Registered number: RC130118

PRIESTHOLM TOPCO LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

PRIESTHOLM TOPCO LTD

Company Information

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PRIESTHOLM TOPCO LTD

Contents

Strategic Report

Introduction

The directors present their strategic report for the year ended 30th September 2022.

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

Business Model

During the year, the Group has grown its existing Cottage Agency divisions and has diversified into complimentary markets, whilst also consolidating its trading divisions into a new group brand, the Forge Holiday Group. There are four main trading divisions: UK Core Cottage Agency (Sykes Cottages Group inclusive of Sykes Cottages Ltd and trading brands listed in Subsidiaries note 20), 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 stunning forests, providing highly differentiated and memorable experiences intended to connect people with each other and with nature for their mutual wellbeing.

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

UK Core Cottage Agency & International division

For Cottage 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 when required.

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, which is the life blood of the business. Properties are strategically targeted throughout the UK and Ireland to align to key areas of demand.

In addition to the organic property growth, the Agency divisions have a proven buy-and-build platform having completed and integrated 18 acquisitions to date. Acquisitions are targeted to deliver synergies, via targeting areas with lower existing stock densities to meet demand and to provide further variety to our existing and potential customers bases. The Groups ability to integrate acquisitions successfully on to its platforms means owners receive access to international marketing platforms and yield managed prices and the guests receive more choice at competitive rates.

The holiday letting market is very 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.

Strategic Report (Continued)

Business Model (Continued)

UK Core Cottage Agency & International division (continued)

The Agency divisions utilise its technology, digital marketing expertise and portfolio brands to deliver a market leading proposition to both owners and customers alike. For owners, Sykes Cottages Regional offices deliver a full-service proposition, 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) has 4 main revenue streams: booking fees, commission, Insurance and managed services income.

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 (Currently Towergate, Underwritten by Ergo) 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

Forge Holiday Group has acquired the Forest Holiday Group during the year as it is a complimentary business to the group.

Previously Forest Holidays was owned by a partnership (FHPSH LLP) comprising the three devolved bodies previously part of the Forestry Commission: Forestry England, Forestry & Land Scotland and Natural Resources Wales. This long-standing relationship delivered value to the taxpayer whilst supporting our commitment to bio-diversity in, and public access to, Britain's public forest estate, this will continue under the Forge Holiday Group ownership. Forestry England, Forestry & Land Scotland and Natural Resources Wales continue their relationship with Forest Holidays in the capacity of landlord.

For Specialist Operator guests, the Group provides high quality cabin breaks in eleven stunning forest locations across the UK which enables our guests to experience and reconnect with forests, each other, and rural communities.

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

Strategic Report (Continued)

Business Model (Continued)

Specialist Operator division (continued)

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 site. The income is recognised at the point the good or service is provided.

Caravan division
Forge Holiday Group has acquired UKCaravans4Hire during the year. The division specialises in offering a sales and marketing service, specifically to caravan owners. This acquisition complements the wider group and offers customers a greater choice within the self-catering market. The technology and digital marketing expertise throughout the wider Forge Holiday Group can be leveraged to deliver organic property growth, as well as taking advantage of potential acquisition targets.

The caravan division has 2 main revenue streams: booking fees and annual membership.

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.

Our Business

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

The group is bringing together four divisions with shared values and a target of taking five million people on holiday annually by 2026.

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 divisions within the new formed 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 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 divisions 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.

Organic growth is complimented by the strategic acquisition of smaller agencies and holiday lodge sites. The business continuously looks to expand its reach, actively researching opportunities for expansion into markets where we can leverage the use of our technology and expertise.

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. The Groups purpose is to bring people together as a leading holiday group to create lasting memorises with a positive impact on people and the planet, encompassing a mission to deliver 5 million happy customers annually by 2026.

There are various keyways which underpin the Group purpose and mission. These are:

People – Growing together and recognising success
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.

Customers – Making it easy to plan, book and enjoy your perfect holiday
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 bookings journeys through the web, app and the call centre, while also collecting and monitoring feedback on all bookings to enable positive change.

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. The Group pledged to become carbon neutral by 2050, work with at least 20 biodiversity projects during 2023 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 2023.

Strategic Report (Continued)

Company Strategy (Continued)

Owners – Creating more bookings with less hassle
Forge Holiday Group acknowledges for its agency divisions, that it would not have a business without its partnerships with property owners and therefore strives to ensure owners are happy, through market leading propositions and returns. The Forge Holiday Group aims to provide an excellent service which will enable it to retain its highly valuable property portfolio.

The foundations to the Forge Holiday Group are underpinned by its technical platforms and operational efficiencies. This includes a scalable multi product and regional business, built to last, with virtual networks and workspaces on demand, controlled by a robust and efficient financial operation.

To enable Forge Holiday Group to continue to provide a superior proposition to Property owners and guests it drives a culture of continuous improvement and provides employees with the tools to drive excellence. To scale its operation effectively and efficiently Forge Holiday Group leverages its people, technology and data.

Business Review

The profit and loss account is set out on page 32, showing an operating profit for the year ended 30th September 2022 of £14,011,000 (2021: operating profit of £439,000) (inclusive of £8,126,000 (2021: £4,405,000) of exceptionals which are noted in the table below on page 9 and 10). The loss before tax is £61,950,000 (2021: £47,760,000).

The Group has acquired 100% of the ordinary share capital of the following companies during the year:

- Northumbria Coast and Country Cottages Limited (Northumbria Coast and Country Cottages) on 10th November 2021
- Large Holiday Houses Limited (Large Holiday Houses) on 3rd December 2021
- Lyme Bay Holidays Limited (Lyme Bay Holidays) on 28th February 2022
- Canopy Holdco Limited (Forest Holidays) on 27th April 2022
- UKcaravans4Hire Limited (UKcaravans4Hire) on 8th June 2022

Northumbria Coast and Country Cottages, Large Holiday Houses and Lyme Bay Holidays principal activity is providing an agency service, marketing and selling holiday cottages, which are located in the UK.

Forest Holidays Group principal activity is the operation of short-term holiday lets of eco-cabin sites in the UK's forests.

UKcaravans4Hire principal activity is to provide an agency service, marketing and selling caravan holidays, which are located in the UK.

UK Core Agency division
UK Core Agency trading was strong, particularly during the first half of the year. Revenue growth was 39% year on year for the division, supported to some degree by the international travel restrictions. Organic and acquisitive growth, expanded the choice for customers, further supporting the revenue growth. The return of international travel in earnest during the second half of the year alongside cost of living increases, caused by the war in Ukraine resulted in a reduced level of sales growth, trending to, although still exceeding, pre covid occupancy levels. Forecasting for future years reflects this trend.

Strategic Report (Continued)

Business Review (continued)

UK Core Agency division (continued)

Variable and head office costs were controlled and managed in line with inherent demand levels, resulting in a strong overall result for the year.

International division

International division trading was below expectations due to New Zealand experiencing some form of lockdown and prolonged travel restrictions for much of the year. The uncertainty and travel restrictions saw lower customer confidence for most of the year. However, in the final quarter, the international division saw trade improve as customers looked to travel. Revenue growth was up 14% despite Covid having an impact for the majority of the year. During the year, the Group's booking system was implemented into New Zealand, providing a number of efficiencies and allowing improved access to proven yield management and marketing tools.

Specialist Operator division

Forest holidays was acquired in April 2022, when economic trading was feeling the pressure of cost-of-living increases and the recovery in international travel, post Covid restrictions. Despite this, Forest holidays has had an excellent start in the Forge Holiday Group and has exceeded target. The plan for FY23 is to drive stock growth and unlock synergies now that the division has had time to embed into the group.

Caravan division

UKCaravans4hire was acquired in June 2022 and is very much in its infancy within the Forge Holiday Group. UKCaravans4Hire has performed to expectations and the plan for FY23 is to continue to invest in the strategic plan and lay the foundations for significant growth in the years to come.

Financial review of the company's position

At 30th September 2022, the Sykes Cottages Group had cash of £110,652,000 (2021: £120,788,000) and loans and borrowings (excluding preference shares) at fair value of £578,354,000 (2021: £226,884,000).

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

Borrowing facilities

To facilitate the strategic acquisitions of Forest Holidays Group and UKCaravans4Hire.Com Limited, the group has undertaken a refinancing exercise during the year and this has increased the carrying value of debt from £232,575,000 to £601,691,000 (inclusive of accrued interest) with an associated increase in interest expense from £15,066,000 to £36,359,000.

For changes in liabilities arising from financing activities refer to Note 26.

Strategic Report (Continued)

Financial review of the company's position (Continued)

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 are summarised as follows:

Preference Shares Type	2022	*2021*
	£000	*£000*
A shares	£254,290	*£254,290*
B shares	£20,829	*£15,671*

The preference share interest is accrued monthly and rolls annually. The accrued interest outstanding at 30th September 2022 is £96,326,000 (2021: £59,899,000).

Share Capital

The Forge Holiday Group is also funded by Share Capital and Share premium which totals £9,769,000 (2021: £4,851,000). The Share Capital is £53,000 (2021: £47,000) and Share Premium is £9,716,000 (2021: £4,804,000). For the split between types of shares see note 28.

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 FY22 a war broke out between Russia and Ukraine which has had a significant impact on the supply of oil and gas to the UK. The shortage in supply resulted in an increase in energy and petrol prices. The war has also resulted in disruptions to the supply of other goods which has caused increases in prices on everyday household items resulting in an increase in the everyday cost of living.

Theses inflationary pressure have resulted in reactive measures by the bank of England, with a number of increases in interest rates.

