the year ended 30th September 2024 of £75,427,000 (2023: £135,961,000) (inclusive of £86,009,000 (2023: £142,420,000) of exceptionals and asset/goodwill impairment.

The asset/goodwill impairment totalled £84,816,000 in the year and relates to the Specialist Operator and New Zealand divisions. The asset/goodwill impairment is due to lower than expected forecasted profits as a result of the current economic conditions. Despite the impairment, the divisions continue to generate strong levels of EBITDA for the group and the Specialist Operator division has continued to grow through the addition of new sites and cabins.

The metric used by stakeholders for assessment of performance is Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The EBITDA before exceptional costs and asset impairments for the year ended 30th September 2024 is £64,124,000 (2023: £60,799,000). The loss before tax is £177,822,000 (2023: £229,457,000).

UK Core Agency Division
The UK Agency division has performed well in the year, despite the ongoing cost of living concerns in the UK economy along with relatively high interest rates. There were also a number of social and political events in the year that have historically reduced demand in the UK travel sector, including the General Election, the Olympic Games in Paris and the European Football Championships. Occupancy levels were up on prior year, whilst rentals/prices were dynamically managed to remain competitive for the consumer and meet owners' required economic returns. The business took the opportunity to review its cost base, and alongside a supply chain review, a restructuring exercise was undertaken to align the cost base to the overall levels of market demand. This enabled EBITDA margin expansion in the division, despite the macroeconomic and socio-political headwinds.

Strategic Report (Continued)

Business Review (Continued)

International Division
The international division has traded positively in the year, whilst navigating challenging market conditions. New Zealand remained in a technical recession for most of the financial year and the introduction of sales taxes on agency platforms, increased pressure on prices and margins. Despite these wider macroeconomic pressures, the division supported the Group profitability with a focus on cost control and through sharing technical expertise across the Group.

Specialist Operator Division
The Specialist Operator Division has followed a similar trend to the UK Core Agency division, with occupancy levels consistent with the prior year, whilst rentals were yield managed to be competitive for the consumer. The operation of 13 sites means the division is sensitive to increases in utility costs and staff costs. High inflation in gas and electric costs combined with minimum wage and tax rises, increase the divisional cost base considerably, but strategic actions have been undertaken to mitigate this, such as fixing contract prices over longer periods while also tightly controlling costs in other areas. During the year, the division has expanded its Strathyre site by adding new cabins and continued construction on the Glentress site in Scotland which opened in November 2024.

Caravan Division
The Caravan division is growing in line with expectations. The division continues to roll out a commission model similar to the UK Agency and International divisions, which will enable the division to offer a wider variety of options to the consumer, whilst also increasing booking volumes for owners via an expanded marketing program.

Financial Review of the Group's Position

On 30th September 2024, the Forge Holiday Group had cash of £65,976,000 (2023: £73,360,000) and loans and borrowings (excluding preference shares) at fair value of £620,800,000 (2023: £579,303,000). The reduction in cash in the short term is the result of strategic investments, including the continuation of the investment plan in the Specialist operator division. This continued investment combined with cost control through divisional re-structuring, unlocks future growth, driving long-term profitability and cashflow.

Forge Holiday Group is funded through a combination of borrowing facilities via carefully selected preferred partners, preference shares and ordinary shares.

Borrowing facilities
The key terms of the Forge Holiday Group borrowing facilities are summarised as follows:

	Nominal Interest rate	Year of maturity	Facility Limit **2024**	Facility Limit *2023*	Fair Value **2024**	Fair Value *2023*
			£000	*£000*	***£000***	*£000*
Ares Facility B	Sonia+7.25%	2028	**448,397**	*432,000*	**448,397**	*432,000*
Ares PIK Facility	Sonia+10.75%	2029	**143,100**	*118,000*	**143,100**	*118,000*
NatWest RCF	Sonia+3%	2027	**30,000**	*30,000*	**29,303**	*29,303*
			621,497	*580,000*	**620,800**	*579,303*

Strategic Report (Continued)

Financial Review of the Group's Position (Continued)

Reconciliation of net debt

Facility	2023	Drawdown	2024
	£000	£000	£000
Ares Facility B	£432,000	-	£432,000
Ares PIK Facility	£118,000	£25,100	£143,100
NatWest RCF	£29,303	-	£29,303

For changes in liabilities arising from financing activities refer to Note 25.

Preference shares
The Forge Holiday Group is also funded by preference shares which were issued on the 28th October 2019, Priestholm TopCo Ltd as part of the acquisition of Sykes Cottages Holdings Limited. Additional preference shares were issued on 18th December 2019 to fund the acquisition of Potter TopCo Limited (Pure Cottages Group) and on 27th April 2022 as management of Canopy HoldCo Limited (Forest Holidays Group) invested in the Forge Holiday Group.

The split of preference shares is summarised as follows:

Preference Shares Type	2024	*2023*
	£000	*£000*
A shares	**£254,290**	*£254,290*
B shares	**£20,829**	*£20,829*

The preference share interest is accrued monthly and rolls annually. The accrued interest outstanding at 30th September 2024 is £182,134,000 (2023: £137,075,000).

Share capital
The Forge Holiday Group is also funded by Share Capital and Share Premium in Priestholm TopCo Ltd which totals £9,769,000 (2023: £9,769,000). For the split between types of shares and the split between Capital and Premium please see Priestholm TopCo Ltd statutory accounts.

Trends and Factors Affecting Future Performance

The Group envisages the following challenges and opportunities to continue into the following year:

Cost-of-living increases
During FY24 the United Kingdom and New Zealand continued to experience inflationary pressures and relatively high levels of interest rates. Cost increases and interest rate rises impact the Forge Group in a number of ways.

Interest rates have remained stable during the year, although high compared with recent years. This has resulted in an increased cost of capital for the Group. The Group's interest rate hedging strategy to cap the rates payable to acceptable levels is allowing the Group to retain healthy cash reserves to facilitate strategic initiatives and developments in the short term.

Forge Holiday Group expects these challenges to remain throughout 2025, although we do not foresee a significant effect on demand.

Strategic Report (Continued)

Trends and Factors Affecting Future Performance (Continued)

Cost-of-living increases (continued)
The Group's experience through the likes of Covid and during times of increased cost of living, clearly indicates that holidays are still seen as an "essential" spend in the modern economy, rather than a luxury. The current property portfolio offers a wide variety of holidays at varying price levels to meet the changes in customer behaviour and demand.

Leisure & travel competition
The leisure & travel market is competitive with numerous players and a variety of options. The Group has a diversified portfolio, allowing it to provide its guests with a wide variety of options. This variety, and the Groups digital technology base and dynamic pricing capabilities means that the Group remains well placed and competitive in the market to drive growth.

The agency market is competitive with 3 larger players in the UK market being Sykes Cottages Group, Cottages.com and Holidaycottages.co.uk, all of which are private equity owned. These three niche players compete with larger global firms operating in the alternative accommodation category such as AirBnB and Booking.com, both of which are active in the UK with brands well known to UK consumers.

Similarly, in the Specialist Operator division, there are a number of smaller regional competitors, along with one main large national player, being Centre Parks.

The Forge Holiday Group digital technology base, dynamic pricing capabilities and proven track record in acquisition integration, means that the business remains well placed and competitive in the market to drive growth. To ensure the Forge Holiday Group remains competitive in the future, it is continually investigating further growth opportunities where relevant.

Site development
Site development is key to driving sales growth within Forest Holidays. The division continues to utilise Group staff and expertise to assist with future site development in a proactive and sustainable fashion to meet the demands of the market, whilst continuing to support rural communities, people and wildlife. Forest Holidays is currently developing a new site in Ben Nevis and have planning permission to expand the Blackwood location by adding additional cabins. Glentress development has been completed post year end with the site opening in November 2024.

Financial Key Performance Indicators

Revenue

Definition
Revenue is predominately generated through booking fees and commission for UK Agency, International and Caravan division, recognised when a booking is confirmed. Revenue for the Specialist operator division is predominantly Cabin rentals recognised when the holiday takes place.

Year	£000
2024	208,179
2023	208,328
2022	170,490
2021	103,994
2020	79,999

Strategic Report (Continued)

Financial Key Performance Indicators (Continued)

Revenue (continued)

Performance
Group revenue has remained relatively flat compared to prior year, with prices being yield managed across the Group to retain occupancy levels in a competitive environment with cost-of-living pressures for the consumer. The Specialist Operator division revenue increased year on year benefiting from a full year of the Garwant site being in operation as it opened in April 2023. Caravans' division revenue also increased year on year supported by the continued transition to a commission-based model. UK Core Agency revenue decreased year on year due to the divestment of Fisherbeck Management Limited in September 2023, with underlying revenue being broadly in line with the prior year as occupancy levels were maintained via price management. International revenue decreased due to New Zealand being in a recession, resulting in a consolidation of the stock base.

Gross Profit Margin

Definition
This represents gross profit divided by revenue. It measures the Group's underlying profitability before administrative expenses.

Year	%
2024	58
2023	60
2022	68
2021	75
2020	69

Performance
The reduction in Gross Profit Margin in 2024 principally relates to increased costs driven by inflation in costs across the Group.

EBITDA Margin

Definition
This represents earnings before interest, tax, depreciation, amortisation and exceptional items divided by revenue. This is a key metric for the Group as the core profitability measure.

Year	%
2024	31
2023	29
2022	36
2021	34
2020	27

Strategic Report (Continued)

Financial Key Performance Indicators (Continued)

EBITDA Margin (continued)

Performance

EBITDA margin has increased year-on-year in 2024. Given the current economic environment all divisions have managed and controlled costs where possible. The Group benefited from formalising the provision of central services via a restructuring exercise, aligning the staff base to current demand and sales levels.

Non-financial Key Performance Indicators

Guest and Owner satisfaction

All guests who stay at a Forest Holidays site or a cottage where the Sykes Cottages Group or Bachcare have acted as an agent are asked to complete a Guest Satisfaction Survey, the survey covers all areas of the guest experience, the aim being to attain a generally accepted benchmark metric of NPS (Net promoter Score). This allows the company to compare its service levels over time and across the travel industry.

Guest Net promotor score (NPS)	**2024**	2023	*2022*	*2021*
Sykes Cottages	**74.17**	73.66	72.16	67.44
Forest Holidays	**62.5**	59	50	*
Bachcare	**47**	45	37	58**

* Canopy HoldCo Limited (Forest Holidays Group) acquired in April 2022

** Guest NPS Calculation based on previous system method. Bachcare transferred to Group booking system in June 2022.

Although NPS at an owner level is inherently statistically less reliable we do have a very strong focus on owner performance and satisfaction.

Stock numbers

Stock numbers underpin the Groups trading capability, ensuring we can provide a credible selection of quality cottages and caravans (standard and location) across the United Kingdom, Ireland and New Zealand.

The number of Cottages, Caravans and Cabins at the current year end and previous are noted below.

	2024	*2023*	*2022*	*2021*
UK Core Agency	**22,647**	*23,122*	*21,941*	*19,420*
International	**1,961**	*2,166*	*2,293*	*2,413*
Specialist Operator	**718**	*705*	*654*	*
Caravans	**5,927**	*6,928*	*6,142*	**
Total	**31,253**	*32,921*	*31,030*	*21,833*

* Canopy HoldCo Limited (Forest Holidays Group) acquired in April 2022

** UKCaravans4Hire.Com Limited acquired in June 2022

Strategic Report (Continued)

Non-financial Key Performance Indicators (Continued)

Stock numbers (continued)

UK Core Cottage Agency stock levels have reduced in the current year due to a strategic decision to proactively “churn” a number of properties. This was based on ongoing detailed data analysis, taking into consideration key factors such as demand levels and stock density by geographical region, property availability levels and key property features. This allows the division to focus on providing the best quality properties to its guests and maximising returns to existing owners. The stock recruitment funnel remains healthy and natural stock attrition levels are otherwise consistent with past experience.

Cottage stock levels in New Zealand have reduced in the current year due to the recession, as a number of owners have moved out of the holiday letting sector or have sold their properties for personal reasons. Similarly to the UK, this attrition allows the division to focus efforts on properties that align to demand trends.

Cabins at the Specialist operator division have increased during the year due to the additional cabins at Strathyre.

Caravan division stock levels have reduced in the year as a result of the transition to the commission-based model. Moving to the commission model will allow for greater revenue potential through the direct impact of flexing marketing strategy to maximise rate and occupancy.

Employee turnover and engagement

The Forge Holiday Group values its employees and actively engages with them on a regular basis as they are key to the Group’s growth and future success. Key measures of this are Employee Attrition Rates and Employee response rate from our regular employee surveys. The Forge Holiday Group are confident the views expressed in the surveys represent the work force as a whole and therefore are used to drive follow up actions.

	2024	*2023*	*2022*	*2021*
Employee Attrition Rate	**74.57%**	*45.28%*	32.69%	*30.51%*
Employee response rates	***69.5%***	*77%*	89%	*65%*

The attrition rate in 2024 is affected by the re-structuring exercise undertaken in the year.

Financial Risks

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

Price risk

The travel industry is highly competitive and is comprised of a large number of companies specialising in providing short-term holiday rental. Competition may reduce fee structures, which may adversely impact profits. New competitor business models may put pressure on the Group to change existing business models in order to remain competitive. To mitigate the risk, the prices of the Group’s products are dynamically managed, and the Group continues to invest in R&D to ensure its technology platform remains market leading.

Strategic Report (Continued)

Financial Risks (Continued)

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

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

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

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

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

Interest rate risk
Interest rate risk is the risk that an unexpected change in interest rates increases the Group's cost of borrowing significantly. Preference share interest is fixed and charged at the rate per the Articles of Association. NatWest and Ares Management interest is currently charged at variable rates above base rate depending on leverage. The interest rate risk is monitored regularly, and an interest rate cap has been put in place in relation to part of the third-party debt.

Foreign currency risk
Foreign currency risk is the risk losses could be incurred on international financial transactions due to the fluctuation in currency. The Group makes purchases and receives monies from sales denominated in foreign currency, but the amounts involved do not generally present a significant risk. In order to mitigate the risk of movements in foreign currency rates, the Group enters into foreign currency derivative contracts based on the forecast for the year ahead.

Taxation risk
Given the nature of our business with high organic growth and growth through acquisition, risks will inevitably arise from time to time in relation to the interpretation of tax law and the nature of our compliance arrangements.

Strategic Report (Continued)

Financial Risks (Continued)

Taxation risk (continued)
As a Group with volume-based transactions both income and cost related, the Group seeks to minimise its exposure to tax risk – the incorrect interpretation or tax treatment of transactions - through the use of a cross functional team with representations from financial reporting and payroll working together with our external advisors.

We will seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the Group's risk appetite. When there is significant uncertainty or complexity in relation to a risk, external advice will be sought. Areas of significant or complex tax risk will be passed to the Board for approval and ongoing review. The level of risk the Group accepts in relation to UK taxation is consistent with its objective to achieve certainty in its tax affairs.

Principal Risks and Uncertainties

The Group regularly reviews its operational risks via the maintenance of a Group wide risk register, based on the probability and impact of each risk. Risks are assessed via management and reviewed by the internal risk committee, comprising of senior managers representing all business functions. Where required, the business will implement changes to reduce the risk to manageable levels and to ensure it aligns to the Directors appetite for risk.

The principal risks and uncertainties facing the company are:

Competition and Guest and Owner expectation
The Forge Holiday Group faces competition from other holiday letting agencies and holiday operators both in the UK and NZ as well as a broad range of other holiday options. The Group's business and growth potential could be impacted if the quality of properties and services it provides does not meet the guest expectations. The Group also faces competition from other holiday letting companies when recruiting owners in the UK and NZ, as if the services and products the Group provides are not competitive or meet owner expectations then business growth could be impacted.

Whilst we are one of the UK's leading independent holiday companies, this sector is highly fragmented, particularly in the short term let sector and the Group is exposed to local competition. The Group adopts both local and national marketing and pricing strategies to ensure it remains competitive. The Group continuously reviews service standards to both guest and owners, with the aim of increasing retention.

Technology, Artificial Intelligence and cyber security
Like most technology-based companies, the Forge Holiday Group is exposed to security threats whereby illegal access could be gained to our systems and ultimately to the personal data we hold. In order to mitigate this risk, the Directors ensure that robust and reliable IT systems are utilised and monitored, with considerable emphasis on security and safeguarding. The Group actively conducts frequent penetration testing of its infrastructure and updates its hardware to ensure its security remains as robust as possible against potential attack. The Group has implemented a robust information security programme, which is curated and progressed by a dedicated team, ensuring that the risk of a cyber intrusion causing a material impact is effectively managed. The programme aligns with NIST 2.0 and places emphasis on the key security domains of Detection and Response, Attack Surface Management, Security Culture, as well as Governance Risk and Compliance.

Strategic Report (Continued)

Principal Risks and Uncertainties (Continued)

Technology, Artificial Intelligence and cyber security (continued)
The Forge Holiday Group relies on up-to-date hardware and software to run all areas of its business i.e. booking system, financial systems etc. Contingency plans are in place to ensure that the impact of any potential system failures on the day-to-day operations of the business are minimised as far as possible.

AI presents a number of risks to the Group. Current and potential regulations impacting AI use could create an exposure for the Group if it chooses to use AI at scale. If AI becomes a key competitive differentiator in the sectors in which the Group operates then underuse of AI could lead to a commercial disadvantage for the Group. AI could challenge the established marketing norms with the potential for Google search and web authority to become less relevant as consumers could change search behaviour in favour of large language models. The Group is considering the use of AI in a measured way, starting with user cases and testing out proofs of concept before scaling adoption, whilst maintaining guard rails around what data is ingested. Policy frameworks are being continually adapted as increasing use cases emerge and the business AI maturity progresses.

Regulatory environment
Forge Holiday Group is exposed to regulatory pressures primarily in the UK but also in Ireland (the EU) and New Zealand. Continued uncertainty exists around the extent to which the UK Government will seek to diverge from EU regulatory standards and (particularly in the area of Data Protection) this could lead to the need for increased flexibility in technology systems and governance standards.

There are a number of specific areas impacting the Group including changes to Furnish Holiday Letting rules, the Council Tax regimes and Tourism Levies, varying by UK nation and individual councils.

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

People availability and expertise
The Forge Holiday Group faces competition, especially in the UK, to attract and retain ambitious, motivated and experienced staff. To ensure the Forge Holiday Group remains competitive, it constantly reviews and benchmarks remuneration levels against the rest of the market.

Changes in macroeconomic conditions
Like most companies within the UK, the Forge Holiday Group is exposed to changes in macroeconomic conditions caused by the political instability within the UK. This instability has led to an increase in market volatility and as a result an increase in interest rates and reduced predictability of regulatory and legislative matters. These changes have a direct impact on the Group’s cost of debt, and could lead to problems for people accessing credit which has a direct knock-on effect on the property market and subsequent property values and running costs. Macroeconomic risk now are more likely to be caused by the underlying economic cycle.

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

Strategic Report (Continued)

Principal Risks and Uncertainties (Continued)

Changes in macroeconomic conditions (continued)
To mitigate against the risks identified, the Forge Holiday Group employs an in-house corporate affairs expert within its legal function, market experts and finance professionals to monitor the performance of the Group and any changes in legislation. This allows the Group to react quickly to change and adapt the strategies and processes accordingly. The Group also offers a wide range of holidays at varying price levels to service any change in behaviour and demand.

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

Concentration risks
There are a number of industry wide technology partners that are relied on in the Agency market sector and the Group is actively facing into these. Diversification of the Group and ancillary income provide significant mitigations against these risks.

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company

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

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

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

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

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

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

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Board and decision-making process

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

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

Board meetings are held regularly at both a Group and divisional level. On a monthly basis, reports are distributed including:

- Summary of key initiatives and their progress
- Topical strategic topic(s)
- Operations and marketing updates
- IT update, including operational and strategic objectives
- Monthly Financials including budgets/forecasts

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

Key Stakeholders

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

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

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

- **Property Owners** – The Group provides property management, marketing and booking services to approximately 23,500 owners who have c.30,000 holiday properties. A dedicated Owners team with the assistance of a nationwide network of Property Consultants service the needs of property Owners in the UK and New Zealand.

- **Workforce** – The Group employs approximately 1,800 people across the UK and New Zealand. The Group places considerable value on the involvement of its employees, therefore it ensures information on matters of concern is provided and where appropriate the employees are consulted so their views are taken into account when making decisions. This is achieved through monthly briefings, intranet and e-mails to employees' work addresses. Employee involvement in the Group is encouraged through regular employee surveys.

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Key Stakeholders (continued)

- **Suppliers** – The Group engages with key suppliers and settles invoices in a timely manner and within the agreed credit terms. Forest Holidays Ltd has a working partnership with Forestry England, Forestry Land Scotland and National Resources Wales to deliver environmental, social and economic benefits for multiple stakeholders.

- **Community and Environment** – The Group participates in several community-based initiatives through fund raising events and commitment of resources. The Group supports various charities as it enables the local offices to choose who they raise funds for. During the year the Group has raised money for Hospice of The Good Shepherd, Derbyshire Mind, The Wave Project, The Trussell Trust and Lake District Search and Mountain Rescue to name a few. The Group looks to minimise its carbon footprint where possible, reducing the use of paper through technical developments and maximising recycling of paper/plastics/metals via central recycling points across Specialist Operator locations and numerous in-office recycling collection points across the Group. In the specialist operator division, Forest Holidays employ a Forest Ranger at each of their 13 locations across the UK, helping to connect guests with nature whilst also protecting and enhancing the forests where we are based through a long-term biodiversity enhancement strategy and active woodland and landscape management plans. Forest Holidays are also Forestry England’s first major biodiversity corporate partner, expanding their existing long-term partnership and they also hold key partnerships with the UK’s National Parks connecting over 20,000 young people with nature and supporting rural communities through the Royal Countryside Fund.

- **Shareholders and Lenders** – The ultimate parent company of the Forge Holiday Group and the Company is Priestholm TopCo Ltd. The ultimate controlling party of Priestholm TopCo Ltd and the Forge Holiday Group is Vitruvian Partners LLP, which is a private equity investment company. The Group has also entered into a Loan Facility and Revolving Credit Facility with external lenders. Both Vitruvian Partners LLP and lenders receive monthly financial updates as standard, with ad hoc initiatives and key developments reported as required.

- **Governments (and tax authorities) and 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.

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Key decisions

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

Decision 1

Specialist Operator Capacity Growth
As a part of the ongoing business model, a number of potential development sites (and expansion of existing sites), within the UK and Ireland, progress through various stages of negotiations and planning applications with our key partners, including the Forestry Commissions within the UK.

When key authorisations, planning and environmental consents have been achieved, the investment plans are presented to the board for approval:-

In November 2023, the board approved an investment into the build of a new 50 cabin site in Ben Nevis, situated within the Leanachan Forest, near Fort William in Scotland.

In December 2023, the board hired the services of an industry expert, who supported the internal Corporate Development team in a Commercial ‘deep dive’ on our new and existing site Return On Capital Employed (ROCE). This analysis identified opportunities to further improve our product and service offering, with a desire to further innovate our product in an ever-evolving market and landscape. The management team are now focused on delivering the ‘site of the future’ with an emphasis on customer experience and financial ROCE.

The Forge Holiday Group has a long pipeline of potential future development sites, which it expects to be a significant contributor to growth in the future.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - Able to offer a wider variety of cabins in highly desirable locations, within settings accommodating mountain biking, walking, tree top adventures and wildlife and nature experiences.

- **Employees** - There is a clear plan to continue the growth and success of the business. More employment opportunities and progression will also be created across the Group as employees have a variety of divisions to work in.

- **Community** - Press releases to promote awareness within the local communities, from the planning phase onwards, where we highlight the environmentally sensitive nature of the developments alongside the long-term biodiversity enhancement strategy and active woodland management plans.

- **Shareholders and Lenders** - Notification to both parties explaining the rationale for the investments and expected benefits was made, which is part of the formal board communication.

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Key Decisions (continued)

Decision 2

Group Wide Restructuring Program
In line with the rebranding exercise in the prior year, the board made the decision to re-structure the Group, formalising the provision of central services for Legal, Finance, HR, IT and Marketing, alongside a redundancy program that aligned the Group's salary costs to current demand and sales levels.

A formal consultation process was announced in late September 2023 and took place throughout October and November. In December 2023 the consultation process was completed, and the Group restructure was finalised and agreed with the board.

During the year the Group continued to review its operations to ensure they were effective and as efficient as possible and continued to align to current demand and sales levels. Where operations could be further streamlined the appropriate actions were taken which include further restructuring of operations.

Outcomes and impact on key stakeholders (where applicable):

- **Guests/Property Owners** – Maintenance of service levels to consumers and property owners is a key requirement of the Group, so operational service departments were reviewed, and resources were retained to ensure that service levels could be delivered and measured via an improving NPS score.

- **Employees** – All affected employees have been engaged and communicated with, through a process involving Group and individual consultations. The Group clearly explained the rationale for the re-structuring process and counter proposals were reviewed and considered as appropriate.

- **Shareholders and Lenders** - Notification to both parties explaining the rationale for the re-structuring and expected benefits was made, which is part of the formal board communication.

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Key Decisions (continued)

Decision 3

Caravan Division Restructuring Program
In line with the ongoing formalisation of the central services provision, the board has made the decision in October 2024 to re-structure the UK Caravans division. This is to align the division's structure with the rest of the Group.

A formal consultation process was announced in October 2024 and took place throughout October and was concluded on 7th November 2024.

Outcomes and impact on key stakeholders (where applicable):

- **Guests/Property Owners** – Maintenance of service levels to consumers and property owners is a key requirement of the Group, so operational service departments were reviewed, and resources were retained to ensure that service levels could be delivered and measured via an improving NPS score.

- **Employees** – All affected employees have been engaged and communicated with, through a process involving Group and individual consultations. The Group clearly explained the rationale for the re-structuring process and counter proposals were reviewed and considered as appropriate.

- **Shareholders and Lenders** - Notification to both parties explaining the rationale for the re-structuring and expected benefits was made, which is part of the formal board communication.

Strategic Report (Continued)

Directors' Statement of Compliance with Duty to Promote the Success of the Group and the Company (Continued)

Key Decisions (continued)

Decision 4

Investment in Technology
The strength of the underlying technology is key to the future growth of the business. An investment was made in the year of £8,079,000 in software development across all four trading divisions. The highlights include commercial flexible booking terms, a new telecommunications integration and continued development of the owner application.

Outcomes and impact on key stakeholders (where applicable):

- **Guests –** The new telecommunications system improves call routing and reduces wait times, positively impacting the consumer experience. More commercial flexible booking terms improve choice and financing options to consumers.

- **Property Owners** - The owner application enables property owners to have booking information at their fingertips, aligning real time booking management with improved access to reporting.

- **Employees** – Improvements across key systems makes day-to-day tasks more efficient freeing up time for improved management and value-added activities.

- **Shareholders and Lenders** - Notification to both parties explaining the rationale for the investment and expected benefits was made, which is part of the formal board communication.

Decision 5

Caravan Capacity Growth
As a part of the ongoing business model, the Caravan division is expanding its offering to not just individual caravan owners but Caravan Parks as well.

Outcomes and impact on key stakeholders (where applicable):

- **Guests** - Able to offer a wider variety of caravan options in highly desirable locations.

- **Employees** - There is a clear plan to continue the growth and success of the business. More employment opportunities and progression will also be created across the Group as employees have a variety of divisions to work in.

- **Shareholders and Lenders** - Notification to both parties explaining the rationale for the investments and expected benefits was made, which is part of the formal board communication.

This report was approved by the board on 18th March 2025 and signed on its behalf.

Signed by:
Graham Donoghue
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Graham Donoghue
Director

Directors' Report

Principal Activity

The Group's principal activity is the provision of short-term holiday lets through its eco-cabin sites or through its holiday letting agency and marketing service, which are located in the UK, Ireland and New Zealand.

Results and Dividends

The loss for the year, after taxation, amounted to £145,237,000 (2023: £195,782,000).

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the period were:

Graham Donoghue	
Michael Steven Graham	(Resigned 14th May 2024)

Board Composition

The board of Priestholm TopCo Ltd the Governing Company and Parent Company of Priestholm MidCo Ltd consists of two Non-Executive Statutory Directors appointed following the acquisition by Vitruvian Partners LLP and two Statutory Executive Directors.