Cost increases and interest rate rises impact the Forge group in a number of ways. Firstly, the increase in fuel costs have a direct impact on the Specialist operator division, causing an increase in the energy costs that can have a significant effect on profitability. The group have mitigated these increases by negotiating fixed rates with suppliers and by taking advantage of governmental support for businesses.

Interest rate increases also directly impact the group, given that a significant portion of the Groups financing is secured by way of interest bearing debt. The business has an interest rate hedge that caps the interest rate payable on debt to acceptable levels.

Strategic Report (Continued)

Trends and factors affecting future performance (continued)

Cost-of-living increases (continued)
There are also indirect consequences of the price inflation and interest increases, with property owners in the Agency and Caravan divisions experiencing cost increases. Through open feedback channels and account relations, the Group looks to support the owners through sensible market pricing and general guidance.

Forge Holiday Group expects these increased costs to remain a challenge throughout 2023, although we do not foresee a significant effect on demand. As experienced during the Covid crisis, holidays are still seen as an “essential” spend in the modern economy, rather than a luxury. The group also feels that 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 highly competitive with numerous players and a variety of options. Combined with the cost-of-living crisis, this undoubtedly brings pressure on prices. The group has diversified during the year into complimentary markets 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.

Agency Sector Competition
The agency market is highly 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, with broadly similar growth strategies. This will undoubtedly increase competition for Holiday property recruitment, both organically and via acquisitions.

Sykes Cottages 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 Sykes Cottages Group remains competitive in the future, it is investigating further growth opportunities.

Site Development
Due to the Forge Holiday Group investment, Forest Holidays are looking to utilise the expertise in Corporate development and the wider group access to finance to assist with acceleration of site development. This will allow Forest Holidays to support more rural communities, people and wildlife while also providing a greater choice of areas for guests.

Financial key performance indicators

Covid-19 pandemic impact
Covid-19 continued to have an impact on the group especially in its international division as New Zealand experienced some form of lockdown and prolonged travel restrictions for much of the year.

Certain costs, including the exceptional impact of Covid-19, have been excluded from performance measures in this statement, as the Directors consider this necessary to provide a fair, balanced and understandable view of the performance of the Group.

Whilst the underlying result has not been significantly impacted by Covid-19, in the current year the Directors believe that adjusting for the items shown in the table below provides a clearer reflection of the Group’s performance in the year.

Strategic Report (Continued)

Financial key performance indicators

Covid-19 pandemic impact (continued)
The UK Core Cottage Agency and International division provide a holiday letting agency service, which means service performance obligations are completed once a booking has been confirmed, and therefore income is recognised at this point.

Where guests who have booked a holiday cottage through one of our websites and have since had their holiday cancelled, due to travel restrictions in the UK, Ireland and New Zealand, the Group have made the decision to refund the income previously earned as a goodwill gesture to both guests and property owners.

The table below shows the adjusted results prior to Covid-19 refunds and the equivalent figures reports under GAAP.

	Adjusted £000	2022 Covid-19 adjustment £000	Other adjustment £000	Total adjustment £000	GAAP £000
Group revenue (1)	**170,454**	**36**	**-**	**36**	**170,490**
Group cost of sales (2)	**(54,248)**	**139**	**-**	**139**	**(54,109)**
Group gross profit	**116,206**	**175**	**-**	**175**	**116,381**
Group gross profit margin	**68.17%**				**68.26%**
Group administrative and exceptional expenses (3)	**(95,240)**	**85**	**(8,211)**	**(8,126)**	**(103,366)**
Group EBITDA*	**62,240**	**260**	**(8,211)**	**(7,951)**	**54,289**
Group EBITDA margin	**36.51%**				**31.84%**
Group operating profit	**21,962**	**260**	**(8,211)**	**(7,951)**	**14,011**
Group operating profit margin	**12.88%**				**8.21%**

*EBITDA including a last full twelve months of acquisitions during the year is £73,331,000 (2021: £49,357,000)

Strategic Report (Continued)

Financial key performance indicators

Covid-19 pandemic impact (continued)

	2021				
	Adjusted £000	**Covid-19 adjustment £000**	**Other adjustment (Restated) £000**	**Total adjustment (Restated) £000**	**GAAP (Restated) £000**
Group revenue (1)	117,945	(13,951)	-	(13,951)	103,994
Group cost of sales (2)	(26,761)	533	-	533	(26,228)
Group gross profit	91,184	(13,418)	-	(13,418)	77,766
Group gross profit margin	77.31%				74.78%
Group administrative and exceptional expenses (3)	(73,608)	(88)	(4,317)	(4,405)	(78,013)
Group EBITDA*	48,349	(13,506)	(1,612)	(15,118)	33,231
Group EBITDA margin	40.99%				31.95%
Group operating profit	18,262	(13,506)	(4,317)	(17,823)	439
Group operating profit margin	15.48%				0.42%

(1) The impact of lost revenue due to cancelled bookings resulting from the Covid-19 pandemic.
(2) Commission no longer payable to Holiday managers in New Zealand for holidays cancelled because of the Covid-19 pandemic.
(3) Exceptional costs relating to Covid-19, Goodwill impairment and other exceptional costs largely relating to acquisitions and restructuring.

Non-financial key performance indicators

Guest and Owner satisfaction
All guests who stay in a cottage where the Sykes Cottages Group has 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.

	2022	*2021*
Guest Net promotor score (NPS)	72.16	67.44

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

Strategic Report (Continued)

Non-financial key performance indicators (continued)

Stock numbers
Growth in stock numbers underpins the Companies 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.

Growth in Cottage levels in New Zealand for 2022 were behind the levels of previous years due to a limited physical access, due to Covid-19, for extended periods. Growth levels in UK Core Cottage Agency division has been restored to pre-Covid levels.

The number of Cottages where UK Core Cottage Agency and International division act as an agent as at 30th September 2022 was 24,234 (2021: 21,833).

The number of Caravans where the Caravan division act as an agent as at 30th September 2022 was 6,142.

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.

	2022	*2021*
Employee Attrition Rate	32.69%	*30.51%*
Employee response rates	89%	*65%*

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.

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.

Strategic Report (Continued)

Financial risks (Continued)

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. Customer finance review on a daily basis any outstanding debtors 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 Article 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.

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.

Strategic Report (Continued)

Financial risks (Continued)

Taxation risk
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, reviewed by Finance and the Data Protection officer. 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:

Covid-19
There is a risk that the Forge Holiday Group could be impacted by local outbreaks of an infectious disease, epidemic or global pandemic which could impact the travel industry and stop guests from being able to travel to their chosen destination. Although the Group cannot mitigate the risk of an epidemic or global pandemic, it has demonstrated that holiday accommodation can provide a safe, clean and socially distanced environment for its guests.

In the event of any future local or national lockdowns the Group would continually review the government guidance to determine whether guests could travel to their accommodation location and whether the Group's offices could be open. The Group will always ensure the safety of guests, owners and employees.

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 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 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.

Strategic Report (Continued)

Principal Risks and uncertainties (Continued)

Technology 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.

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 for 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. Regulatory expectations continue to increase in the UK with interest in the travel and leisure sector being shown by the CMA and with continued resourcing increases at the FCA and ICO leading to a generally larger UK regulatory sector.

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. A combination of Brexit and the effect of Covid-19 on the UK labour market has resulted in high demand for roles in many key areas. 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.

These changes, coupled with the increase in oil prices caused by the 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.

To mitigate against the risks identified, the Forge Holiday Group employs an in-house 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.

Strategic Report (Continued)

Principal Risks and uncertainties (Continued)

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 stakeholder to reduce its environmental impact through a number of initiatives centred around its affiliation with BCorp.

This report was approved by the board on 7th March 2023 and signed on its behalf.

DocuSigned by:
Michael Graham
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Michael Steven Graham
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.

The Group has acquired 100% of the ordinary share capital of the following companies during the year:
- Northumbria Coast and Country Cottages Limited (Northumbria Coast and Country Cottages) on 10th November 2021
- Large Holiday Houses Limited (Large Holiday Houses) on 3rd December 2021
- Lyme Bay Holidays Limited (Lyme Bay Holidays) on 28th February 2022
- Canopy Holdco Limited (Forest Holidays Group) on 27th April 2022
- UKcaravans4Hire Limited (UKcaravans4Hire) on 8th June 2022

Northumbria Coast and Country Cottages, Large Holiday Houses and Lyme Bay Holidays principal activity is providing an agency service, marketing and selling holiday cottages, which are located in the UK.

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

UKcaravans4Hire principal activity is provide an agency service, marketing and selling caravan holidays, which are located in the UK.

All trade relating to subsidiary undertakings included in the Group accounts is recorded from the date upon which the Group obtained control of the subsidiary undertaking.

Results and dividends

The loss for the year, after taxation, amounted to £56,564,000 (2021: £54,751,000).

The directors do not recommend the payment of a dividend.

Directors

The Statutory Directors of Priestholm TopCo Ltd who served during the period were:

Graham Donoghue
Michael Steven Graham
Charles Hardwick
Ben Johnson

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 comprises of the Priestholm TopCo Ltd statutory board members and three further Statutory Directors of other group subsidiary companies.

Directors' Report (Continued)

Board Composition (Continued)

Graham Donoghue | *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.

Michael Graham | *Chief Financial Officer*

- Michael joined the Sykes Cottages Group in 2015 as Chief Financial Officer. Michael was appointed to the board of Priestholm TopCo Ltd on 28th October 2019 as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. In addition to the Group, he currently serves as a Non-Executive Statutory Director for Travel Counsellors.

- Michael is a seasoned chartered accountant and business leader, with a strong background in Private Equity investments and a record of consistently driving positive change and growth. Michael's previous roles include Managing Director at Budget Car Rental EMEA and Chief Financial Officer of Acromas Travel.

Bev Dumbleton | *Chief Operating Officer*

- Bev joined the Sykes Cottages Group in 2016 as Chief Operating Officer. Bev was appointed to the board of Priestholm BidCo Ltd on 28th October 2019 (a subsidiary company of Priestholm TopCo Ltd) as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. Bev is a key member of the Sykes Cottages Group Executive board which governs the day to day running of the business. Bev has no external appointments or directorships.

- Bev is an operations expert with over 30 years' experience in the travel industry. Bev is responsible for the delivery of all offline sales, customer and owner relationships and organic property stock growth and retention. Bev's previous roles include Head of Sales at Gold Medal and STA Travel.

James Shaw | *Chief Marketing Officer*

- James joined the Sykes Cottages Group in 2016 as Chief Marketing Officer. James was appointed to the board of Priestholm BidCo Ltd on 28th October 2019 (a subsidiary company of Priestholm TopCo Ltd) as part of the acquisition of Sykes Cottages Group by Vitruvian LLP. James is a key member of the Sykes Cottages Group Executive board which governs the day to day running of the business. In addition to the Group, he currently serves as a Non-Executive Statutory Director for JMM Enducation Ltd.

- James is an experienced digital leader with a background in building digital marketing operations globally. James's previous roles included Head of Digital Marketing and Head of Retention at Betfred and Head of CRM at Sportech.

Directors' Report (Continued)

Board Composition (Continued)

Bruce McKendrick | *Chief Executive Officer of Forest Holidays*

- Bruce joined the Forge Holiday Group in April 2022 following the Group's acquisition of Forest Holidays Group and was appointed to the board of Forge Holiday Group Ltd on 22nd April 2022. Bruce has been Chief Executive Officer of Forest Holidays Group since 2014.

- Bruce has over 30 years' experience in a diverse range of sectors including the North Sea Oil Industry, Health & Social Care and in Leisure, Tourism and Hospitality, where the vast majority of his experience lies. Bruce's previous roles consist of Chief Executive Officer at Voyage Care-UK, in addition to board roles at Malmaison Hotels, Hotel du Vin and The Tussauds Group UK, US, Europe & Asia.

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, Travel Counsellors and Trustpilot plc.

- 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 is a member of the Future Fifty, TechNation Advisory Panel.

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

- Charles is a Principal at Vitruvian Partners LLP. Charles has served on the Board of Priestholm TopCo Ltd since 28th April 2021. He also serves on the Board of MPB.

- Charles focuses on the Consumer Technology and Healthcare 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.

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 2022 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.

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 20% reduction in property stock acquisition (Agency divisions)
- An average fall of 15% in booking volumes up to 31st March 2024
- A 5% reduction in average income per booking
- A 10% increase in marketing costs to acquire bookings (Agency divisions)
- A 20% increase in site operating costs (Specialist Operator division)

Directors' Report (Continued)

Going concern (continued)

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 2024.

The key factor supporting this is:

- With cash at the end of September of 2022 of £110,652,000 the group had sufficient liquidity headroom at the start of 2023 for the year ahead. This has been reviewed during December 2023 and liquidity headroom remains sufficient for the period up to 31st March 2024. In addition, Forge Holiday Group has flexible financing arrangements in place with its external lenders, to support strategy growth.

Environmental Matters

The Forge Holiday Group is fully committed to the protection of the environment, prevention of pollution, encouraging environmental awareness, and compliance with any applicable environmental legislation and obligations.

In 2021 a more structured response to the climate crisis and social inequality was introduced in the business to kick-start a step-change in the way the group carries out business. Stakeholder expectations and factors that impact the decision making process, along with expected changes to legislation around sustainability and ethical business practices. The escalating Climate Crisis and Social Inequalities has been the catalyst to taking steps to future proof our business so that ESG is not purely about compliance but is integrated into every investment decision.

During the year the board decided to start the process of obtaining a B Corp Certification. B Corp is one of the most demanding, internationally recognised certifications, that evaluates companies' social and environmental impacts. Certified B Corps meet a high standard of social and environmental performance, transparency and accountability. The certification process can take up to 21 months to achieve.

The Board considers that businesses that attain high standards of social and environment performance are more profitable, have faster growth, higher levels of employee retention, have a more diverse and engaged workforce and are more innovative.

B Corp certification demonstrates that the Group has a structured framework to capture these strategic goals.

Greenhouse gas emissions

The Forge Holiday Group principal activity is 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.

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 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.

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Directors' Report (Continued)

Environmental Matters (continued)

Greenhouse gas emissions (continued)

The specialist operator within the Forge Holiday Group currently has eleven 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 2022 and the comparative is reported for the year ending 30th September 2021(excludes acquisitions made in financial year 2022).

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 'local based' accounting methodology for grid emissions.

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

Forge Holiday Groups emissions have increased year on year due to the growth through acquisitions, especially 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**	**2022**	2021
Total energy consumption (electricity)	kWh	**939,508**	*669,530*
Total energy consumption (gas)	kWh	**2,402,929**	*276,656*
Total vehicle fuel consumption	kWh	**1,553,420**	*884,427*

Emissions	**Unit**	**2022**	*2021*
Electricity consumption	Tonnes CO2e	**181,682**	*148,531*
Gas consumption	Tonnes CO2e	**503,350**	*50,672*
Vehicle fuel consumption	Tonnes CO2e	**49,312**	*2,705*
Relative intensity by full time equivalent (FTE)*	Tonnes CO2e	**506**	*280*

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

Directors' Report (Continued)

Environmental Matters (continued)

Our GHG reporting approach (continued):

Given the group has expanded significantly during the year, Forge Holiday Group has provided an energy consumption and associated greenhouse gas emissions for the UK Core Cottage Agency as this provides a more meaningful year on year comparison. The energy consumption of the UK Core Cottage Agency has increased partly due to agency acquisitions in the year, along with a significant increase in vehicle fuel consumption, due to the normalisation of property visits in the post covid environment. Despite this, the relative intensity ratio has reduced year on year aligning with the groups strategic goal to reduce carbon emissions.

UK Core Cottage Agency Energy Consumption and associated greenhouse gas emissions

Consumption	**Unit**	**2022**	2021
Total energy consumption (electricity)	kWh	**714,574**	*669,530*
Total energy consumption (gas)	kWh	**349,517**	*276,656*
Total vehicle fuel consumption	kWh	**1,317,362**	*884,427*

Emissions	**Unit**	**2022**	*2021*
Electricity consumption	Tonnes CO2e	**138,184**	*148,531*
Gas consumption	Tonnes CO2e	**62,913**	*50,672*
Vehicle fuel consumption	Tonnes CO2e	**4,029**	*2,705*
Relative intensity by full time equivalent (FTE)*	Tonnes CO2e	**233**	*280*

Energy efficiency action taken in financial period 2022/23

Forge Holiday Group believes cutting carbon emissions is essential in safeguarding the planet, which is why we've committed to halving our carbon emissions by 2030 and becoming Net Zero as soon as possible before 2050.

It's a long journey but one we're determined to see through. In FY22, as part of our journey to Net Zero, we:

- Completed our first carbon footprint measurement, in partnership with Green Small Business – including scope 1, 2 & 3 emissions
- Redefined our emissions targets in line with the Paris Agreement and current science-based targets
- Introduced a new purchasing policy amongst colleagues, with preference towards environmentally conscious suppliers and partners
- Implemented a permanent hybrid working policy, reducing mileage and carbon from employee commutes
- Completed a sustainable staff travel review to understand behaviours and attitudes in relation to commuting
- Joined the Tourism Declares a Climate Emergency initiative

We will continue to identify areas to improve energy efficiency in the financial year 2023 over areas which are under our direct and indirect control.

Directors' Report (Continued)

Employee Matters

The Forge Holiday Group has consistently invested in market leading talent. Attracting and retaining best-in-class talent is core to Forge Holiday Group's success. A better employee experience ultimately drives the customer and owner experience which in turn drives business performance. The Forge Holiday Group continues 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 offers a competitive benefits package and continues to review this to ensure it remains in line with the market. Employee involvement in the performance of the business is encouraged and is rewarded through incentive schemes.

The Forge Holiday Group are very conscious about the health and wellbeing of its staff therefore its divisions provide various options to assist with health and wellbeing, individual level counselling, reflexology, access to fitness sessions and a 24/7 available in-house Gym at the Head office in Chester to name but a few.

The Forge Holiday Group wishes to recruit colleagues who will help us to provide a friendly, high quality Customer experience that differentiates us from other businesses. As an Equal Opportunities employer, Forge Holiday Group respects and encourages the diversity of our employees, and we will always recruit suitably qualified staff, irrespective of their sex, race, disability or age. The Group has an Equal Opportunities policy which covers all aspects of recruitment and employment of all employees including disabled employees. Within the business we have made reasonable adjustments and provided equipment to assist employees in their daily duties.

The Forge Holiday Group places great importance on and are committed to ensuring the Health and Safety of all employees and other persons who may be affected by the work activities of the Group. The Group has a Health and Safety policy, covering our offices. All employees are required to complete Health and Safety training as part of induction into the company. Health and Safety issues are discussed at the company Communication and Change (C&C) meeting, which comprises of elected employees from across the offices. Any changes in company policies are also discussed with the C&C committee to get their feedback.

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 Equity, Diversity and Inclusion (EDI) strategy, with an intentional focus on the quality and consistency of employee experience, rather than being driven by pure metrics. In 2021 we commissioned a report by a consultant, which assessed every aspect of our business via an audit, staff survey and in-depth feedback sessions. On the back of the report Forge Holiday Group has set up a EDI steering group, who over the course of the next few years will bring in initiatives which will ensure a more diverse, equal and inclusive working environment.