The Forge Holiday Group board is comprised of the Priestholm TopCo Ltd statutory board members and an additional Non-Executive Director of a Group subsidiary company – Forge Holiday Group Ltd.

Graham Donoghue | *Group Chief Executive Officer*

- Graham joined the Sykes Cottages Group in 2016 as Chief Executive Officer. Graham was appointed to the board of Priestholm TopCo Ltd on 28th October 2019 as part of the acquisition of Sykes Cottages Holdings Limited (Sykes Cottages Group) by Vitruvian LLP. Graham has no external appointments or directorships.

- Graham's previous roles consist of Chief Product Officer at Moneysupermarket Group plc and Managing Director and board roles at Moneysupermarket and TUI. This has provided Graham with over 20 years' experience in digital transformation, covering product innovation, technology, general management, digital marketing and operations.

Charlotte Owen | *Group Chief Financial Officer*

- Charlotte joined the Forge Holidays Group in 2018 and was appointed to the board of Priestholm TopCo Ltd on 22nd May 2024. Previously, Charlotte was Finance Director of the Agency business, the largest division in the Group. In addition to the Group, she currently serves as a Trustee for Koala North West. In December 2024 Charlotte was confirmed as Group Chief Financial Officer.

- Charlotte is a chartered accountant, bringing previous experience from roles at Sky, PwC and Grosvenor, and holds a First Class Masters from the University of Cambridge.

Directors' Report

Board Composition (Continued)

Ben Johnson | *Non-Executive Director – Partner at Vitruvian Partners*

- Ben is a Partner and a member of the founding team of Vitruvian Partners LLP. Ben has served on the Board of Priestholm TopCo Ltd since 18th October 2019, following the acquisition of Sykes Cottages Group by Vitruvian Partners LLP. In addition to the Group, he currently serves on the boards of OAG and Travel Counsellors.

- Ben leads the Consumer Technology and Data and Analytics teams at Vitruvian. Prior to joining Vitruvian Partners LLP in 2007, Ben was at Cinven and Goldman Sachs International. Prior investments include Skyscanner, Trustpilot, JacTravel and Tinopolis. Ben read Philosophy, Politics and Economics at Magdalen College, Oxford University. He was a member of the Future Fifty, TechNation Advisory Panel 2017-24.

Charles Hardwick | *Non-Executive Director – Managing Director at Vitruvian Partners*

- Charles is a Managing Director at Vitruvian Partners Limited. Charles has served on the Board of Priestholm TopCo Ltd since 28th April 2021. He also serves on the Board of MPB, Twinkl and Sciensus.

- Charles focuses on the Consumer Internet and Technology sectors at Vitruvian. Prior to Vitruvian, Charles was at UBS Investment Bank in the EMEA Technology, Media and Telecoms Investment Banking team. Prior investments include Global-e, Skyscanner and Trustpilot. He holds an MEng in Engineering Science from St Catherine's College, Oxford University and an MBA from the Wharton School of the University of Pennsylvania.

Shane Corstorphine | *Non-Executive Director – Founder, Scale Up Consulting Limited*

- Shane has worked with high growth and scale up technology companies for more than a decade. He is a Non-Executive Director for Simple Online Healthcare Limited, for OAG Aviation Limited and Chairman of CreateFuture. He is also a Scale Up Coach to a number of CEOs within high growth organisations.

- Shane is a former CFO and SVP Growth for travel search technology company Skyscanner, playing a key role in helping it scale from c.80 people to 1,500 people and an eventual sale to Ctrip for $1.8bn in 2016. Prior to Skyscanner and Scale Up Consulting, Shane was with Barclays and RBS Leveraged Finance. He is a Qualified Accountant (PWC) and has a Masters in Engineering from Durham University.

Ultimate Controlling Party

On 18th October 2019, Priestholm TopCo Ltd was incorporated and majority funded by Vitruvian Partners LLP through its investment fund Vitruvian Investment Partnership III. Vitruvian Partners LLP is an international investment firm that supports the most ambitious and talented entrepreneurs and companies to achieve their goals.

Vitruvian provide strategic guidance and value-added operational services to the Forge Holiday Group, through a combination of monthly board meetings, strategic reviews and via Vitruvian Partners' international network of contacts, advisors and preferred partners.

Directors' Report (Continued)

Ultimate Controlling Party (Continued)

Incorporated on 10th October 2019, Priestholm BidCo Ltd was used as the vehicle to acquire 100% share capital of Sykes Cottages Holdings Limited on 28th October 2019, as the company's Ultimate Parent Company is Priestholm TopCo Ltd. The acquisition of Sykes Cottages Holdings Limited (Sykes Cottages Group) by Priestholm BidCo Ltd resulted in the Ultimate Controlling Party changing to Vitruvian Partners LLP from the previous private equity firm LivingBridge LLP. The Sykes Cottages Group secured its first private equity investment from LivingBridge LLP in 2015. LivingBridge LLP continues to retain a minority shareholding in the Group.

Under the Vitruvian ownership the Forge Holiday Group has continued on its trajectory as a fast-growing technology-driven service business, hosting more than a million holidaymakers in 2023 and supporting the growth of the Group into other complementary markets.

Political Contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Future Developments

An indication of likely future developments in the business and particulars of significant events, which have occurred since the end of the financial year, have been included in the Strategic Report.

Financial Instruments

Objectives and policies
The Group does not use derivative financial instruments for speculative purposes. The Group enters into financial derivative contracts to mitigate financial risk and details are included above in the Strategic Report under the relevant risk heading.

Going Concern

To conclude on going concern for the company, the Directors have considered going concern at the Group level.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The Group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

The Group has also considered the status of working capital for the assessment of going concern. Although working capital is in a negative position as at the balance sheet date, the Group has sufficient headroom in its covenants based on the sensitivities performed.

Directors' Report (Continued)

Going Concern (Continued)

Forecasts are produced at least once a quarter, to include latest known trends or environment changes, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed severe stress testing, which includes adjusting the key levers to the model as follows:

- A 5% shortfall in bookings per property (Agency divisions)
- A 5% shortfall in property recruitment (Agency divisions)
- A 5% reduction in average income per booking
- A 5% increase in marketing costs to acquire bookings (Agency divisions)
- A 5% shortfall in occupancy (Specialist Operator division)
- A 5% increase in site operating costs (Specialist Operator division)

The Directors are confident that that they have a reasonable basis upon which to conclude that the Group is able to continue as a going concern to 31st March 2026.

With cash at the end of September of 2024 of £65,976,000 the Group had sufficient liquidity headroom at the start of 2025 for the year ahead. This has been reviewed during December 2024 and liquidity headroom remains sufficient for the period up to 31st March 2026. In addition Forge Holiday Group has flexible financing arrangements in place with its external lenders, to support strategy growth.

The Directors of the Company during their going concern assessment have confirmed the ability of its parent company to provide continued support and access to cash to ensure the day to day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2026.

Environmental Matters

Our approach
At Forge Holiday Group, creating lasting holiday memories whilst making a positive social and environmental impact is at the heart of what we do. We're fully committed to improving our overall environmental stewardship and our impact on air, climate, water, land, and biodiversity.

Each of our divisions are unique and at different stages of their business maturity and sustainability journeys. That's why we assess the impact of each individually, allowing us to set meaningful KPIs and wherever possible, we go beyond applicable environmental legislation and obligations. This flexible approach ensures that the Group makes a significant positive impact on the planet.

B Corp framework and certification
Sykes Holiday Cottages and Forest Holidays are B Corp certified. Certified B Corporations, or B Corps, are businesses verified by B Lab as meeting high standards of social and environmental performance, transparency and accountability. The assessment evaluates companies across five 'impact areas', including environment.

Directors' Report (Continued)

Environmental Matters (Continued)

B Corp framework and certification (continued)
Nature conservation is a critical component of the Forest Holidays business model and the B Corp assessment recognised this. Achieving the highest Land and Wildlife Impact Business Model score within the UK, B Corp acknowledged just how much of a positive impact the business makes on the natural environment.

Both businesses scored higher than the average in both our sector and in the UK generally for overall environmental management practices.

The B Corp framework and best practice forms the basis of our approach to building environmental strategies and KPIs for the Group.

Environmental goals
Our UK-based divisions have set ambitious targets to limit their impact on and create positive change for the planet. Each division contributes to three core environmental goals:

- Achieve Net Zero across our operations
- Actively contribute to a Nature Positive UK
- Educate, engage and enable all of our stakeholders to have a positive environmental impact

Greenhouse gas emissions
Forge Holiday Group agency divisions (UK Core Cottage Agency, International and Caravans) have a number of local offices across the UK and New Zealand, which assist in providing managed services to Owners. As the Group's agency division business is primarily online, with a few retail footprints, our carbon emissions from these divisions is relatively small.

The specialist operator within the Forge Holiday Group currently has twelve forest locations where guests can take short holiday breaks. Forest Holidays takes a forest-centred approach to development, design and integration which uses extremely low impact and ecological sensitive methods and techniques.

Our GHG reporting approach
Our GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO2e) for the year ending 30th September 2024 and the comparative is reported for the year ending 30th September 2023 (includes acquisitions made in financial year 2023 from the date of acquisition).

Our approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR, we have included the energy consumption and emissions from lease facilities we operate from but are outside our financial control.

We have calculated our Scope 1 and 2 greenhouse gas emissions in accordance with the reporting requirements set out in Companies Act 2006 (Strategic Report and Director's Reports) Regulation 2013.

We have used the latest Defra emissions factors and our gross emissions total in the table applies the 'location based' accounting methodology for grid electricity emissions.

We have chosen the intensity measure in tCO2e per full time equivalent employee as our activity is predominately office based.

Directors' Report (Continued)

Environmental Matters (Continued)

Our GHG reporting approach (continued)
Forge Holiday Groups emissions have increased year on year due to the growth through expansion within Forest Holidays. Forest Holidays is a principal holiday provider who is primarily responsible for heating, lighting and power of its eco-cabins and Forest locations. The diversification into providing eco-cabin holidays has fundamentally changed the groups energy usage. All divisions within the Forge Holiday Group are dedicated to reducing carbon emissions.

Forge Holiday Group Energy Consumption and associated greenhouse gas emissions

Consumption	**Unit**	**2024**	2023
Total energy consumption (electricity)	kWh	**14,270,645**	*13,536,094*
Total energy consumption (gas)	kWh	**10,341,916**	*8,352,953*
Total vehicle fuel consumption	kWh	**1,384,729**	*911,742*
Total other heating oil consumption	kWh	**140,963**	*83,047*
Total biomass consumption	kWh	**1,481,825**	*1,069,533*

Emissions	**Unit**	**2024**	*2023*
Electricity consumption	Tonnes CO2e	**2,955**	*2,803*
Gas consumption	Tonnes CO2e	**1,661**	*1,535*
Vehicle fuel consumption	Tonnes CO2e	**336**	*221*
Total other heating oil consumption	Tonnes CO2e	**35**	*21*
Total biomass consumption	Tonnes CO2e	**16**	*10*
Total sewage sludge emissions	Tonnes CO2e	**14**	*11*
Relative intensity by full time equivalent (FTE)*	Tonnes CO2e	**4.40**	*3.07*

*Full time equivalent calculation assumes Part time employees are 0.5 FTE.

Forge Holiday Group has provided an energy consumption and associated greenhouse gas emissions analysis for the UK Core Cottage Agency and Specialist Operator divisions to provides a more meaningful year on year comparison.

Forest Holidays Energy Consumption and associated greenhouse gas emissions

Consumption	**Unit**	**2024**	*2023*
Total energy consumption (electricity)	kWh	**13,589,466**	*12,746,072*
Total energy consumption (natural gas & gaseous fuels)	kWh	**9,728,084**	*7,743,474*
Total vehicle fuel consumption	kWh	**905,531**	*713,602*
Total other heating oil consumption	kWh	**82,630**	*23,878*
Total biomass consumption	kWh	**1,481,825**	*1,069,533*

Emissions	**Unit**	**2024**	*2023*
Total energy consumption (electricity – Location based)	Tonnes CO_2e	**2,813.7**	*2,639.4*
Total energy consumption (natural gas & gaseous fuels)	Tonnes CO_2e	**1,548.8**	*1,423.3*
Total vehicle fuel consumption	Tonnes CO_2e	**215.1**	*171.0*
Total other heating oil consumption	Tonnes CO_2e	**19.6**	*5.9*
Total biomass consumption	Tonnes CO_2e	**16.1**	*10.4*
Total sewage sludge emissions	Tonnes CO_2e	**14.4**	*11.0*
Relative intensity by full time equivalent (FTE)*	Tonnes CO_2e/FTE	**7.83**	*6.89*

Directors' Report (Continued)

Environmental Matters (Continued)

Our GHG reporting approach (continued)
Forest Holidays Energy Consumption and associated greenhouse gas emissions (continued)
Forest Holidays' 2024 Scope 1 and Scope 2 footprint has increased compared to 2023. This is due to a number of factors including increased energy consumption (gas, electricity, liquid fuels and biomass) as the new site at Garwnant became fully operational, additional cabins were added at other locations, and development of the new Glentress location began. Forest Holidays used 100% renewable electricity at almost all locations in FY24, and under the "market-based" methodology Scope 2 emissions would have reduced to 352 tCO2e.

Forest Holidays has completed a series of initiatives over the last two years to drive a focus on environmental sustainability, including:

1. Developing a long-term environmental strategy, overseen by the CEO
2. Establishing an Environmental Strategy Group, lead by the Director of Sustainable Growth
3. Setting Net Zero targets covering all three scopes, aligned to the requirements of the Science Based Targets initiative, and extending the measurement of Scope 3 impacts to include purchased goods and services, and construction impacts
4. Delivering detailed workstream targets and plans covering carbon, water, waste, and biodiversity

UK Core Cottage Agency Energy Consumption and associated greenhouse gas emissions

Consumption	**Unit**	**2024**	*2023*
Total energy consumption (electricity)	kWh	**681,179**	*790,022*
Total energy consumption (gas)	kWh	**613,832**	*609,479*
Total vehicle fuel consumption	kWh	**479,198**	*198,140*
Total other heating oil consumption		**58,333**	*59,169*
Total biomass consumption		**-**	-

Emissions	**Unit**	**2024**	*2023*
Electricity consumption	Tonnes CO2e	**141**	*164*
Gas consumption	Tonnes CO2e	**112**	*112*
Vehicle fuel consumption	Tonnes CO2e	**121**	*50*
Total other heating oil consumption	Tonnes CO2e	**15**	*15*
Total biomass consumption	Tonnes CO2e	**-**	-
Total sewage sludge emissions3	Tonnes CO2e	**-**	-
Relative intensity by full time equivalent (FTE)*	Tonnes CO2e	0.83	0.39

The energy consumption of the UK Core Cottage Agency has increased mainly due to an increase in vehicle fuel consumption, as there was an increase in property visits.