Directors' Report (Continued)

Gender Diversity Information (continued)

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.

Policies and actions to promote diversity include:

- We have an equal opportunities policy in place and transparently share roles across the group. We welcome - and frequently recruit - internal applicants as part of their career progression within Forge Holiday Group.

- When recruiting externally, we use a "language decoder" to screen our adverts for inadvertent gender bias in the language used.

- We take a "whole employee" approach to our benefits package, offering elements that support new parents such as enhanced maternity and paternity.

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 its 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. Many of our lower paid colleagues are women who have more flexible hours to support family commitments which is part of our commitment to providing an inclusive working culture. Forge Holiday Group has an excellent flexible working policy in place to support colleagues and we have many colleagues, across the company who have applied and have an agreed flexible working pattern. This however does have an impact on our gender pay gap figures.

The Forge Holiday Group does have excellent entry level salaries for team colleagues above national minimum wage 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.

The table below shows the breakdown of roles by gender:

	2022			*2021*		
	Parent Company Directors*	**Senior leadership team**	**Employees**	Parent Company Directors	Senior leadership team	Employees
Female	-	27	1,199	-	*18*	*555*
Male	4	33	689	*4*	*25*	*321*

* The Parent Company is Priestholm Topco Ltd and had 4 Statutory directors. The executive board includes 2 additional directors, noted in the board composition (Bev Dumbleton and James Shaw), who hold statutory Directorships for Group subsidiaries.

Directors' Report (Continued)

Social, Community and Human Rights Issues

The Forge Holiday Group operates a Charity committee who organise events to raise money for the group's charity partners and other good causes. Example of fundraising events the group has participated in are:

- A team from the John Bray brand hosted a rowing challenge, with the target of rowing 164 kilometres in 9 hours – the distance along the Cornish coastline from Land's End to their office in Port Isaac. More than £1,000 was raised to help fund the Port Isaac Harbour Repairs
- Menai Holidays took part in the Great Straits Raft Race in June – racing the raft they built from scratch in the Menai Straits and raising over £500 for their local hedgehog rescue, Hedgehuggles, in the process.
- The first annual Sykes Summer Pet Show was held were Sykes employees submitted photos of their pets for the chance to pick up the coveted Pet of the Year 2022 title. More than £200 was raised, to be split between all regional charity partners.

The Forge Holiday Group provides two full days off work for staff to volunteer on charitable projects. During Financial Year 2022 Forge Holiday Group staff have participated in numerous volunteering activities. Some of the volunteering activities the staff have taken part in are:

- A team helped with the Chester Pride event set-up, which attracted thousands of people across the city. This included installing fencing, erecting banners and helping to stock the bars on one of the hottest days of the year!
- Several staff groups have supported the team on gardening and general property maintenance, such as painting fences and sheds and weeding at Save the Family. This is a charity that supports vulnerable homeless families in and around Chester.
- Colleagues have lent a helping hand at Cheshire Food Hub and the West Cheshire Foodbank, including helping to unload donations, make deliveries and pack food parcels for the most in need
- A team volunteered their time to help Cheshire Autism Practical Support (CHAPS) clear its garden area. This meant that the charity's users had more space and better access to the fruit and veg patches they tend to.

The Forge Holiday Group is committed to making a positive impact on the community and planet. Initial steps in this regard are underway and Forge Holiday Group is now a founding member of Cheshire for Good, whose purpose is to help businesses in Cheshire create a cleaner, greener and fairer future for all.

The Forge Holiday Group are currently in the certification process for B-Corp accreditation. Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.

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.

Directors' Report (Continued)

Human rights and modern slavery (continued)

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.

Post year end events

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

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment.

This report was approved by the board on 7th March 2023 and signed on its behalf.

DocuSigned by:

Michael Graham

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Michael Steven Graham
Director

Directors' Responsibilities' Statement

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

Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company at the year end and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain its transactions, and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Priestholm TopCo Ltd

Opinion

We have audited the financial statements of Priestholm TopCo Limited (the "company") and its subsidiaries (the "group") for the year ended 30 September 2022 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 39 , including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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, including the UK 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's ability to continue as a going concern for a period to 31 March 2024**.**

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 Auditors' Report to the Members of Priestholm TopCo 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

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

- the financial statements are not in agreement with the company's accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 27, 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 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 to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Priestholm TopCo Ltd (Continued)

Auditors' 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 company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are regulations related to requirements of the Companies (Jersey) Law 1991, International Financial Reporting Standards as adopted by the European Union and regulations related to tax legislation;

- We understood how Priestholm TopCo Limited 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;

- 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.

Independent Auditors' Report to the Members of Priestholm TopCo Ltd (Continued)

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

- Based on this understanding we designed our audit procedures to identify noncompliance 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 Jersey 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 Article 113A of the Companies (Jersey) Law 1991. 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.

DocuSigned by:

Ernst & Young LLP

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

07 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2022

	Note	2022 £000	*2021 £000*
Revenue	7	170,490	*103,994*
Cost of sales	8	(54,109)	*(26,228)*
Gross profit		116,381	77,766
Other operating income	9	996	*686*
Administrative expenses		(95,240)	*(73,608)*
Exceptional items	16	(8,126)	*(4,405)*
Operating profit	10	14,011	*439*
Finance income	14	115	*10*
Finance expense	14	(76,076)	*(48,209)*
Loss before tax		(61,950)	*(47,760)*
Tax credit/(charge)	15	5,386	*(6,991)*
Loss for the year		(56,564)	*(54,751)*
Other comprehensive income:			
Exchange differences arising on translation on foreign operations		(63)	*18*
Total comprehensive loss for the year		(56,627)	*(54,733)*

Revenue and operating profit are derived wholly from continuing operations.

The financial statements include the notes on pages 36 to 94.

Consolidated Statement of Financial Position as at 30 September 2022

	Note	2022 £000	*2021 £000*
Assets			
Non-current Assets			
Investments		**12**	**-**
Tangible fixed assets	**17**	**272,714**	*8,794*
Intangible fixed assets	**18**	**202,354**	*153,678*
Goodwill	**19**	**374,894**	*227,805*
		849,974	*390,277*
Current assets			
Inventories	**21**	**504**	*21*
Trade and other receivables	**22**	**8,430**	*4,661*
Derivative financial assets	**23**	**399**	*28*
Cash and cash equivalents	**35**	**110,652**	*120,788*
		119,985	*125,498*
Total assets		**969,959**	*515,775*
Non-current liabilities			
Loans and borrowings	**26**	**(961,347)**	*(543,076)*
Contingent consideration	**27**	**(721)**	-
Deferred tax liabilities	**15**	**(85,202)**	*(37,404)*
		(1,047,270)	*(580,480)*
Current liabilities			
Trade and other liabilities	**24**	**(65,995)**	*(78,152)*
Contract liabilities	**25**	**(12,613)**	*(674)*
Loans and borrowings	**26**	**(58,946)**	*(20,240)*
Contingent consideration	**27**	**(512)**	-
		(138,066)	*(99,066)*
Total liabilities		**(1,185,336)**	*(679,546)*
Net assets		**(215,377)**	*(163,771)*
Issued capital and reserves attributable to owners of the parent			
Share Capital	**28**	**53**	*47*
Share Premium	**29**	**9,716**	*4,804*
Reserve for own shares held by employee benefit trust	**28**	**(29)**	*(132)*
Foreign currency translation reserve	**29**	**(396)**	*(333)*
Retained earnings	**29**	**(224,721)**	*(168,157)*
Total Equity		**(215,377)**	*(163,771)*

The financial statements on pages 32 to 94 were approved and authorised for issue by the board of Directors on 7th March 2023 and were signed on its behalf by:

DocuSigned by:

Michael Graham

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Michael Steven Graham

Director

Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2021

	Share Capital	Share Premium	Reserve for own shares held by employee benefit trust	Foreign currency translation reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 October 2020 (Restated)	47	4,772	(164)	(351)	(113,406)	(109,102)
Loss for the year	-	-	-	-	(54,751)	(54,751)
Foreign currency translation reserve	-	-	-	18	-	18
Total comprehensive loss for the year	**-**	**-**	**-**	**18**	**(54,751)**	**(54,733)**
Issue of share capital	-	32	32	-	-	64
Total contributions by and distributions to owners	**-**	**32**	**32**	**-**	**-**	**64**
At 30 September 2021	**47**	**4,804**	**(132)**	**(333)**	**(168,157)**	**(163,771)**

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2022

	Share Capital	Share Premium	Reserve for own shares held by employee benefit trust	Foreign currency translation reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 October 2021	47	4,804	(132)	(333)	(168,157)	(163,771)
Loss for the year	-	-	-	-	(56,564)	(56,564)
Foreign currency translation reserve	-	-	-	(63)	-	(63)
Total comprehensive loss for the year	**-**	**-**	**-**	**(63)**	**(56,564)**	**(56,627)**
Reissue of share capital	-	-	15	-	-	15
Cancellation of share capital	(1)	(87)	88	-	-	-
Issue share capital	7	4,999	-	-	-	5,006
Total contributions by and distributions to owners	**6**	**4,912**	**103**	**-**	**-**	**5,021**
At 30 September 2022	**53**	**9,716**	**(29)**	**(396)**	**(224,721)**	**(215,377)**

The financial statements include the notes on pages 36 to 94.

Consolidated Statement of Cashflows
For the Year Ended 30 September 2022

	2022 £000	*2021 £000*
Cash flows from operating activities		
Loss before tax	**(61,950)**	*(47,760)*
Adjustments for:		
Depreciation of tangible fixed assets	**7,875**	*2,138*
Amortisation of intangible fixed assets	**32,403**	*27,949*
(Profit)/loss on disposal	**(830)**	*115*
Goodwill impairment	**-**	*2,705*
Finance income	**(115)**	*(10)*
Finance expense	**76,076**	*48,209*
Net foreign exchange gain	**(91)**	*5*
	53,368	*33,351*
Movements in working capital:		
Decrease in trade and other receivables	**943**	*8,645*
(Increase)/Decrease in inventories	**(39)**	*1*
(Decrease)/Increase in trade and other liabilities	**(33,519)**	*39,224*
Cash generated from operations	**20,753**	*81,221*
Income taxes paid	**(3,770)**	*(2,017)*
Net cash from operating activities	**16,983**	*79,204*
Cash flows from investing activities		
Acquisition of a subsidiaries, net of cash acquired	**(337,568)**	*(9,297)*
Purchases of tangible fixed assets	**(8,400)**	*(662)*
Proceeds from disposal of tangible fixed assets	**17**	*-*
Capitalised development expenditure	**(5,489)**	*(3,083)*
Purchases of intangible assets	**-**	*(2)*
Interest received	**164**	*10*
Net cash used in investing activities	**(351,276)**	*(13,034)*
Cash flows from financing activities		
Issue of ordinary shares	**5,006**	*64*
Issue of preference shares	**5,158**	*-*
Proceeds from sale of own shares	**1,000**	*-*
Purchase of preference shares	**-**	*(2,763)*
Proceeds from bank borrowings	**558,854**	*11,500*
Repayment of debt instruments	**(226,884)**	*-*
Interest paid on bank borrowings	**(14,813)**	*(10,979)*
Payment of lease liabilities	**(4,195)**	*(1,567)*
Net cash from/(used in) financing activities	**324,126**	*(3,745)*
Net cash increase in cash and cash equivalents	**(10,167)**	*62,425*
Cash and cash equivalents at the beginning of year	**120,788**	*58,363*
Exchange gains on cash and cash equivalents	**31**	*-*
Cash and cash equivalents at the end of the year	**110,652**	*120,788*

The financial statements include the notes on pages 36 to 94.

Note to the Financial Statements

1. Corporate Information

Priestholm TopCo Ltd ("the Company or the Parent") is incorporated in Jersey. The registered office is located at 4th Floor, St Paul's Gate, 22-24 New Street, St. Helier, JE1 4TR, Jersey.

Priestholm TopCo 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 20. Information on other related party relationships of the Group is provided in note 33.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by European Union and applicable requirements of Jersey law.

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.

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 20% reduction in property stock acquisition (Agency divisions)
- An average fall of 15% in booking volumes up to 31st March 2024
- A 5% reduction in average income per booking
- A 10% increase in marketing costs to acquire bookings (Agency divisions)
- A 20% 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 2024.

Note to the Financial Statements

2. Basis of preparation (continued)

Going Concern (continued)
The key factor supporting this is:

- With cash at the end of September of 2022 of £110,652,000 the group had sufficient liquidity headroom at the start of 2023 for the year ahead. This has been reviewed during December 2023 and liquidity headroom remains sufficient for the period up to 31st March 2024. In addition Forge Holiday Group has flexible financing arrangements in place with its external lenders, to support strategy growth.

Financial statement approval
The consolidated financial statements of Priestholm TopCo Ltd and its subsidiaries (collectively, the Group) for the year ended 30th September 2022 were authorised for issue in accordance with a resolution of the board of directors on 7th March 2023.

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 2021 and earlier application is permitted; however, the Group 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 Group's financial statements.

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

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of material amendments to IAS 1 and IAS 8
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

Note to the Financial Statements

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 2022. 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

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.4 Goodwill (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.6 Revenue (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.6 Revenue (continued)

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. 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 fees are 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).

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.

Note to the Financial Statements

5. **Significant Accounting policies (continued)**

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.11 Foreign currencies (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.13 Taxation (continued)

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.

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.14 Leases (continued)

Right of use assets (continued)
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’.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.14 Leases (continued)

Short term leases and leases of low value assets (continued)
When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 7.10% for lease liabilities in the UK Core Cottage Agency division, 8.37% for those in International division and weighted average rate applied ranges between 7% to 12% 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.

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

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

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.15 Tangible fixed assets (continued)

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.

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

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.16 Intangible fixed assets (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.18 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.

5.19 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.

5.20 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 17
- Right of use assets — Note 17
- Intangible assets — Note 18
- Goodwill with indefinite lives — Note 19

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.20 Impairment of non-financial assets (continued)

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.

5.21 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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.21 Financial instruments (continued)

i. Financial assets (continued)

Initial recognition and measurement (continued)
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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.21 Financial instruments (continued)

i. Financial assets (continued)

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).

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.21 Financial instruments (continued)

ii. Financial Liabilities (continued)

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.

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.

Note to the Financial Statements

5. Significant Accounting policies (continued)

5.22 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).

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.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

Agent vs principal (continued)
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.

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.

Note to the Financial Statements

6. Accounting estimates and judgements (continued)

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.

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 22.

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.

Note to the Financial Statements

7. Revenue

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

	2022 £000	*2021 £000*
UK Core Cottage Agency	**129,966**	*93,538*
International	**11,920**	*10,456*
Specialist Operator	**28,291**	-
Caravans	**313**	-
	170,490	*103,994*

The prior year comparative has been reclassified to align with the current year divisional split.

Analysis of revenue by country of destination:

	2022 £000	*2021 £000*
United Kingdom	**156,801**	*92,205*
Rest of Europe	**1,769**	*1,333*
Rest of the world	**11,920**	*10,456*
	170,490	*103,994*

Timing of revenue recognition:

	2022 £000	*2021 £000*
Goods and services transferred at a point in time	**168,831**	*102,586*
Goods and services transferred over time	**1,659**	*1,408*
	170,490	*103,994*

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.

Note to the Financial Statements

7. Revenue (continued)

Revenue before exceptional booking refunds

	2021 £000	*2020* *£000*
Rendering of services	**170,454**	*117,945*
Exceptional cancellations*	**36**	*(13,951)*
	170,490	*103,994*

*Exceptional cancellations relate to refunds of items directly impacted by Covid-19 that were previously recorded as revenue. These refunds are a goodwill gesture to customers equivalent to the booking fee and commission income earned treated as an exceptional reduction to revenue.

8. Cost of sales

	2022 £000	*2021* *£000*
Cost of sales	**54,248**	*26,761*
Exceptional cancellations*	**(139)**	*(533)*
	54,109	*26,228*

*Exceptional cost of sales relates to commission no longer payable to Holiday managers for holidays cancelled because of the Covid-19 pandemic.

9. Other operating income

	2022 £000	*2021* *£000*
Furlough retention scheme	**-**	*686*
Escrow receipts	**4**	-
Merchant services rebate	**9**	-
Gain on sale of ordinary shares	**983**	-
	996	*686*

Note to the Financial Statements

10. Operating profit

The operating profit is stated after charging:

	2022 £000	*2021* *£000*
Depreciation	**7,875**	*2,138*
Amortisation	**32,403**	*27,949*
Goodwill impairment	**-**	*2,705*
Exceptional items	**8,126**	*1,700*
Foreign exchange	**(91)**	*5*
Defined contribution pension cost	**2,406**	*1,532*

11. Auditors Remuneration

	2022 £000	*2021* *£000*
Audit of these consolidated financial statements	**59**	*40*
Audit of financial statements of subsidiaries of the company	**324**	*210*
	383	*250*

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

12. Employee benefit expenses

Group

	2022 £000	*2021* *£000*
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	**35,257**	*27,188*
National insurance	**4,341**	*3,400*
Defined contribution pension cost	**2,406**	*1,532*
	42,004	*32,120*

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

	2022 £000	*2021* *£000*
Administration and support	**1,658**	*692*
Sales	**229**	*183*
	1,887	*875*

Note to the Financial Statements

12. Employee benefit expenses (continued)

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 16.

	2022	*2021*
	£000	*£000*
Wages and salaries	**1,436**	*1,574*
Defined contribution pension cost	**33**	*26*
	1,469	*1,600*

13. Directors' Remuneration

	2022	*2021*
	£000	*£000*
Directors' emoluments	**1,275**	*1,422*
Defined benefit scheme costs	**27**	*21*
	1,302	*1,443*

The directors' remuneration is borne by the indirect wholly owned subsidiaries Forge Holiday Group Ltd and Canopy BidCo Limited.

Highest paid director

	2022	*2021*
	£000	*£000*
Directors' emoluments	**379**	*551*
Defined benefit scheme costs	**4**	*7*
	383	*558*

Note to the Financial Statements

14. Finance income and expense

	2022 **£000**	*2021* *£000*
Finance income		
Interest on:		
Bank deposits	**115**	*10*
Total finance income	**115**	*10*
Finance expense		
Bank interest payable	**(37)**	*(10)*
Interest on lease liabilities	**(3,253)**	*(612)*
Bank loan interest payable	**(36,359)**	*(15,066)*
Preference share interests	**(36,427)**	*(32,521)*
Total finance expense	**(76,076)**	*(48,209)*
Net finance expense recognised in loss	**(75,961)**	*(48,199)*

15. Tax credit/(charge)

15.1 Income tax recognised in profit or loss

	2022 **£000**	*2021* *£000*
Current tax		
Current tax on profits for the period	**2,511**	*2,579*
Adjustments in respect of prior periods	**(660)**	*(241)*
Other	**57**	-
	1,908	*2,338*
Deferred tax expense		
Origination and reversal of timing differences	**(6,999)**	*(6,068)*
Adjustments in respect of prior periods	**(295)**	*237*
Effect of tax rate change on opening balance	**-**	*10,484*
Total deferred tax	**(7,294)**	*4,653*
Total tax (credit)/charge		
Tax (credit)/charge	**(5,386)**	*6,991*
	(5,386)	*6,991*

As the Group's main income and operations are in the UK, Priestholm TopCo Ltd set up an establishment in the UK, as well as becoming a UK tax resident. The Forge Holiday Group is therefore under the UK tax legislation.