Please note, 2023 figures have been recalculated, as they previously included Scope 3 vehicle fuel consumption, in relation to staff owned vehicle mileage.

Supporting biodiversity in the UK and overseas
The Group is committed to protecting and enhancing our natural environment and landscapes. We support regional habitat protection projects across the country through funding and volunteering, including work with Wildlife Trusts and a number of community projects to restore and protect habitats.

Directors' Report (Continued)

Environmental Matters (Continued)

Supporting biodiversity in the UK and overseas (continued)
Forest Holidays are also stewards of 244.5 hectares of the nation's forests. We lease the land our locations occupy from Forestry England, Forestry and Land Scotland and Natural Resources Wales. We're a trusted partner to manage the land for conservation and create lasting holiday memories for all. We also support the Global Goals for Nature by continuing to commit to nature positive growth and to become Nature Net Positive at all cabin locations by 2025.

Employee Matters

Our employees are woven into our purpose, mission, and everything we do. Therefore, our commitment to the employee experience and ensuring we attract and retain the very best talent can be seen throughout our employee journey; from recruitment to development and engagement. We believe that a positive employee experience directly influences the customer, guest and owner experience and makes our people intrinsic to business success.

Below we have set out how our People Journey ensures we recruit the most qualified employees, regardless of age, sex, race or disability, and how we develop, engage and communicate with colleagues to create organisational success based on a unique consumer first approach, which can only be created by our people.

Recruitment
The Forge Holiday Group continues to invest in market leading talent and ensures its recruitment process is one that is fair to all. We are;

Registered as a disability confident committed employer, level 1. Which means we are committed to;

- Making sure the recruitment process is inclusive and accessible by ensuring against discrimination. We have included an in-depth review of this within a recruitment and interviewing module in our "Management Essentials" development programme.
- Offering reasonable adjustments when inviting candidates to interview
- Advertising vacancies through a range of channels and using the Disability confident badge to ensure potential applicants know that we are an inclusive employer.
- The continuous review of the recruitment process to ensure it is accessible. Work continues on providing adverts in accessible formats.
- Running all adverts through a gender-neutral advert decoder, which has been in place since September 2023.

We continue to engage with several different Groups to increase diversity. This includes;

- North Coders and Code Nation who run code camps and provide intensive courses for candidates who want to get into a career in coding/development. This gives an opportunity for emerging talent to show *potential* as opposed to having the necessary work experience, which may usually exclude candidates from more diverse backgrounds.
- Supported Employment Service, and local colleges whose aim is to support candidates with autism and/or a learning disability in finding good jobs or work placements. Individuals with disabilities have skills and knowledge that are valuable to our organisation and being part of this service will help us bridge the gap between these individuals and employment with the Forge Holiday Group.

Directors' Report (Continued)

Employee Matters (Continued)

Communication & Engagement
The Forge Holiday Group is committed to communicating with colleagues in a meaningful way. We have launched an intranet within the agency division and invested time in the HRIS as a communication tool in our specialist operator division. This is to ensure that all colleagues have a central hub to be able to gain information about policies, benefits, people news and recognition.

There are also dedicated Wellbeing, Impact and People areas which feeds into our "happy employee" strategy which puts importance on happy, healthy and engaged colleagues, who mean best in class service for our customers, guests & owners.

Our employee forum, the Change & Communication Squad, continues to thrive, with representatives from across the organisation coming together regularly to discuss topics ranging from benefits to learning & development, and anything that has an impact on life at the Forge Holiday Group.

We encourage colleagues to give feedback via a periodic engagement survey which we regularly have positive response rates. Results of these surveys are reviewed from executive level to team level, with action plans created and communicated to ensure we are always taking positive action to create the most positive workplace experience possible. We are currently working through implementing a new engagement survey platform which will serve as a whole Group solution, allowing us to align our employee experience throughout the Group, and make providing feedback a more positive experience. We hold regular awareness and wellbeing days/weeks throughout the year, sharing resources, involving colleagues in activities and raising awareness of topics which impact our colleagues and their families. This year we created activity around Menopause Awareness, International Women's and Men's days, stress awareness and financial wellbeing to name a few.

Our shared values underpin the "how" we do things at the Forge Holiday Group. These values are a focus for our recognition programme which includes peer nominated awards based on our values, public peer to peer recognition and annual awards ceremonies with awards based on Values, performance and outstanding achievement, amongst others.

Benefits & Discounts
The Forge Holiday Group continues to offer a competitive benefits package and are committed to reviewing our offering to ensure it is not only in line with the market but represents a true value to our colleagues *and* their loved ones.

We offer a virtual GP service in which colleagues and their loved ones can access free telephone and video doctors appointments 24/7, 364 days a year. Engagement with this benefit has been positive, and anonymous feedback from colleagues tells us this is benefitting not only them but their children and loved ones.

We have given access to two new retail discount portals which colleagues and their family can benefit from. As well as continuing to offer local discounts in areas we operate in, we engage with the Retail Trust across the Group to provide Wellbeing support including financial support, access to counselling and a wealth of resources to help all areas of mental and physical wellness.

Directors' Report (Continued)

Employee Matters (Continued)

Policies & Procedures
Forge Holiday Group continues to review all of its policies to ensure existing policies are fit for purpose and create new policies where appropriate and beneficial for our People and the business.

Last year we introduced a new menopause policy, breastfeeding policy, cyber security and data protection policies, along with new probation and sickness absence policies and procedures all designed to benefit our colleagues and managers and create fair and simple processes for all.

Learning & Development
We continue to put a focus on management development, corporate induction, coaching and ensuring all colleagues understand our culture, values and support available to them.

In our Corporate Induction we look at the benefits of Equality, Diversity and Inclusion (EDI), how it links to our values and how we can support it (as well as mentioning our recently formed EDI Steering Group, the steps we've taken so far, and how people can get involved). We also discuss how people can get involved in Impact activities and wellbeing benefits such as The Retail Trust, our wellbeing platform, Virtual GP and private health insurance.

We hosted a range of activities during Learning at Work Week, which we combined with Mental Health Awareness Week which included; talks on How to Be An Ally, developing new skills, learning about a variety of topics and different departments and Menopause and Neurodiversity watch parties.

Our Leaders programmes include modules on recruitment and interviewing, where we look at the benefits of a diverse workforce, the Equality Act 2010, and unconscious bias. The Sickness & Absence module looks at the support and adjustments we can provide to help people back to work, and we talk about mental health and the support available via The Retail Trust, as well as looking at how to manage Sickness & Absence connected to protected characteristics (in particular, disability and pregnancy).

Another focus of our Leaders programmes is managing performance, where we focus on having regular, consistent conversations around performance with all team members to praise, stretch, develop and support (not just those who are under-performing). We also look at the causes of underperformance and the types of support we can offer. We consider bias when measuring performance - in particular, the "halo and horns effect" (unconscious bias), and how to use both objective and subjective performance indicators to get a full and reliable picture.

The L&D team have also undertaken department specific coaching training to help managers support and develop their team members, as well as fostering autonomy and independence. A full coaching module will also be included in our Management Essentials programme later this year.

Directors' Report (Continued)

Gender Diversity Information

At Forge Holiday Group we are fully committed to equal opportunities and equal treatment for all employees. It is part of our strategy to ensure we have an inclusive workplace culture where individuals can reach their full potential.

A commitment to diversity closely links to our core value to "Be one team".

For our People, we understand the benefits a diverse workforce brings - both in diverse ranges of ideas and approaches and in creating a vibrant and welcoming culture. We are committed to inclusivity and have taken an "expert-led" approach to our Equality, Diversity and Inclusion (EDI) strategy, with an intentional focus on the quality and consistency of employee experience, rather than being driven by pure metrics.

For our Social/Environmental Impact, we understand the role Forge Holiday Group can play in visibly championing ways of working that support diversity and how this can impact our employees, wider industry and society. We are conscious and intentional in considering how our changes such as our family friendly policy review will be received by wider industry. Whilst championing equal leave and supporting working parents is the right thing to do for our employees, and will help us with talent recruitment and retention, we are also hopeful to lead a "step change" in wider industry's approach as to what becomes the accepted standard and norm.

The Forge Holiday Group are confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather the gender pay gap is the result of the different roles in which men and women work within the organisation and the salaries that these roles attract.

We recognise the importance of transparency and accountability in addressing our gender pay gap, and we are committed to taking meaningful action. The Forge Holiday Group is dedicated to fostering an inclusive workplace where everyone has the opportunity to thrive. Our latest report reflects the progress we've made and highlights areas where we can improve further.

The Forge Holiday Group has excellent entry level salaries for team colleagues that are above the national minimum wage and the company is looking to further enhance its proposition to employees. At the Forge Holiday Group we also offer our employees an extensive range of family friendly leave provisions and benefits including enhanced maternity leave. Forge Holiday Group regularly performs a benchmarking process of its roles to ensure that our teams are being paid in line with the market we operate in.

As part of our commitment, we are proud to be a member of Whtle, which supports our efforts to promote diversity and inclusion across the industry. Additionally, we are piloting reverse mentoring to help bridge gaps in understanding and provide valuable insights into the experiences of our diverse workforce. These initiatives, alongside our ongoing efforts, are steps towards creating a more equitable environment where all our employees can succeed.

Directors' Report (Continued)

Gender Diversity Information (Continued)

The table below shows the breakdown of roles by gender:

	2024			2023		
	Parent Company Directors*	**Senior leadership team**	**Employees**	Parent Company Directors*	Senior leadership team	Employees
Female	-	6	1,142	-	26	1,266
Male	3	17	673	4	37	763
Gender Diverse	-	-	1	-	-	1

* The Parent Company is Priestholm Topco Ltd and had 3 Statutory Directors.

During the year we have redefined the Senior Leadership team to be limited to Directors and Members of the Board only. Previously this included Heads of Departments.

Social, Community and Human Rights Issues

Our approach
The Group is committed to having a positive impact on the communities in which we operate, hire from and source from. Over the last year we have continued to grow our support of others; through our volunteering initiatives, fundraising for our charity partners, donating stays to families in need and supporting community initiatives.

In our B Corp certifications, both Sykes Holiday Cottages and Forest Holidays score higher than the average in our sector and the UK for overall community engagement and impact.

The B Corp framework and best practice forms the basis of our approach to building social and community impact strategies and KPIs for the Group.

Social and Community goals
Each division within the Group contributes to three core social and community goals:

- Provide every person within the Group with the opportunity to volunteer
- Donate holidays to families coping with severe challenges
- Increase our support and fundraising each year for charities and community initiatives

Directors’ Report (Continued)

Social, Community and Human Rights Issues (Continued)

Social and Community highlights
In 2024 we raised over £223,000 and donated 3,905 hours of our time to our charity and community partners, some of the key activities we delivered were:

- 521 volunteering days supporting over 40 organisations, making a difference to charities and communities across all regions in which we operate in.
- Almost £97,000 was donated to local causes including community groups in Cheshire, Cornwall and Norfolk, Hospice of the Good Shepherd and Derbyshire Mind.
- As the official sustainability partner of Chester Pride for the second year we continued to build on our partnership to include raising awareness, staff volunteering and helping them to reach their goal to halve their carbon footprint by 2025 alongside our shared commitment towards promoting inclusivity and diversity.
- Fundraising including a fire walk at our Chester offices, Sykes Aid Charity Football match coastal hikes, bake sales, plant sales, raft races, donations through hot drinks sales and charity quizzes with our customers; raising almost £59,000 for our charity partners.
- Working with charity partner Time Away, Forge Holiday Group enabled 86 families to go on holiday who wouldn’t otherwise have been able to do so, with donations from 80 Sykes Owners and donated stays at six Forest Holiday locations.
- Through our partnership with the Royal Countryside Fund we support emerging start-ups in rural communities in the UK. In 2024 we helped two new business owners with funding and mentoring workshops to develop strategies to establish their businesses.
- Support given to nature projects, ranged from community led projects including beaver conservation, sea wilding and woodland projects, to joining Chester Zoo and National Parks on a 3 year partnership to improve nature networks and continuing our five year journey with Forestry England to improve biodiversity.

Human rights and modern slavery
The Forge Holiday Group conducts its business fairly, ethically and with respect to fundamental human rights. We are fully committed to the prevention of all forms of slavery, forced labour or servitude, child labour and human trafficking, both in our business and in our supply chains. We will not tolerate it. The Group makes appropriate checks on all employees, recruitment agencies and suppliers to know who is working for, or on its behalf.

Forge Holiday Group is committed to providing equal opportunities and to avoiding unlawful discrimination in employment. Our Equality and Diversity policy is intended to assist the Group to put this commitment into practice. We strive to ensure that everyone is treated with dignity and respect and hold a separate Dignity at Work policy, which deals with these issues.

We also operate a Whistleblowing Policy which encourages staff to report any wrongdoing which extends to human rights violations including Modern Slavery and human trafficking. All reports will be fully investigated, and appropriate remedial actions taken.

Directors' Report (Continued)

Disclosure of Information to Auditors

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

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

Post Year End Events

Group
In October 2024, the board made the decision to re-structure the Caravan's division, aligning the structure with the rest of the Group as well as benefiting from inhouse expertise and experience.

A formal consultation process was announced in October 2024 and took place throughout October and was concluded on 7th November 2024.

There have been no other significant events affecting the Company and the Group since the year end.

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

Auditors

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

This report was approved by the board on 18th March 2025 and signed on its behalf.