Note to the Financial Statements

15. Tax credit/(charge) (continued)

15.1 Income tax recognised in profit or loss

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 period are as follows:

	2022 **£000**	*2021* *£000*
Loss for the year	**(56,564)**	*(54,751)*
Tax (credit)/charge	**(5,386)**	*6,991*
Loss before tax	**(61,950)**	*(47,760)*
Tax using the Company's domestic tax rate of 19% *(2020: 19%)*	**(11,771)**	*(9,074)*
Expenses not deductible for tax purposes, other than goodwill, amortisation, and impairment	**6,860**	*6,641*
Deferred tax not recognised	**6**	*80*
Adjustments to tax charge in respect of prior periods	**(659)**	*(241)*
Adjustments to tax charge in respect of previous periods - deferred tax	**(273)**	*10,392*
Other tax adjustments, reliefs, transfers	**(30)**	*354*
Difference in current and deferred tax rates	**(1,425)**	*(2,031)*
Fixed asset differences	**1,596**	*844*
Difference in deferred tax rate - UK v NZ	**67**	*24*
Transfer pricing adjustment	**183**	*-*
Remeasurement of deferred tax for changes in tax rates	**60**	*-*
Deferred tax relating to OCI	**-**	*2*
Total tax (credit)/charge	**(5,386)**	*6,991*

Changes in tax rates and factors affecting the future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1st April 2020) was substantively enacted on 6th September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1st April 2020, and this change was substantively enacted on 17th March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1st April 2023) was substantively enacted on 24th May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 30th September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary and timing differences (2021: 25%).

15.2 Current tax assets and liabilities

	2022 **£000**	*2021* *£000*
Current tax assets		
Corporation tax (section 455)	**888**	-
	888	-
Current tax liabilities		
Corporation tax	**(1,996)**	*(828)*
	(1,996)	*(828)*

Note to the Financial Statements

15. Tax credit/(charge) (continued)

15.3 Deferred tax balances

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

	2022 £000	*2021 £000*
Deferred tax liabilities	**(85,202)**	*(37,404)*
	(85,202)	*(37,404)*

	Opening balance £000	**Recognised in profit or loss £000**	**Acquisitions/ disposals £000**	**Other £000**	**Closing balance £000**
2022					
Provisions	37,404	(5,438)	53,236	-	85,202
	37,404	(5,438)	53,236	-	85,202
2021					
Provisions	31,688	4,658	1,058	-	37,404
	31,688	4,658	1,058	-	37,404

Note to the Financial Statements

16. Exceptional items

	2022	*2021*
	£000	*£000*
Share acquisition fees*	**7,263**	*713*
Goodwill impairment	**-**	*2,705*
Capital restructure	**-**	*175*
Covid-19 related costs**	**(85)**	*88*
One off consultancy	**169**	*447*
Onerous contracts	**-**	*97*
Restructuring costs (including refinancing costs)***	**779**	*180*
	8,126	*4,405*

*Acquisition fees in the prior year consist of stamp duty, legal and one-off consultancy fees, relating to the acquisitions of Best of Suffolk Ltd and Abersoch Quality Homes Limited.

Acquisition fees in the current 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 which is detailed in note 34.

**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.

In addition to the exceptional items noted above as a consequence of Covid-19 the Group also made discretionary refunds of bookings fees and commission income totalling £36,000 credit (2021: £13,951,000) and has commission no longer payable to Holiday managers for holidays cancelled totalling £139,000 (2021: £533,000), these are disclosed in note 7 and note 8 respectively.

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

Note to the Financial Statements

17. Tangible fixed assets

	Long-term leasehold property £000	Completed sites £000	Planning £000	Equipment, Fixtures and fittings £000	Assets Under Construction	Right of use assets £000	Total £000
Cost							
At 1 October 2021	2,330	-	-	2,466	-	7,841	12,637
Additions	263	-	538	971	6,628	2,902	11,302
Transfers	-	111	-	518	(629)	-	-
Acquired through business combinations	-	202,000	5,880	3,164	4,673	44,852	260,569
Disposals	(1)	-	-	(93)	-	(229)	(323)
Exchange adjustments	-	-	-	2	-	6	8
At 30 September 2022	**2,592**	**202,111**	**6,418**	**7,028**	**10,672**	**55,372**	**284,193**
Accumulated depreciation and impairment							
At 1 October 2021	625	-	-	1,246	-	1,972	3,843
Charge for the year – owned assets	352	4,439	-	1,165	-	-	5,956
Charge for the year – finance assets	-	-	-	-	-	1,919	1,919
Disposals	(1)	-	-	(73)	-	(167)	(241)
Exchange adjustments	-	-	-	1	-	1	2
At 30 September 2022	**976**	**4,439**	**-**	**2,339**	**-**	**3,725**	**11,479**
Net book value							
At 30 September 2022	**1,616**	**197,672**	**6,418**	**4,689**	**10,672**	**51,647**	**272,714**
At 30 September 2021	1,705	-	-	1,220	-	5,869	8,794

Note to the Financial Statements

17. Tangible fixed assets (continued)

17.1 Assets held under leases

Information about right of use assets is summarised below:

Net book value

	2022	*2021*
	£000	*£000*
Long term leasehold property	**51,109**	*5,709*
Equipment, Fixtures and fittings	**538**	*160*
	51,647	*5,869*

Depreciation charge for the period ended

	2022	*2021*
	£000	*£000*
Long term leasehold property	**1,703**	*998*
Equipment, Fixtures and fittings	**216**	*110*
	1,919	*1,108*

Additions to right-of-use assets

	2022	*2021*
	£000	*£000*
Additions to right-of-use assets	**2,902**	*353*

The details for the lease liabilities relating to the right-of-uses assets are disclosed in note 31.

17.2 Impairment losses recognised in the period

The Group has not recognised any impairment losses in the period.

Note to the Financial Statements

18. Intangible fixed assets

	Forestry Commission	Customer Database £000	Owner Contracts £000	Brands £000	Computer software £000	Total £000
Cost						
At 1 October 2021	-	23,282	129,472	41,007	12,594	206,355
Additions - internal	-	-	-	-	5,489	5,489
Acquired through business combinations	33,483	3,831	8,204	27,229	2,838	75,585
Disposals	-	-	-	-	(874)	(874)
At 30 September 2022	**33,483**	**27,113**	**137,676**	**68,236**	**20,047**	**286,555**
Accumulated amortisation and impairment						
At 1 October 2021	-	8,777	30,183	7,733	5,984	52,677
Charge for the year – owned assets	558	5,019	17,165	5,268	4,393	32,403
Disposals	-	-	-	-	(879)	(879)
At 30 September 2021	**558**	**13,796**	**47,348**	**13,001**	**9,498**	**84,201**
Net book value						
At 30 September 2022	**32,925**	**13,317**	**90,328**	**55,235**	**10,549**	**202,354**
At 30 September 2021	-	14,505	99,289	33,274	6,610	153,678

Amortisation and impairment charge

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

Note to the Financial Statements

19. Goodwill

	2022	*2021*
	£000	*£000*
Cost	**427,812**	*280,723*
Accumulated impairment	**(52,918)**	*(52,918)*
	374,894	*227,805*

	Goodwill £000
Cost	
At 1 October 2021	**280,723**
Acquired through business combinations	**147,124**
Fair value adjustment	**(35)**
At 30 September 2022	**427,812**
Impairment	
At 1 October 2021	**52,918**
Impairment	**-**
At 30 September 2022	**52,918**
Net book value	
At 30 September 2022	**374,894**
At 30 September 2021	227,805

19.1 Impairment losses recognised in the period

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

	2022	*2021*
	£000	*£000*
Sykes Cottages	**219,234**	*211,986*
New Zealand	**9,799**	*9,799*
Forest Holidays	**130,798**	-
UKCaravans4Hire	**4,667**	-
Best of Suffolk	**5,330**	*5,330*
Northumbria Coast & Country Cottages	**5,066**	-
Abersoch Quality Homes	**-**	*690*
	374,894	*227,805*

In the current year the company which formed the cash generating unit Abersoch Quality Homes has been hived up into the Sykes Cottages Ltd, therefore the Goodwill relating to this cash generating unit has been transferred into Sykes Cottages cash generating unit. Large Holiday Houses Limited and Lyme Bay Holidays Limited were acquired and subsequently hived up into the Sykes Cottages Ltd during the year, therefore their Goodwill is included in Sykes Cottages cash generating unit. The goodwill impairment for these cash generating units has been assessed through the Sykes Cottages goodwill impairment assessment.

The Group performed its annual impairment test as at 30th September 2022.

Note to the Financial Statements

19. Goodwill (continued)

19.2 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	10.5%	27%	13%	5%	2%
New Zealand	10.5%	60%	17%	5%	2%
Forest Holidays	10.5%	34%	16%	5%	2%
UKCaravans4Hire	10.5%	(66%)	91%	5%	2%
Best of Suffolk	10.5%	16%	10%	5%	2%
Northumbria Coast & Country Cottages	10.5%	24%	14%	13%	2%

The recoverable amount of the CGU as at 30th September 2022 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 four-year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjustments for anticipated revenue growth (from both businesses acquired in the year and like for like growth) and taking into consideration external economic factors.