Signed by:
Graham Donoghue
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Graham Donoghue
Director

Directors' Responsibilities Statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and 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 Group or 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Priestholm MidCo Ltd

Opinion

We have audited the financial statements of Priestholm Midco Ltd ('the parent company') and its subsidiaries (the 'group') for the year ended 30 September 2024 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and the Parent Company Statement of Financial Position, the Consolidated and the Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 35, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2024 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 March 2026.

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

Independent Auditor's Report to the Members of Priestholm MidCo Ltd (Continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company 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.

Independent Auditor's Report to the Members of Priestholm MidCo Ltd (Continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are regulations related to Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006, FRS 101 and regulations related to tax legislation.

- We understood how Priestholm Midco Ltd is complying with those frameworks by making enquiries of management to understand how the Group maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance. We also reviewed correspondence with relevant authorities.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by internal team conversations and inquiry of management and those charged with governance.

Independent Auditor’s Report to the Members of Priestholm MidCo Ltd (Continued)

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

- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition, particularly the manual journal posted to revenue.

- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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

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

Use of our report

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

Signed by:

Ernst & Young LLP

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

18 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2024

	Note	2024 £000	*2023 £000*
Revenue	**7**	**208,179**	*208,328*
Cost of sales		**(86,398)**	*(83,643)*
Gross profit		**121,781**	*124,685*
Other operating income	**8**	**16**	*25*
Administrative expenses		**(111,215)**	*(118,251)*
Tangible asset impairment and loss on revaluation	**16**	**(62,106)**	*(11,366)*
Intangible asset impairment	**17**	**(18,317)**	*(10,265)*
Goodwill impairment	**18**	**(4,393)**	*(119,683)*
Exceptional items	**15**	**(1,193)**	*(1,106)*
Operating loss	**9**	**(75,427)**	*(135,961)*
Finance income	**13**	**3,058**	*1,798*
Finance expense	**13**	**(105,513)**	*(95,294)*
Loss before tax		**(177,882)**	*(229,457)*
Tax credit	**14**	**32,645**	*33,675*
Loss for the year		**(145,237)**	*(195,782)*
Other comprehensive income:			
Exchange differences arising on translation on foreign operations		**(38)**	*938*
Total comprehensive loss for the year		**(145,275)**	*(194,844)*

Revenue and operating loss are derived wholly from continuing operations.

The financial statements include the notes on pages 47 to 99.

Consolidated Statement of Financial Position as at 30 September 2024

	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Investments		**12**	*12*
Tangible fixed assets	**16**	**222,662**	*269,478*
Intangible fixed assets	**17**	**118,549**	*164,740*
Goodwill	**18**	**238,470**	*242,863*
		579,693	*677,093*
Current assets			
Inventories	**20**	**439**	*494*
Trade and other receivables	**21**	**26,647**	*22,754*
Cash and cash equivalents	**32**	**65,976**	*73,360*
		93,062	*96,608*
Total assets		**672,755**	*773,701*
Non-current liabilities			
Loans and borrowings	**25**	**(692,051)**	*(615,154)*
Deferred tax liabilities	**14**	**(9,908)**	*(42,796)*
Derivative financial liabilities	**22**	**(2,252)**	*(4,592)*
		(704,211)	*(662,542)*
Current liabilities			
Trade and other liabilities	**23**	**(70,021)**	*(72,152)*
Contract liabilities	**24**	**(13,120)**	*(12,306)*
Derivative financial liabilities	**22**	**(4,349)**	*(4,504)*
Loans and borrowings	**25**	**(75,357)**	*(71,225)*
		(162,847)	*(160,187)*
Total liabilities		**(867,058)**	*(822,729)*
Net assets		**(194,303)**	*(49,028)*
Issued capital and reserves attributable to owners of the parent			
Share capital	**26**	**274,605**	*274,605*
Foreign currency translation reserve		**504**	*542*
Retained earnings	**27**	**(469,412)**	*(324,175)*
Total equity		**(194,303)**	*(49,028)*

The financial statements on pages 41 to 99 were approved and authorised for issue by the board of Directors on 18th March 2025 and were signed on its behalf by:

Signed by:

Graham Donoghue Graham Donoghue
Director
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Company Statement of Financial Position as at 30 September 2024

	Note	2024 £000	*2023 £000*
Assets			
Non-current assets			
Investments	19	274,605	*274,605*
		274,605	*274,605*
Current assets			
Trade and other receivables	21	5,624	*4,876*
		5,624	*4,876*
Total assets		280,229	*279,481*
Current liabilities			
Trade and other liabilities	23	(5,624)	*(4,876)*
		(5,624)	*(4,876)*
Total liabilities		(5,624)	*(4,876)*
Net assets		274,605	*274,605*
Issued capital and reserves attributable to owners of the parent			
Share capital	26	274,605	*274,605*
Retained earnings	27	-	*-*
Total equity		274,605	*274,605*

The financial statements on pages 41 to 99 were approved and authorised for issue by the board of Directors on 18th March 2025 and were signed on its behalf by:

Signed by:
Graham Donoghue
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Graham Donoghue
Director

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2023

	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 October 2022	274,605	(396)	(128,393)	145,816
Loss for the year	-	-	(195,782)	(195,782)
Foreign currency translation reserve	-	938	-	938
Total comprehensive loss for the year	**-**	**938**	**(195,782)**	**(194,844)**
At 30 September 2023	**274,605**	**542**	**(324,175)**	**(49,028)**

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2024

	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 October 2023	274,605	542	(324,175)	(49,028)
Loss for the year	-	-	(145,237)	(145,237)
Foreign currency translation reserve	-	(38)	-	(38)
Total comprehensive loss for the year	**-**	**(38)**	**(145,237)**	**(145,275)**
At 30 September 2024	**274,605**	**504**	**(469,412)**	**(194,303)**

The financial statements include the notes on pages 47 to 99.

Company Statement of Changes in Equity
For the Year Ended 30 September 2023

	Share capital £000	Retained earnings £000	Total equity £000
At 1 October 2022	274,605	-	274,605
Loss for the year	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**
At 30 September 2023	**274,605**	**-**	**274,605**

Company Statement of Changes in Equity
For the Year Ended 30 September 2024

	Share capital £000	Retained earnings £000	Total equity £000
At 1 October 2023	274,605	-	274,605
Loss for the year	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**
At 30 September 2024	**274,605**	**-**	**274,605**

The financial statements include the notes on pages 47 to 99.

Consolidated Statement of Cashflows
For the Year Ended 30 September 2024

	Notes	**2024** **£000**	*2023* *£000*
Cash flows from operating activities			
Loss before tax		**(177,882)**	*(229,457)*
Adjustments for:			
Depreciation of tangible fixed assets	**16**	**16,831**	*18,526*
Amortisation of intangible fixed assets	**17**	**36,711**	*35,814*
Loss on disposal		**46**	*5*
Tangible asset impairment and loss on revaluation	**16**	**62,106**	*11,366*
Intangible asset impairment	**17**	**18,317**	*10,265*
Goodwill impairment	**18**	**4,393**	*119,683*
Finance income	**13**	**(3,058)**	*(1,798)*
Finance expense	**13**	**105,513**	*95,294*
Net foreign exchange (gain)/loss		**(10)**	*1,034*
RDEC credits		**(171)**	*(528)*
		62,796	*60,204*
Movements in working capital:			
Increase in trade and other receivables		**(5,435)**	*(10,500)*
Decrease in inventories		**58**	*10*
Decrease in trade and other liabilities		**(1,046)**	*(1,454)*
Cash generated from operations		**56,373**	*48,260*
Income taxes paid		**1,384**	*(791)*
Net cash from operating activities		**57,757**	*47,469*
Cash flows from investing activities			
Purchases of tangible fixed assets	**16**	**(23,711)**	*(21,154)*
Proceeds from disposal of tangible fixed assets		**-**	*72*
Capitalised development expenditure	**17**	**(8,079)**	*(8,465)*
Interest received		**3,518**	*2,197*
Net cash used in investing activities		**(28,272)**	*(27,350)*
Cash flows from financing activities			
Proceeds from bank borrowings	**25**	**24,724**	*949*
Repayment of debt instruments		**(4,504)**	*(2,252)*
Interest paid on bank borrowings		**(55,725)**	*(54,463)*
Payment of lease liabilities		**(1,216)**	*(1,942)*
Net cash used in financing activities		**(36,721)**	*(57,708)*
Net cash decrease in cash and cash equivalents		**(7,236)**	*(37,589)*
Cash and cash equivalents at the beginning of year	**32**	**73,360**	*110,652*
Exchange gains on cash and cash equivalents		**(148)**	*297*
Cash and cash equivalents at the end of the year	**32**	**65,976**	*73,360*

The financial statements include the notes on pages 47 to 99.

Note to the Financial Statements

1. Corporate Information

Priestholm MidCo Ltd ("the Company or the Parent") is a Limited Liability Company incorporated and domiciled in United Kingdom. The registered office is located at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

Priestholm MidCo Ltd and its subsidiaries (collectively, the Group) is principally engaged in providing short term holiday lets through its eco-cabin sites or through its holiday letting agency and marketing service, which are located in the UK, Ireland and New Zealand. . Information on the Group's structure is in note 19. Information on other related party relationships of the Group is provided in note 31.

Parent Company Guarantee
Priestholm MidCo Ltd has issued a parent company guarantee pursuant to Section 479 (C) of the UK Companies Act 2006 for the financial year 2024 on behalf of the subsidiary companies registered in England (see list below). The parent company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided in Section 479 (A) of the UK Companies Act 2006.

Subsidiaries:
- Maid In the Cotswolds Ltd – 07979374
- Fisherbeck Management Limited – 01672804
- Manor Cottages Property Services Limited – 07675654
- Northumbria Coast and Country Cottages Limited - 03916403
- Canopy MidCo Limited – 11070388
- Forest Holidays Group Limited - 08159281
- UKCaravans4Hire.com Limited – 07061010
- Sykes Cottages Holdings Limited – 09346246
- Go-Sykes Limited – 09329266
- Potter TopCo Limited – 11076957
- Canopy HoldCo Limited – 11070222
- Canopy BidCo Limited - 11070472

The group financial statements consolidate the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

2. Basis of preparation

The financial reporting framework that has been applied in the preparation of the group consolidated financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice''.

Note to the Financial Statements

2. Basis of preparation (continued)

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Going Concern
To conclude on going concern for the company, the Directors have considered going concern at the group level.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

The Group has also considered the status of working capital for the assessment of going concern. Although working capital is in a negative position as at the balance sheet date, the Group has sufficient headroom in its covenants based on the sensitivities performed.

Forecasts are produced at least once a quarter, to include latest known trends or environment changes, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed severe stress testing, which includes adjusting the key levers to the model as follows:

- A 5% shortfall in bookings per property (Agency divisions)
- A 5% shortfall in property recruitment (Agency divisions)
- A 5% reduction in average income per booking
- A 5% increase in marketing costs to acquire bookings (Agency divisions)
- A 5% shortfall in occupancy (Specialist Operator division)
- A 5% increase in site operating costs (Specialist Operator division)

The Directors are confident that that they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to 31st March 2026.

With cash at the end of September of 2024 of £65,976,000 the group had sufficient liquidity headroom at the start of 2025 for the year ahead. This has been reviewed during December 2024 and liquidity headroom remains sufficient for the period up to 31st March 2026. In addition Forge Holiday Group has flexible financing arrangements in place with its external lenders, to support strategy growth.

The Directors of the Company during their going concern assessment have confirmed the ability of its parent company to provide continued support and access to cash to ensure the day to day running of the Company. The board has obtained a written confirmation of financial support from its parent undertaking Priestholm TopCo Ltd who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due but only to the extent that money is not otherwise available to the Company to meet such liabilities for the period to 31st March 2026.

Note to the Financial Statements

2. Basis of preparation (continued)

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Financial statement approval

The consolidated financial statements of Priestholm MidCo Ltd and its subsidiaries (collectively, the Group) for the year ended 30th September 2024 were authorised for issue in accordance with a resolution of the board of Directors on 18th March 2025.

3. Functional and presentation currency

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

4. Standards issued not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements as they do not have a material effect on the Company's financial statements.

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

- Amendments to IFRS 16: Lease Liability in a Sales and Leaseback;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

5. Significant Accounting policies

5.1 General

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

5.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30th September 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.2 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive income (OCI) attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.3 Business Combinations (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

5.4 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit (“CGU”) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

5.5 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.5 Current versus non-current classification (continued)

A liability is current when:

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

Or

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

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

The Group classifies all other liabilities as non-current.

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

5.6 Revenue

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

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

UK Core Cottage Agency

The UK Core Cottage Agency provides arranging and facilitating letting of holiday cottages for its property owners and receives a commission fee for the services provided. The Group remits the gross rental fee received from the guest to the property owner, net of the Group's commission. Commission is recognised when the performance obligation of arranging and facilitating the customer to enter into individual contracts with property owners is satisfied, usually on delivery of the booking confirmation.

Booking fees are earned from the guest as the Group acts as a booking agent by arranging the holiday let and providing owner details. Booking fee is recognised when the performance obligation of arranging and providing the property details to the customer has been satisfied, usually on delivery of the booking confirmation.

Commission on travel insurance products which is taken out by guests is recorded net as the Group acts as an agent. The commission earned is recognised on delivery of the booking confirmation.

Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

In some cases, the Group also provides additional services to the property owners (e.g. property management); the revenue attributed to these services is recognised when the services are provided.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.6 Revenue (continued)

International
The International division arranges and facilitates letting of holiday cottages for its property owners and receives a commission fee for the services provided. The division remits the gross rental fee received from the guest to the property owner, net of the division's commission. The majority of the commission is recognised when the performance obligation of arranging and facilitating the customer to enter into individual contracts with property owners is satisfied, usually on delivery of the booking confirmation. The remaining commission is recognised when the performance obligation of pre-stay property check and guest meet and greet is satisfied, usually on the departure date of the holiday.

Booking and service fees are earned from the guest as the division acts as a booking agent by arranging the holiday let and providing owner details. Booking fee is recognised when the performance obligation of arranging and providing the property details to the customer has been satisfied, usually on delivery of the booking confirmation.

Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

In some cases, the division also provides additional services to the property owners (e.g. property management); the revenue attributed to these services is recognised when the services are provided. The division also provides other guest services e.g., cleaning and linen which are recognised on the departure date of the holiday as this is when the services are provided.