Cash flows for the four-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 the CGU. 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.

Note to the Financial Statements

20. Subsidiaries

The Group and Company have the following investments in subsidiaries:

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership 2022	Ownership *2021*
Directly held					
Priestholm MidCo Ltd*	UK	12255081	Ordinary	100%	*100%*
Indirectly held					
Priestholm MidCo II Ltd*	UK	12255081	Ordinary	100%	*100%*
Forge Holiday Group Ltd (formerly Priestholm BidCo 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%*

Note to the Financial Statements

20. Subsidiaries (continued)

Company	Country of incorporation	Registered numbers	Class of shares held	Ownership 2022	Ownership *2021*
Indirectly held					
Manor Cottages UK Company Limited*	UK	5750184	Ordinary	100%	*100%*
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%	-
Northumbria Coast and Country Cottages Limited*	UK	3916403	Ordinary	100%	-
Lyme Bay Holidays Limited*	UK	4528647	Ordinary	100%	-
Canopy Holdco Limited*****	UK	11070222	Ordinary	100%	-
Canopy Midco Limited*****	UK	11070388	Ordinary	100%	-
Canopy Bidco Limited*****	UK	11070472	Ordinary	100%	-
Forest Holidays Group Limited*****	UK	8159281	Ordinary	100%	-
Forest Holidays Limited*****	UK	8159308	Ordinary	100%	-
FH England LLP*****	UK	OC318816	Ordinary	100%	-
Forest Holidays (Scotland) LLP******	Scotland	SO300880	Ordinary	100%	-
UKcaravans4hire.com Limited*	UK	7061010	Ordinary	100%	-
The Holiday Home Company Limited*******	NZ	8413648	Ordinary	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
******* Bachcare Limited, 7 Falcon Street, Parnell, Auckland, 1052 New Zealand

Note to the Financial Statements

21. Inventories

	2022	*2021*
	£000	*£000*
Finished goods and goods for resale	**504**	*21*
	504	*21*

22. Trade and other receivables

	2022	*2021*
	£000	*£000*
Trade receivables - gross	**5,740**	*4,973*
Allowance for expected credit losses	**(2,652)**	*(2,792)*
Trade receivables - net	**3,088**	*2,181*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**3,088**	*2,181*
Prepayments and accrued income	**3,422**	*1,581*
Other receivables	**1,032**	*899*
Corporation tax (section 455)	**888**	*-*
Total trade and other receivables	**8,430**	*4,661*
Total current portion	**(8,430)**	*(4,661)*
Total non-current portion	**-**	*-*

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

23. Derivative financial assets

	2022	*2021*
	£000	*£000*
Derivative financial assets		
Derivatives not designated as hedging instruments		
Interest rate hedge	**399**	*28*
Total derivatives not designated as hedging instruments	**399**	*28*
Total derivative financial assets	**399**	*28*
Total current portion	**(399)**	*(28)*
Total non-current portion	**-**	*-*

Note to the Financial Statements

24. Trade and other liabilities

	2022 £000	*2021 £000*
Trade payables	**36,729**	*48,864*
Other payables	**7,138**	*14,368*
Accruals	**15,239**	*9,150*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**59,106**	*72,382*
Other payables - tax and social security payments	**4,893**	*4,942*
Corporation tax	**1,996**	*828*
Total trade and other liabilities	**65,995**	*78,152*
Less: current portion - trade payables	**(36,729)**	*(48,864)*
Less: current portion - other payables	**(12,031)**	*(19,310)*
Less: current portion - accruals	**(15,239)**	*(9,150)*
Less: current portion – corporation tax	**(1,996)**	*(828)*
Total current portion	**(65,995)**	*(78,152)*
Total non-current portion	**-**	*-*

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

25. Contract liabilities

	2022 £000	*2021 £000*
Balance at 1 October	**674**	*809*
Deferred during the year	**30,372**	*1,095*
Recognised as revenue during the year	**(33,442)**	*(1,230)*
Changes due to business combinations	**15,009**	*-*
Balance at 30 September	**12,613**	*674*

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.

Note to the Financial Statements

25. Contract liabilities (continued)

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.

26. Loans and borrowings

	2022	*2021*
	£000	*£000*
Non-current		
Bank loans	**550,000**	*213,304*
Capitalised arrangement fee	**(18,221)**	*(3,080)*
Preference shares	**368,030**	*326,444*
Lease liabilities	**61,538**	*6,408*
	961,347	*543,076*
Current		
Bank loans	**51,691**	*19,271*
Lease liabilities	**7,255**	*969*
	58,946	*20,240*
Total loans and borrowings	**1,020,293**	*563,316*

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:

	2022	*2021*
	£000	*£000*
GBP	**1,019,148**	*562,115*
NZD	**1,145**	*1,201*
	1,020,293	*563,316*

Note to the Financial Statements

26. Loans and borrowings (continued)

Terms and debt repayment schedule

	Nominal Interest rate	Year of maturity	2022 Fair Value £000	2022 Carrying value £000	*2021 Fair Value £000*	*2021 Carrying value £000*
Bridgepoint	Libor+7%	2026	**-**	**-**	*190,704*	*196,084*
NatWest	Libor+3%	2026	**-**	**-**	*22,600*	*22,850*
NatWest RCF	Libor+3%	2026	**-**	**-**	*13,580*	*13,641*
Ares Facility B	Sonia+7%	2028	**432,000**	**448,391**	-	-
Ares PIK Facility	Sonia+10.5%	2029	**118,000**	**124,098**	-	-
NatWest RCF	Sonia+2.75%	2027	**28,354**	**29,202**	-	-
Preference shares	11%		**275,119**	**371,445**	*269,961*	*329,860*
			853,473	**973,136**	*496,845*	*562,435*

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

Bridgepoint
On 27th April 2022 the Bridgepoint loan was repaid as part of the refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group).

NatWest
On 27th April 2022 the NatWest loan was repaid as part of the refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group).

Ares Facility B
On the 27th 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 30th September 2022 is £15,822,000 relating to accrued interest and £569,000 relating to accrued facility fee for the Committed Acquisition Facility.

Ares PIK Facility
On the 27th 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). Also included in the fair value of Ares PIK Facility at 30th September 2022 is £6,098,000 relating to accrued interest.

NatWest RCF
On 27th April 2022 the NatWest RCF was repaid as part of the refinancing of the Forge Holiday Group due to the acquisition of Canopy HoldCo Limited (Forest Holidays Group).

On the 3rd August 2022, £28,354,000 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 30th September 2022 is £848,000 relating to accrued interest.

Note to the Financial Statements

26. Loans and borrowings (continued)

Changes in liabilities arising from financing activities

2022

	1st October 2021 £000	Repayment of loans and borrowings £000	Proceeds from loans and borrowings	Preference share issue	Capitalised arrangement fee £000	New leases £000	Other £000	30th September 2022 £000
Current								
Bank loans	19,271	(20,592)	28,354	-	-	-	24,658	51,691
Lease liabilities	969	-	-	-	-	-	6,286	7,255
Non-current								
Bank loans	210,224	(213,304)	550,000	-	(19,500)	-	4,359	531,779
Lease liabilities	6,408	-	-	-	-	60,431	(5,301)	61,538
Preference shares	326,444	-	-	5,158	-	-	36,428	368,030
	563,316	(233,896)	578,354	5,158	(19,500)	60,431	66,430	1,020,293

2021

	1st October 2020 £000	Proceeds from loans and borrowings £000	Preference shares buy back £000	Capitalised arrangement fee £000	New leases £000	Other £000	30th September 2021 £000
Current							
Bank loans	20,395	-	-	-	-	(1,124)	19,271
Lease liabilities	765	-	-	-	260	(56)	969
Non-current							
Bank loans	193,524	11,775	-	(275)	-	5,200	210,224
Lease liabilities	7,151	-	-	-	1,104	(1,847)	6,408
Preference shares	296,687	-	(2,763)	-	-	32,520	326,444
	518,522	11,775	(2,763)	(275)	1,364	34,693	563,316

Note to the Financial Statements

27. Contingent consideration

	2022 £000	*2021 £000*
Non-current		
Contingent consideration	**721**	*-*
	721	*-*
Current		
Contingent consideration	**512**	*-*
	512	*-*
Total contingent consideration	**1,233**	*-*

As part of the purchase agreement of UKCaravans4Hire.Com Limited, a contingent consideration has been agreed. There will be additional cash payments to the previous owner of UKCaravans4Hire.com Limited of £2,000,000 if future performance targets are met.

As at the acquisition date, the fair value of the contingent consideration was estimated to be £1,233,000.

As at 30 September 2022, the key performance indicators of UKCaravans4Hire.Com Limited, show that it is highly probable that the target will be achieved. The fair value is determined using a DCF method. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

	£000
As at 1 October 2021	**-**
Liability arising on business combination	**1,233**
As at 30 September 2022	**1,233**

28. Share Capital

Authorised

	2022 Number	2022 £000	*2021 Number*	*2021 £000*
Shares treated as equity				
Ordinary shares A shares of £0.01 each	**3,487,445**	**35**	*3,487,445*	*35*
Ordinary shares B shares of £0.01 each	**308,726**	**3**	*237,555*	*2*
Ordinary shares C1 shares of £0.01 each	**669,380**	**6**	*749,070*	*7*
Ordinary shares C2 shares of £0.01 each	**462,197**	**4**	*525,930*	*5*
Ordinary shares C3 shares of £0.01 each	**77,677**	**1**	*-*	*-*
Ordinary shares C4 shares of £0.01 each	**267,702**	**3**	*-*	*-*
Ordinary shares C shares of £0.01 each	**64,145**	**1**	*-*	*-*
	5,337,272	**53**	*5,000,000*	*49*

Note to the Financial Statements

28. Share Capital (continued)

Issued and fully paid

	2022		2021	
	Number	**£000**	*Number*	*£000*
Shares treated as equity				
Ordinary shares A shares of £0.01 each	**3,487,445**	**35**	*3,487,445*	*35*
Ordinary shares B shares of £0.01 each	**308,726**	**3**	*237,555*	*2*
Ordinary shares C1 shares of £0.01 each	**669,380**	**6**	*749,070*	*7*
Ordinary shares C2 shares of £0.01 each	**462,197**	**5**	*302,817*	*3*
Ordinary shares C3 shares of £0.01 each	**77,677**	**1**	-	-
Ordinary shares C4 shares of £0.01 each	**254,316**	**3**	-	-
	5,259,741	**53**	*4,776,887*	*47*

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.