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

Caravans
The Caravan division earn Booking fees from the guest as the division acts as a booking agent by arranging the caravan holiday let and providing owner details. Booking fee is recognised when the performance obligation of arranging and providing the caravan details to the customer has been satisfied, usually on delivery of the booking confirmation. Booking fee revenue is recognised net of a provision for expected refunds which are provided in line with the cancellation policy detailed on the relevant company website.

Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.7 Exceptional items

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

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Finance income and expenses

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

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

5.10 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all the related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Furlough amounts received, if any, represent government grants of a revenue nature and accounted for accordingly.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.11 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

5.12 Employee benefits

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

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.13 Taxation

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

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

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

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

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

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

5.14 Leases

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

The Group as a lessee

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.14 Leases (continued)

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

- Equipment, Fixtures and fittings 5 - 33% per annum on cost
- Land and Buildings 1.33 to 22% per annum on cost

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

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

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

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

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

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

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

The lease liabilities are included in ‘Loans and borrowings’ on the Statement of Financial Position’.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.14 Leases (continued)

Short term leases and leases of low value assets

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

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is between 6.75% and 13.5757% for lease liabilities in the UK Core Cottage Agency division, 9.48% and 12.8% for those in International division and weighted average rate applied ranges between 7% to 14% for lease liabilities, depending on asset classification in the Specialist Operator division.

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

The Group as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

5.15 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses except the completed sites which are held at fair value.

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.15 Tangible fixed assets (continued)

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

- Equipment, Fixture and fittings 20 to 33% per annum on cost
- Long-term leasehold property 22% per annum on cost
- Completed sites 1.33 to 5% per annum on cost

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

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

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

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

5.16 Intangible fixed assets

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.16 Intangible fixed assets (continued)

The estimated useful lives are as follows:

• Brands (acquired)	10 years
• Owner contracts (acquired)	5 - 9 years
• Customer database (acquired)	5 years
• Framework Agreement	25 years
• Capitalised software development costs	3 - 5 years

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

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

Research and development costs

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

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

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

5.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

Inventory consists of food, beverages and health and beauty products.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.17 Inventories (continued)

At each reporting date, inventory is assessed for impairment. If inventory us impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

5.18 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and liquid cash readily available to withdraw.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

5.19 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.

5.20 Provisions

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

5.21 Impairment of non-financial assets

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

- Disclosures for significant assumptions Note 6
- Tangible fixed assets Note 16
- Right of use assets Note 16
- Intangible assets Note 17
- Goodwill with indefinite lives Note 18

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.21 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 Financial instruments

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

i. Financial assets

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

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

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

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 Financial instruments (continued)

i. Financial assets (continued)

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

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when;

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

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 Financial instruments (continued)

i. Financial assets (continued)

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

ii. Financial Liabilities

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

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

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

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

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

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

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

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 Financial instruments (continued)

ii. Financial Liabilities (continued)

Financial liabilities at amortised cost (loans and borrowings) (continued)
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

iii. Offsetting financial instruments

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

5.23 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.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Note to the Financial Statements

6. Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

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

Capitalisation of internal development costs
Due to the inherent uncertainty involved in determining whether costs are capital or expenditure this is considered a critical judgement. The judgement used in the capitalisation of internal development costs are considered to have a significant risk of causing a material misstatement, specifically; the judgement on the related development as capital in nature i.e. enhancement or expenditure i.e. operational or maintenance.

Classification as operating lease or finance lease
New lease agreements entered into by the Group as either a lessor or a lessee require an assessment to determine whether they meet the definition of an operating or a finance lease. The decision depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Agent vs principal
Determining whether an entity is acting as a principal or as an agent requires judgement and has a significant effect on the timing and amount (gross or net basis) of revenue by the Group. As an agent, revenue is recognised at the point of booking on a net basis. As a principal, revenue is recognised on a gross basis over the duration of the holiday.

In line with IFRS 15, management have concluded that revenue in the Group will continue to be treated as an agent on the basis that the performance obligation is to arrange for the Property Owners to provide the goods or services. This assessment has given consideration that there is no inventory risk and limited discretion in establishing prices.

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.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

Period-end carrying value of property, plant and equipment
The board consider that the key area of estimation uncertainty in the financial statements is the valuation of the completed sites category of property, plant and equipment. The completed sites were valued on a fair value basis in April 2022 by an external independent valuer who has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was performed in accordance with the RICS Valuation Standards.

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

Leases – Incremental Borrowing Rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

The Directors have had to make the following estimates:

Valuation of intangibles arising on acquisition
Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is considered a critical estimate. The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement, specifically; the estimation of future cash flows, the useful economic life of the asset, the use of the most appropriate valuation methodology and the selection of a suitable discount rate.

Impairment indicators
An assessment is performed to determine whether there are any indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Provision for expected credit losses of trade receivables
Recognition of credit losses is made by considering a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Group applies the IFRS 9 simplified model of recognising expected credit losses for all trade receivables on the basis that no distinction is required between 12 month and lifetime expected credit losses with over 98% of trade receivables as at year end due to be paid within the following 12 months.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

Provision for expected credit losses of trade receivables (continued)
In measuring the expected credit losses, the trade receivables have been grouped based on whether the expected credit loss relates to a property owner or customer who has an outstanding balance on their booking. Expected credit losses have been calculated based on historic loss rates where applicable. Adjustments to take into account known circumstances at year end which may have a material effect on the historic rates used are also made if required.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 21.

Other key sources of estimation and uncertainty is:

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

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

Note to the Financial Statements

7. Revenue

The following is an analysis of the Group's revenue for the period from continuing operations split by division:

	2024 £000	2023 £000
UK & International Cottage Agency	135,711	136,422
International	11,253	13,016
Specialist Operator	59,163	57,398
Caravans	2,052	1,492
	208,179	208,328

Analysis of revenue by country of destination:

	2024 £000	2023 £000
United Kingdom	194,797	193,145
Rest of Europe	2,129	2,167
Rest of the world	11,253	13,016
	208,179	208,328

Timing of revenue recognition:

	2024 £000	2023 £000
Goods and services transferred at a point in time	206,232	206,137
Goods and services transferred over time	1,947	2,191
	208,179	208,328

Income from all goods and services except for Annual membership is recognised at the point of booking confirmation or the point at which the service is provided. This is when the transfer of control of the goods or services transfers to the customer. Income relating to Annual membership is recognised evenly over the year as this is when the customer has control of the service.

8. Other operating income

	2024 £000	2023 £000
Merchant services rebate	16	25
	16	25

Note to the Financial Statements

9. Operating loss

The operating loss is stated after charging/(crediting):

	2024 £000	*2023 £000*
Depreciation (note 16)	**16,831**	*18,526*
Amortisation (note 17)	**36,711**	*35,814*
Tangible asset impairment and loss on revaluation (note 16)	**62,106**	*11,366*
Intangible asset impairment (note 17)	**18,317**	*10,265*
Goodwill impairment (note 18)	**4,393**	*119,683*
Exceptional administrative expenses (note 15)	**1,193**	*1,106*
Foreign exchange (gain)/loss	**(10)**	*1,034*
Defined contribution pension cost (note 11)	**2,838**	*3,724*

10. Auditor's remuneration

	2024 £000	*2023 £000*
Audit of these consolidated financial statements	**53**	*49*
Audit of financial statements of subsidiaries of the company	**322**	*344*
	375	*393*

The auditor's remuneration is borne by the indirect wholly owned subsidiaries Sykes Cottages Ltd, Forest Holidays Limited and Bachcare Limited.

11. Employee benefit expenses

	Group		Company	
	2024 £000	*2023 £000*	**2024 £000**	*2023 £000*
Employee benefit expenses (including Directors) comprise:				
Wages and salaries	**49,190**	*50,661*	**-**	-
National insurance	**4,084**	*4,536*	**-**	-
Defined contribution pension cost	**2,838**	*3,724*	**-**	-
	56,112	*58,921*	**-**	-

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

	Group		Company	
	2024 No.	*2023 No.*	**2024 No.**	*2023 No.*
Administration and support	**791**	*1,800*	**-**	-
Sales	**1,025**	*230*	**-**	-
	1,816	*2,030*	**-**	-

Note to the Financial Statements

11. Employee benefit expenses

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including the Directors of the Company listed on page 22.

	Group		Company	
	2024	*2023*	**2024**	*2023*
	£000	*£000*	**£000**	*£000*
Wages and salaries	**1,754**	*2,184*	**-**	-
Defined contribution pension cost	**38**	*60*	**-**	-
	1,792	*2,244*	**-**	-

12. Directors' remuneration

	Group		Company	
	2024	*2023*	**2024**	*2023*
	£000	*£000*	**£000**	*£000*
Directors' emoluments	**1,614**	*1,745*	**-**	**-**
Defined benefit scheme costs	**31**	*40*	**-**	**-**
	1,645	*1,785*	**-**	**-**

The Directors' remuneration is borne by the indirect wholly owned subsidiaries Forge Holiday Group Ltd.

Highest paid Director

	Group	
	2024	*2023*
	£000	*£000*
Directors' emoluments	**397**	*386*
Defined benefit scheme costs	**13**	*4*
	410	*390*

Note to the Financial Statements

13. Finance income and expense

	2024 **£000**	*2023* *£000*
Finance income		
Bank deposits	**2,599**	*1,419*
Interest receivable from group companies	**459**	*379*
Total finance income	**3,058**	*1,798*
Finance expense		
Bank interest payable	**(7)**	*(3)*
Interest on lease liabilities	**(7,888)**	*(7,201)*
Bank loan interest payable	**(97,618)**	*(88,090)*
Total finance expense	**(105,513)**	*(95,294)*
Net finance expense recognised in loss	**(102,455)**	*(93,496)*

14. Tax credit

14.1 Income tax recognised in profit or loss

	2024 **£000**	*2023* *£000*
Current tax		
Current tax on losses for the period	**-**	*-*
Adjustments in respect of prior periods	**46**	*(2,557)*
Other	**197**	*13*
	243	*(2,544)*
Deferred tax expense		
Origination and reversal of timing differences	**(32,226)**	*(32,470)*
Adjustments in respect of prior periods	**(662)**	*1,339*
Total deferred tax	**(32,888)**	*(31,131)*
Total tax credit		
Tax credit	**(32,645)**	*(33,675)*
	(32,645)	*(33,675)*

Note to the Financial Statements

14. Tax credit (continued)

14.1 Income tax recognised in profit or loss (continued)

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

	2024	*2023*
	£000	*£000*
Loss for the year	**(145,237)**	*(195,782)*
Tax credit	**(32,645)**	*(33,675)*
Loss before tax	**(177,882)**	*(229,457)*
Tax using the Company's domestic tax rate of 25% *(2023: 22.01%)*	**(44,471)**	*(50,503)*
Expenses not deductible for tax purposes, other than goodwill, amortisation, and impairment	**16,212**	*46,046*
Income not taxable for tax purposes	**(1)**	*(121)*
Deferred tax not recognised	**2,017**	*(201)*
Adjustments to tax charge in respect of prior periods	**46**	*(2,557)*
Adjustments to tax charge in respect of previous periods - deferred tax	**(662)**	*1,339*
Other tax adjustments, reliefs, transfers	**-**	*(16)*
Fixed asset differences	**(1,663)**	*4,255*
Difference in deferred tax rate - UK v NZ	**(125)**	*45*
Transfer pricing adjustment	**-**	*26*
Timing differences not recognised in the computation	**11**	*(18,208)*
Remeasurement of deferred tax for changes in tax rates	**(4,017)**	*(14,569)*
R&D expenditure credits	**8**	*44*
Excepted temporary differences	**-**	*745*
Total tax credit	**(32,645)**	*(33,675)*

Changes in tax rates and factors affecting the future tax charges

Since 1 April 2023, the UK corporation tax rate has been 25% (substantively enacted on 24 May 2021). As no further changes to the UK corporation tax rate have been announced (nor substantively enacted), the company's future profits are expected to be taxed at this rate. The deferred tax asset/liability at 30 September 2024 has been calculated based on the 25% rate, reflecting the expected timing of the reversal of the related timing differences.

14.2 Current tax assets and liabilities

	2024	*2023*
	£000	*£000*
Current tax assets		
Corporation tax	**176**	*1,617*
	176	*1,617*

Note to the Financial Statements

14. Tax credit (continued)

14.3 Deferred tax balances

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

	2024 £000	2023 £000
Deferred tax liabilities	(9,908)	(42,796)
	(9,908)	(42,796)

	Opening balance £000	Recognised in profit or loss £000	Acquisitions/ disposals £000	Other £000	Closing balance £000
2024					
Provisions	42,796	(32,888)	-	-	9,908
	42,796	(32,888)	-	-	9,908
2023					
Provisions	*85,202*	*(42,406)*	-	-	*42,796*
	85,202	*(42,406)*	-	-	*42,796*

15. Exceptional items

	2024 £000	2023 £000
Share acquisition fees*	75	321
Covid-19 related costs**	(336)	(56)
One off consultancy	125	462
Onerous contracts	4	65
Restructuring costs (including refinancing costs) ***	1,325	314
	1,193	1,106

* Share acquisition fees in the current year related to aborted acquisition costs. Share acquisition fees in the prior year consist of stamp duty, legal and one-off consultancy fees, relating to the acquisitions of Northumbria Coast and Country Cottages Limited, Large Holiday Houses Limited, Lyme Bay Holidays Limited, Canopy HoldCo Limited and UKCaravans4Hire.com Limited.

**Covid-19 related costs consist of funds uncollected on bookings cancelled due to the pandemic, refunds of rental on behalf of owners and legal fees.

*** Restructuring costs in the current year relate to Group wide restructuring program. Restructuring costs in the prior year mainly relate to the refinancing of the Senior facility agreement and consists of one-off consultancy fees.

Note to the Financial Statements

16. Tangible fixed assets

Group

	Long-term leasehold property £000	Completed sites £000	Planning £000	Equipment, fixtures and fittings £000	Assets under construction £000	Right of use assets £000	Total £000
Cost							
At 1 October 2023	2,841	226,588	6,902	4,061	9,465	60,268	310,125
Additions	63	274	1,509	239	21,626	4,802	28,513
Transfers	-	8,518	(502)	-	(8,774)	-	(758)
Modifications	-	-	-	-	-	4,528	4,528
Disposals	(113)	-	-	(59)	-	(475)	(647)
Exchange adjustments	-	-	-	(10)	-	(28)	(38)
At 30 September 2024	**2,791**	**235,380**	**7,909**	**4,231**	**22,317**	**69,095**	**341,723**
Accumulated depreciation and impairment							
At 1 October 2023	1,335	30,352	-	2,583	-	6,377	40,647
Charge for the year – owned assets	352	12,486	-	671	-	-	13,509
Charge for the year – finance assets	-	-	-	-	-	3,322	3,322
Disposals	(64)	-	-	(56)	-	(394)	(514)
Impairment	-	-	4,565	-	1,753	-	6,318
Revaluation	-	55,788	-	-	-	-	55,788
Exchange adjustments	-	-	-	(7)	-	(2)	(9)
At 30 September 2024	**1,623**	**98,626**	**4,565**	**3,191**	**1,753**	**9,303**	**119,061**
Net book value							
At 30 September 2024	**1,168**	**136,754**	**3,344**	**1,040**	**20,564**	**59,792**	**222,662**
At 30 September 2023	1,506	196,236	6,902	1,478	9,465	53,891	269,478

Note to the Financial Statements

16. Tangible fixed assets (continued)

Certain categories within Tangible Fixed Assets have been reallocated to reflect the appropriate nature of the relevant asset. In the current year part of Equipment, fixtures and fittings has been reallocated to Completed sites as related to fit outs of cabins.

16.1 Assets held under leases

Information about right of use assets is summarised below:

Net book value

	2024	*2023*
	£000	*£000*
Long term leasehold property	**58,880**	*52,923*
Equipment, fixtures and fittings	**912**	*968*
	59,792	*53,891*

Depreciation charge for the period ended

	2024	*2023*
	£000	*£000*
Long term leasehold property	**2,786**	*2,757*
Equipment, fixtures and fittings	**536**	*485*
	3,322	*3,242*

Additions to right-of-use assets

	2024	*2023*
	£000	*£000*
Additions to right-of-use assets	**4,802**	*3,491*

The details for the lease liabilities relating to the right-of-uses assets are disclosed in note 29.

16.2 Impairment losses recognised in the year

The Group has revalued the completed sites in the year and have recognised a revaluation loss of £55,788,000 (2023: £11,318,000) in the income statement. The Group has recognised an impairment loss of £nil (2023: £48,000) relating to right of use asset in the income statement. The asset impairment is due to lower than expected forecasted profits as a result of the current economic conditions. Despite the impairment, the divisions continue to generate strong levels of EBITDA for the group and the Specialist Operator division has continued to grow through the addition of new sites and cabins.

Note to the Financial Statements

17. Intangible fixed assets

Group

	Framework agreement £000	Customer database £000	Owner contracts £000	Brands £000	Computer software £000	Total £000
Cost						
At 1 October 2023	33,483	27,113	137,676	68,236	28,508	295,016
Additions - internal	-	-	-	-	8,079	8,079
Transfers	-	-	-	-	758	758
Disposals	-	-	-	-	-	-
At 30 September 2024	**33,483**	**27,113**	**137,676**	**68,236**	**37,345**	**303,853**
Accumulated amortisation and impairment						
At 1 October 2023	1,897	21,462	64,814	27,834	14,269	130,276
Charge for the year – owned assets	1,339	4,796	17,467	6,235	6,874	36,711
Impairment	6,274	-	-	12,043	-	18,317
Disposals	-	-	-	-	-	-
At 30 September 2024	**9,510**	**26,258**	**82,281**	**46,112**	**21,143**	**185,304**
Net book value						
At 30 September 2024	**23,973**	**855**	**55,395**	**22,124**	**16,202**	**118,549**
At 30 September 2023	31,586	5,651	72,862	40,402	14,239	164,740

Amortisation and impairment charge

The amortisation charge is recognised in administrative expenses in the income statement.

The impairment charge is recognised in the income statement.

Note to the Financial Statements

18. Goodwill

Group

	2024	*2023*
	£000	*£000*
Cost	**415,464**	*415,464*
Accumulated impairment	**(176,994)**	*(172,601)*
	238,470	*242,863*

	Goodwill
	£000
Cost	
At 1 October 2023 and 30 September 2024	**415,464**
Impairment	
At 1 October 2023	**172,601**
Impairment (note 18.1)	**4,393**
At 30 September 2024	**176,994**
Net book value	
At 30 September 2024	**238,470**
At 30 September 2023	242,863

18.1 Impairment losses recognised in the year

Goodwill is allocated to the Group's cash generating unit as follows:

	2024	*2023*
	£000	*£000*
Sykes Cottages	**229,630**	*229,630*
New Zealand	**5,406**	*9,799*
Forest Holidays	**-**	*-*
UKCaravans4Hire	**3,434**	*3,434*
	238,470	*242,863*

The Group performed its annual impairment test as at 30th September 2024.

An impairment has been recognised against New Zealand during the current year, following the annual impairment review which used a fair value less cost to dispose method.

Note to the Financial Statements

18. Goodwill (continued)

18.2 Allocation of goodwill to cash generating units

Cash Generating Unit (CGU)	Discount Rate	Average growth rate	Year 4 growth rate	Year 5 growth rate	Perpetuity
Sykes Cottages	12%	10%	5%	5%	2%
New Zealand	11.2%	269%	31%	9%	2%
Forest Holidays	12%	10%	20%	10%	2%
UKCaravans4Hire	12%	(123%)	10%	5%	2%

The recoverable amount of the CGU as at 30th September 2024 has been determined from a value in use calculation that uses cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, covering a three-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjustments for anticipated revenue growth and taking into consideration external economic factors.

Cash flows for the three-year period have applied an average growth rate with the rate mainly stepping down in years 4 and 5. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% into perpetuity. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates.

The pre-tax discount rate is based on the CGU weighted average cost of capital adjusted for specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

The Board acknowledges that there are additional factors that could impact the risk profile of the CGU, which has been considered by way of sensitivity analysis performed as part of the annual impairment test. Significant headroom exists in all CGU's except New Zealand. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections, however there are no reasonably possible changes to these assumptions that would result in an impairment. As a result of this analysis, management has not recognised an impairment in CGU's Sykes Cottages and UKCaravans4Hire. An impairment has been recognised for New Zealand in the income statement.

Note to the Financial Statements

19. Subsidiaries

The Group and Company have the following investments in subsidiaries:

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership 2024	Ownership *2023*
Directly held					
Priestholm MidCo II Ltd*	UK	12255081	Ordinary	100%	*100%*
Indirectly held					
Forge Holiday Group Ltd**	UK	12255564	Ordinary	100%	*100%*
Sykes Cottages Employee Benefit Trust	Guernsey			100%	*100%*
Sykes Cottages Holdings Limited*	UK	9346246	Ordinary	100%	*100%*
Go-Sykes Limited*	UK	9329266	Ordinary	100%	*100%*
Sykes Cottages Ltd**	UK	4469189	Ordinary	100%	*100%*
Self Catering Travel Ltd*	UK	7730563	Ordinary	100%	*100%*
Sykes Cottages EBT Limited*	UK	10253138	Ordinary	100%	*100%*
Potter TopCo Limited*	UK	11076957	Ordinary	100%	*100%*
Heart of the Lakes Limited*	UK	11617441	Ordinary	100%	*100%*
Traditional Lakeland Cottages Limited*	UK	4120468	Ordinary	100%	*100%*
Character Cottages Holidays Limited*	UK	5519222	Ordinary	100%	*100%*
Rock Estates (Cornwall) Limited*	UK	986821	Ordinary	100%	*100%*
Maid In the Cotswolds Limited*	UK	7979374	Ordinary	100%	*100%*
Fisherbeck Management Limited*	UK	1672804	Ordinary	100%	*100%*
Lake District Lodge Holidays Limited*	UK	8451719	Ordinary	100%	*100%*
Printcater Limited*	UK	2779888	Ordinary	100%	*100%*
Coast & Country Holidays Limited*	UK	6495419	Ordinary	100%	*100%*
Cornish Cottage Holidays Limited*	UK	4717186	Ordinary	100%	*100%*
Complete Cottage Holidays Limited*	UK	6980918	Ordinary	100%	*100%*
Devonshire Cottage Holidays Limited*	UK	6980919	Ordinary	100%	*100%*
Dorset Cottage Holidays Limited*	UK	7494512	Ordinary	100%	*100%*
Holiday Cottage Housekeeping Limited*	UK	8859641	Ordinary	100%	*100%*
Holiday Cottage Experts Limited*	UK	8870393	Ordinary	100%	*100%*
Helpful Holidays (Holdings) Limited*	UK	8632456	Ordinary	100%	*100%*
Helpful Holidays Limited*	UK	3800436	Ordinary	100%	*100%*
West Country Cottages Limited*	UK	3741255	Ordinary	100%	*100%*
Cottage Holidays (Carlisle) Limited*	UK	7463275	Ordinary	100%	*100%*
Cornwall Holiday Cottages Limited *	UK	4924028	Ordinary	100%	*100%*
Coast & Country Cottages (Holdings) Limited*	UK	8739127	Ordinary	100%	*100%*
Coast & Country Cottages (South West) Limited*	UK	4073439	Ordinary	100%	*100%*
Manor Cottages UK Company Limited*	UK	5750184	Ordinary	100%	*100%*

Note to the Financial Statements

19. Subsidiaries (continued)

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership 2024	*2023*
Indirectly held					
Manor Cottages Laundry Services Limited*	UK	10315174	Ordinary	100%	*100%*
Manor Cottages Property Services Limited*	UK	7675654	Ordinary	100%	*100%*
Manor Cottages Property Services (South) Limited*	UK	9084982	Ordinary	100%	*100%*
Hideaway Holiday Cottages Limited*	UK	10439904	Ordinary	100%	*100%*
La Manga Direct Limited*	UK	3727523	Ordinary	100%	*100%*
DCL NewCo Limited*	UK	11421216	Ordinary	100%	*100%*
Dream Cottages Limited*	UK	3665465	Ordinary	100%	*100%*
Menai Holiday Cottages Limited*	UK	4947297	Ordinary	100%	100%
Best of Suffolk Ltd*	UK	6356234	Ordinary	100%	100%
Abersoch Quality Homes Limited*	UK	11569733	Ordinary	100%	100%
NZ Bachcare HoldCo Limited***	NZ	7313436	Ordinary	100%	*100%*
Bachcare Limited***	NZ	1466155	Ordinary	100%	*100%*
Large Holiday Houses Limited****	Scotland	SC257194	Ordinary	100%	*100%*
Northumbria Coast and Country Cottages Limited*	UK	3916403	Ordinary	100%	*100%*
Lyme Bay Holidays Limited*	UK	4528647	Ordinary	100%	*100%*
Canopy Holdco Limited*****	UK	11070222	Ordinary	100%	*100%*
Canopy Midco Limited*****	UK	11070388	Ordinary	100%	*100%*
Canopy Bidco Limited*****	UK	11070472	Ordinary	100%	*100%*
Forest Holidays Group Limited*****	UK	8159281	Ordinary	100%	*100%*
Forest Holidays Limited*****	UK	8159308	Ordinary	100%	*100%*
FH England LLP*****	UK	OC318816	Ordinary	100%	*100%*
Forest Holidays (Scotland) LLP******	Scotland	SO300880	Ordinary	100%	*100%*
UKcaravans4hire.com Limited*	UK	7061010	Ordinary	100%	*100%*
The Holiday Home Company Limited***	NZ	8413648	Ordinary	100%	*100%*

Registered office

* 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT
** Sykes Cottages Ltd One City Place, Queens Road, Chester, Cheshire, United Kingdom, CH1 3BQ
*** Pricewaterhousecoopers, Level 26 Pwc Tower, 15 Customs Street West, Auckland, 1010, New Zealand
**** Newfield, Balblair, Dingwall, Ross-Shire, IV7 8LQ
***** Bath Yard, Bath Lane, Moira, Swadlincote, Derbyshire, DE12 6BA
****** 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

Note to the Financial Statements

19. Subsidiaries (continued)

Company

	2024 £000	2023 £000
Investments in subsidiary companies	**274,605**	*274,605*
	274,605	*274,605*

20. Inventories

Group

	2024 £000	2023 £000
Finished goods and goods for resale	**439**	*494*
	439	*494*

21. Trade and other receivables

Group

	2024 £000	2023 £000
Trade receivables - gross	**18,063**	*13,736*
Allowance for expected credit losses	**(4,470)**	*(3,141)*
Trade receivables - net	**13,593**	*10,595*
Amounts owed by group undertakings	**5,624**	*4,876*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**19,217**	*15,471*
Prepayments and accrued income	**4,458**	*3,684*
Other receivables	**2,796**	*1,982*
Corporation tax (note 14)	**176**	*1,617*
Total trade and other receivables	**26,647**	*22,754*
Total current portion	**(26,647)**	*(22,754)*
Total non-current portion	**-**	*-*

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

The Amounts owed by group undertakings is repayable on demand.

Note to the Financial Statements

21. Trade and other receivables (continued)

Company

	2024 £000	2023 £000
Loan to parent company	**5,624**	*4,876*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**5,624**	*4,876*
Total current portion	**(5,624)**	*(4,876)*
Total non-current portion	**-**	*-*

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

The Loan to parent company is repayable on demand.

22. Derivative financial liabilities

Group

	2024 £000	2023 £000
Derivative financial liabilities		
Derivatives not designated as hedging instruments		
Interest rate hedge	**(6,601)**	*(9,096)*
Total derivatives not designated as hedging instruments	**(6,601)**	*(9,096)*
Total derivative financial liabilities	**(6,601)**	*(9,096)*
Total current portion	**4,349**	*4,504*
Total non-current portion	**(2,252)**	*(4,592)*

The Group utilises interest rate caps to manage a portion of its interest rate exposure. An interest rate cap was entered into in October 2022, with a maturity date in October 2025. The Group uses counterparty valuation statements for the valuation of its derivatives. As at September 2024, the fair value of the derivative liability associated with the interest rate cap is £6,601,000 (2023: £9,096,000), with the loss on remeasurement to fair value recognised in profit or loss.

Note to the Financial Statements

23. Trade and other liabilities

Group

	2024 **£000**	*2023* *£000*
Trade payables	**42,099**	*41,521*
Amounts owed to group undertakings	**8,062**	*8,758*
Other payables	**5,453**	*5,815*
Onerous lease	**18**	*34*
Accruals	**10,420**	*12,469*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**66,052**	*68,597*
Other payables - tax and social security payments	**3,969**	*3,555*
Total trade and other liabilities	**70,021**	*72,152*
Less: current portion - trade payables	**(42,099)**	*(41,521)*
Less: current portion - amounts owed to group undertakings	**(8,062)**	*(8,758)*
Less: current portion- other payables	**(9,422)**	*(9,370)*
Less: current portion - onerous lease	**(18)**	*(34)*
Less: current portion - accruals	**(10,420)**	*(12,469)*
Total current portion	**(70,021)**	*(72,152)*
Total non-current portion	**-**	*-*

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

The Amounts owed to group undertakings are repayable on demand.

Company

	2024 **£000**	*2023* *£000*
Amounts owed by group undertakings	**5,624**	*4,876*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**5,624**	*4,876*
Total current portion	**(5,624)**	*(4,876)*
Total non-current portion	**-**	*-*

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

The Amounts owed by group undertakings are repayable on demand.

Note to the Financial Statements

24. Contract liabilities

Group

	2024 £000	*2023 £000*
Balance at 1 October	**12,306**	*12,613*
Deferred during the year	**57,284**	*56,351*
Recognised as revenue during the year	**(56,416)**	*(56,658)*
Foreign exchange	**(54)**	*-*
Balance at 30 September	**13,120**	*12,306*

UK Core Cottage Agency & Caravan division
Contract liabilities relate to annual membership for property owners. The annual membership fee is invoiced fully on anniversary of go live and the revenue is recognised evenly over the year. The contract liability relates to the deferral of the annual membership revenue.

International division
Contract liabilities relate to annual membership, commission for property owners and cleaning, linen and pet services for guests. The annual membership fee is invoiced fully on anniversary of go live and the revenue is recognised evenly over the year. The commission is recognised at the holiday start date. The Guest experience levy is recognised two weeks after the guest has departed the bach. The cleaning, linen and pet services are paid by the guest before the holiday takes place and the revenue is recognised when the service has been provided which is the holiday start date. The contract liability relates to the deferral of the annual membership revenue, commission, guest experience levy cleaning, linen and pet revenue.

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

Note to the Financial Statements

25. Loans and borrowings

Group

	2024 £000	*2023 £000*
Non-current		
Bank loans	**631,547**	*566,161*
Capitalised arrangement fee	**(12,152)**	*(15,031)*
Lease liabilities	**72,656**	*64,024*
	692,051	*615,154*
Current		
Bank loans	**67,446**	*62,767*
Lease liabilities	**7,911**	*8,458*
	75,357	*71,225*
Total loans and borrowings	**767,408**	*686,379*

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

The currency profile of the Group's loans and borrowings is as follows:

	2024 £000	*2023 £000*
GBP	**766,578**	*686,227*
NZD	**830**	*152*
	767,408	*686,379*

Terms and debt repayment schedule

			2024		*2023*	
	Nominal Interest rate	**Year of maturity**	**Fair value £000**	**Carrying value £000**	*Fair value £000*	*Carrying value £000*
Ares Facility B	Sonia+7.25%	2028	**448,397**	**472,893**	*432,000*	*455,374*
Ares PIK Facility	Sonia+10.75%	2029	**143,100**	**195,752**	*118,000*	*143,248*
NatWest RCF	Sonia+3%	2027	**29,303**	**30,348**	*29,303*	*30,306*
			620,800	**698,993**	*579,303*	*628,928*

The carrying amount of debt includes interest accrued at the year end.

Ares Facility B
On the 27 April 2022, £432,000,000 of the Ares Facility B loan was drawn down as part of refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group). Also included in the fair value of Ares Facility B loan as at 30 September 2024 is £24,027,000 relating to accrued interest and £469,000 relating to accrued facility fee for the Committed Acquisition Facility.

Note to the Financial Statements

25. Loans and borrowings (continued)

Group

Ares PIK Facility
On the 27 April 2022, £118,000,000 of the Ares PIK Facility was drawn down as part of refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group), A further £13,600,000 on 23rd October 2023, £6,100,000 on 31st January 2024 and £5,400,000 on 23rd April 2024 was drawn down. Also included in the fair value of Ares PIK Facility at 30 September 2024 is £52,652,000 relating to accrued interest.

NatWest RCF
On the 3 August 2022, £28,354,000 of the NatWest RCF was drawn down. On 19 June 2023, £949,000 of the NatWest RCF was drawn down. The RCF limit was increased as part of refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group). Also included in the fair value of NatWest RCF at 30 September 2024 is £1,044,000 relating to accrued interest.

Note to the Financial Statements

25. Loans and borrowings (continued)

Group

Changes in liabilities arising from financing activities

2024

	1st October 2023 £000	Repayment of loans and borrowings £000	Proceeds from loans and borrowings	Capitalised arrangement fee £000	New leases £000	Other £000	30th September 2024 £000
Current							
Bank loans	62,767	-	-	-	-	4,679	67,446
Lease liabilities	8,458	-	-	-	-	(547)	7,911
Non-current							
Bank loans	551,130	-	25,100	(376)	-	43,541	619,395
Lease liabilities	64,024	-	-	-	4,802	3,830	72,656
	686,379	-	25,100	(376)	4,802	51,503	767,408

2023

	1st October 2022 £000	Repayment of loans and borrowings £000	Proceeds from loans and borrowings	Capitalised arrangement fee £000	New leases £000	Other £000	30th September 2023 £000
Current							
Bank loans	51,691	-	949	-	-	10,127	62,767
Lease liabilities	7,255	-	-	-	-	1,203	8,458
Non-current							
Bank loans	531,779	-	-	-	-	19,351	551,130
Lease liabilities	61,538	-	-	-	2,416	70	64,024
	652,263	-	949	-	2,416	30,751	686,379

Note to the Financial Statements

26. Share Capital

Group and Company

Authorised, Issued and fully paid

	2024		*2023*	
	Number	**£000**	*Number*	*£000*
Shares treated as equity				
Ordinary shares A shares of £1.00 each	**274,605,442**	**274,605**	*274,605,442*	*274,605*
	274,605,442	**274,605**	*274,605,442*	*274,605*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

27. Reserves

Foreign exchange reserve

The foreign currency translation reserve relates to the New Zealand subsidiaries. The foreign exchange adjustment arises from the translation of the profit and loss account and balance sheet into the presentational currency of the group.

Retained earnings

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

28. Employee benefits

Group

Defined contribution plans

The group operates a number of defined contribution plans.

The total expense relating to these plans in the current period was £2,838,000 (2023: £3,724,000).

Note to the Financial Statements

29. Leases

Group

i. Leases as a lessee

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

Lease liabilities are due as follows:

	2024 £000	2023 £000
Contractual undiscounted cash flows due		
Not later than one year	**7,911**	*8,458*
Between one year and five years	**27,030**	*32,449*
Later than five years	**45,626**	*31,575*
	80,567	*72,482*
Lease liabilities included in the Consolidated statement of financial position at 30 September	**80,567**	*72,482*
Non-current	**72,656**	*64,024*
Current	**7,911**	*8,458*

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

	2024 £000	2023 £000
Interest expense on lease liabilities	**7,888**	*7,201*
Expenses relating to short-term leases	**26**	*4*

The details for the right of use assets relating to the lease liabilities above are disclosed in note 16.

Note to the Financial Statements

29. Leases (continued)

i. Operating leases - lessor

One of the companies within the Group leases an office and partly sublets this to another company. Any risk of costs incurred to the business due to dilapidation are mitigated by the fact that the tenant is required to maintain the property and no alterations are permitted without prior consent.

The following table summarises the undiscounted lease payments receivable after the reporting date.

	2024	*2023*
	£000	*£000*
Not later than one year	**24**	*24*
Between one and two years	**24**	*24*
Between two and three years	**24**	*24*
Between three and four years	**24**	*24*
Between four and five years	**24**	*24*
Later than five years	**-**	*24*
	120	*144*

Lease income from operating lease contracts in which the Group acts as a lessor is as below:

	2024	*2023*
	£000	*£000*
Lease income	**24**	*27*

30. Financial instruments - fair values and risk management

Group

30.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note to the Financial Statements

30. Financial instruments - fair values and risk management (continued)

Group

30.1 Accounting classifications and fair values (continued)

		2024 Carrying amount			Fair Value			
	Note	Mandatorily at FVTPL - others £000	Amortised cost £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets not measured at fair value								
Trade and other receivables	**21**	-	26,647	26,647	-	-	26,647	26,647
Cash and cash equivalents	**32**	65,976	-	65,976	-	-	65,976	65,976
		65,976	26,647	92,623				
Financial liabilities measured at fair value								
Interest rate hedge	**22**	(6,601)	-	(6,601)	-	(6,601)	-	(6,601)
		(6,601)	-	(6,601)				
Financial liabilities not measured at fair value								
Bank loans	**25**	-	(698,993)	(698,993)	-	-	(620,800)	(620,800)
Financial lease liabilities	**29**	-	(80,567)	(80,567)	-	-	(80,567)	(80,567)
Contract liabilities	**24**	-	(13,120)	(13,120)	-	-	(13,120)	(13,120)
Trade payables	**23**	-	(70,021)	(70,021)	-	-	(70,021)	(70,021)
		-	(862,701)	(862,701)				

Note to the Financial Statements

30. Financial instruments - fair values and risk management (continued)

Group

30.1 Accounting classifications and fair values (continued)

		2023 Carrying amount			Fair Value			
	Note	Mandatorily at FVTPL - others £000	Amortised cost £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets not measured at fair value								
Trade and other receivables	21	-	22,754	22,754	-	-	22,754	22,754
Cash and cash equivalents	32	73,360	-	73,360	-	-	73,360	73,360
		73,360	22,754	96,114				
Financial liabilities measured at fair value								
Interest rate hedge	22	(9,096)	-	(9,096)	-	(9,096)	-	(9,096)
		(9,096)	-	(9,096)				
Financial liabilities not measured at fair value								
Bank loans	25	-	(628,928)	(628,928)	-	-	(579,303)	(579,303)
Financial lease liabilities	29	-	(72,482)	(72,482)	-	-	(72,482)	(72,482)
Contract liabilities	24	-	(12,306)	(12,306)	-	-	(12,306)	(12,306)
Trade payables	23	-	(72,152)	(72,152)	-	-	(72,152)	(72,152)
		-	(785,868)	(785,868)				

Note to the Financial Statements

30. Financial instruments - fair values and risk management (continued)

Group

30.2 Financial risk management objectives

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investment securities. The company has a large number of small customers, but the Directors believe that credit risk is mitigated by the fact that customers are required to pay before the holiday is taken.

Liquidity risk

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

30.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments.

30.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2024		*2023*	
	Liabilities £000	**Assets £000**	*Liabilities £000*	*Assets £000*
New Zealand Dollar	**(7,811)**	**7,592**	*(7,145)*	*7,398*
	(7,811)	**7,592**	*(7,145)*	*7,398*

Note to the Financial Statements

30. Financial instruments - fair values and risk management (continued)

Group

30.4 Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the New Zealand Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 10% against the relevant currency. For a 10% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	New Zealand Dollar impact	
	2024	*2023*
	£000	*£000*
Profit or loss	**(17)**	*16*
Equity	**(1)**	*59*

30.5 Interest rate risk management

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Interest rate sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps.

Note to the Financial Statements

30. Financial instruments - fair values and risk management (continued)

30.5 Interest rate risk management (continued)

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

	2024 £000	2023 £000
Increase	**(5,443)**	*(4,760)*
Decrease	**4,948**	*4,327*

Interest rate risk

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

	2024 £000	2023 £000
Financial liabilities - variable rate	**673,453**	*604,552*
	673,453	*604,552*

31. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

31.1 Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the period was as follows:

	2024 £000	2023 £000
Short term benefits	**1,754**	*2,184*
Post-employment benefits	**38**	*60*
	1,792	*2,244*

Note to the Financial Statements

31. Related parties (continued)

31.2 Other related party transactions

Other related party transactions are as follows:

Related party relationship	Type of transaction	**2024 £000 Balance owed**	*2023 £000 Balance owed*
Peter Anderson	Preference shares	**-**	*261*
Rebecca Belk	Preference shares	**67**	*60*
Andrew Brook	Preference shares	**100**	*90*
Graham Donoghue	Preference shares	**10,950**	*9,868*
Beverley Dumbleton	Preference shares	**-**	*1,330*
Michael Graham	Preference shares	**-**	*5,624*
Bruce Mckendrick	Preference shares	**3,992**	*3,597*
Kate Mitchell	Preference shares	**80**	*72*
Matthew Prescott	Preference shares	**378**	*340*
Alex Roberts	Preference shares	**-**	*540*
James Shaw	Preference shares	**2,244**	*2,022*
		17,811	*23,804*

In the prior year preference shares including interest accrued and ordinary shares held by key management were purchased by Sykes Employee Benefit Trust for £720,000 on 17 March 2023.

In the current year preference shares accrued and ordinary shares held by key management were purchased by Sykes Employee Benefit Trust for £893,000.

32. Notes supporting statement of cash flows

	2024 £000	*2023 £000*
Cash at bank available on demand	**65,976**	*73,360*
Cash and cash equivalents in the statement of financial position	**65,976**	*73,360*
Cash and cash equivalents in the statement of cash flows	**65,976**	*73,360*

33. Capital commitments

During the year ended 30 September 2024, the Group had entered into contracts to purchase property, plant and equipment of £8,159,000 (2023: £11,606,000).

Note to the Financial Statements

34. Controlling party

At the period ended 30th September 2024, the Company was a subsidiary undertaking of Priestholm TopCo Ltd which was the Ultimate Parent Company incorporated in Jersey. The Ultimate Controlling Party was Vitruvian Partners LLP.

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

35. Events after the reporting date

Group

In October 2024, the board made the decision to re-structure the Caravan's division, aligning the structure with the rest of the Group as well as benefiting from inhouse expertise and experience.

A formal consultation process was announced in October 2024 and took place throughout October and was concluded on 7th November 2024.

There have been no other significant events affecting the Company and the Group since the year end.

Company

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