Shares held by Sykes Employee Benefit Trust

	2022		2021	
	Number	**£000**	*Number*	*£000*
Shares treated as equity				
Ordinary shares B shares of £0.01 each	**29,823**	**-**	*44,522*	*1*
Ordinary shares C1 shares of £0.01 each	**-**	**-**	*79,690*	*1*
Ordinary shares C2 shares of £0.01 each	**-**	**-**	-	-
Share premium	**-**	**29**	-	*130*
	29,823	**29**	*124,212*	*132*

In the current year the C1 shares held by the Sykes Employee Benefit Trust were cancelled and reissued as C3 and C4 ordinary shares and sold to employees of the Forest Holidays Group. Also B ordinary shares held by Sykes Employee Benefit Trust were sold to an employee of UKCaravans4Hire.Com Limited. In the prior year the Sykes Employee Benefit Trust sold the ordinary C2 shares for £31,869 to employees of Sykes Cottages Group.

29. Reserves

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in ‘share premium’.

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.

Note to the Financial Statements

30. Employee benefits

Defined contribution plans

The group operates a number of defined contribution plans.

The total expense relating to these plans in the current period was £2,406,000 (2021: £1,532,000).

31. Leases

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:

	2022 £000	*2021* *£000*
Contractual undiscounted cash flows due		
Not later than one year	**7,255**	*969*
Between one year and five years	**23,183**	*3,896*
Later than five years	**38,355**	*2,512*
	68,793	*7,377*
Lease liabilities included in the Consolidated statement of financial position at 30 September	**68,793**	*7,377*
Non-current	**61,538**	*6,408*
Current	**7,255**	*969*

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

	2022 £000	*2021* *£000*
Interest expense on lease liabilities	**3,253**	*612*
Expenses relating to short-term leases	**5**	*-*

The details for the right of use assets relating to the lease liabilities above are disclosed in note 17.

Note to the Financial Statements

31. Leases (continued)

ii. 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.

	2022	*2021*
	£000	*£000*
Not later than one year	**29**	*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	**48**	*97*
	173	*217*

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

	2022	*2021*
	£000	*£000*
Lease income	**32**	*20*

32. Financial instruments - fair values and risk management

32.1 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

32. Financial instruments - fair values and risk management

32.1 Accounting classifications and fair values

		2022 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 measured at fair value								
Interest rate hedge	23	399	-	399	-	399	-	399
		399	-	399				
Financial assets not measured at fair value								
Trade and other receivables	22	-	8,430	8,430	-	-	8,430	8,430
Cash and cash equivalents	35	110,652	-	110,652	-	-	110,652	110,652
		110,652	8,430	119,082				
Financial liabilities not measured at fair value								
Bank loans	26	-	(601,691)	(601,691)	-	-	(578,354)	(578,354)
Preference shares	26	-	(368,030)	(368,030)	-	-	(271,704)	(271,704)
Financial lease liabilities	31	-	(68,793)	(68,793)	-	-	(68,793)	(68,793)
Contract liabilities	25	-	(12,613)	(12,613)	-	-	(12,613)	(12,613)
Trade payables	24	-	(65,995)	(65,995)	-	-	(65,995)	(65,995)
Deferred consideration	27	-	(1,233)	(1,233)	-	-	(1,233)	(1,233)
		-	(1,118,355)	(1,118,355)				

Note to the Financial Statements

32. Financial instruments - fair values and risk management

32.1 Accounting classifications and fair values

		2021 Carrying amount			Fair value			
30 September 2021	**Note**	**Mandatorily at FVTPL - others £000**	**Amortised cost £000**	**Total £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets measured at fair value								
Interest rate hedge	23	28	-	28	-	28	-	28
		28	-	28				
Financial assets not measured at fair value								
Trade and other receivables	22	-	4,661	4,661	-	-	4,661	4,661
Cash and cash equivalents	35	120,788	-	120,788	-	-	120,788	120,788
		120,788	4,661	125,449				
Financial liabilities not measured at fair value								
Bank loans	26	-	(232,575)	(232,575)	-	-	(226,884)	(226,884)
Preference shares	26	-	(326,444)	(326,444)	-	-	(266,546)	(266,546)
Financial lease liabilities	31	-	(7,377)	(7,377)	-	-	(7,377)	(7,377)
Contract liabilities	25	-	(674)	(674)			(674)	(674)
Trade payables	24	-	(78,152)	(78,152)	-	-	(78,152)	(78,152)
Deferred consideration	27	-	-	-	-	-	-	-
		-	(645,222)	(645,222)				

Note to the Financial Statements

32. Financial instruments - fair values and risk management

32.2 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.

32.3 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.

32.4 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:

	2022		*2021*	
	Liabilities £000	**Assets £000**	*Liabilities £000*	*Assets £000*
New Zealand Dollar	**(8,158)**	**7,380**	*(7,542)*	*6,427*
	(8,158)	**7,380**	*(7,542)*	*6,427*

Note to the Financial Statements

32. Financial instruments - fair values and risk management

32.4 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.

Foreign currency sensitivity analysis (continued)

	New Zealand Dollar impact	
	2022	*2021*
	£000	*£000*
Profit or loss	**24**	*(55)*
Equity	**(87)**	*(121)*

32.5 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

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

32.5 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.

	2022	*2021*
	£000	*£000*
Increase	**(4,341)**	*(1,282)*
Decrease	**3,946**	*1,166*

Interest rate risk

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

	2022	*2021*
	£000	*£000*
Financial liabilities - fixed rate	**337,363**	*299,285*
Financial liabilities - variable rate	**578,354**	*226,884*
	915,717	*526,169*

33. 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.

33.1 Compensation of key management personnel

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

	2022	*2021*
	£000	*£000*
Short term benefits	**1,436**	*1,574*
Post-employment benefits	**33**	*26*
	1,469	*1,600*

Note to the Financial Statements

33. Related parties

33.2 Other related party transactions

Other related party transactions are as follows:

		2022	*2021*
		£000	*£000*
Related party relationship	**Type of transaction**	**Balance owed**	*Balance owed*
Peter Anderson	Preference shares	**235**	-
Rebecca Belk	Preference shares	**54**	-
Andrew Brook	Preference shares	**81**	-
Graham Donoghue	Preference shares	**8,892**	*8,013*
Beverley Dumbleton	Preference shares	**1,199**	*1,080*
Michael Steven Graham	Preference shares	**5,068**	*4,567*
Andrew Heath	Preference shares	**486**	-
Bruce Mckendrick	Preference shares	**3,240**	-
Kate Mitchell	Preference shares	**65**	-
Matthew Prescott	Preference shares	**307**	*276*
Alex Priestley	Preference shares	**753**	-
Alex Roberts	Preference shares	**486**	-
James Shaw	Preference shares	**1,822**	*1,642*
		22,688	*15,578*

In the current year preference shares were issued to management of Canopy HoldCo Limited (Forest Holidays Group) as part of the acquisition as they invested in the Forge Holiday Group.

34. Business combinations during the period

34.1 Subsidiaries acquired

The Group has acquired 100% of the ordinary share capital of the following companies during the year:

- Northumbria Coast and Country Cottages Limited (NCCC) 10th November 2021
- Large Holiday Houses Limited (LHH) 3rd December 2021
- Lyme Bay Holidays Limited (LBH) 28th February 2022
- Canopy Holdco Limited (Forest Holidays) 27th April 2022
- UKcaravans4hire Limited (UKcaravans4hire) 8th June 2022

Note to the Financial Statements

34. Business combinations during the period (continued)

34.1 Subsidiaries acquired (continued)

Name	Principal activity	Proportion of voting equity interests acquired	Consideration transferred
		%	£000
Northumbria Coast and Country Cottages Limited (NCCC)	Providing an agency service, marketing and selling holiday cottages, which are located in the UK	100	8,945
Large Holiday Houses Limited (LHH)	Providing an agency service, marketing and selling holiday cottages, which are located in the UK	100	3,411
Lyme Bay Holidays Limited (LBH)	Providing an agency service, marketing and selling holiday cottages, which are located in the UK	100	8,910
Canopy Holdco Limited (Forest Holidays)	Develop and operate short-term holiday lets of eco-cabin sites in the UK's stunning forests	100	174,827
UKCaravans4Hire Limited (UKCaravans4Hire)	Providing an agency service, marketing and selling static caravan holidays, which are located in the UK	100	7,307
			203,400

34.2 Consideration transferred

	NCCC	LHH	LBH	Forest Holidays	UKCaravans4Hire	Total
	£000	£000	£000	£000	£000	£000
Cash	8,945	3,411	8,910	174,827	5,307	201,400
Deferred consideration	-	-	-	-	2,000	2,000
	8,945	3,411	8,910	174,827	7,307	203,400

Note to the Financial Statements

34. Business combinations during the period

34.3 Assets acquired and liabilities recognised at the date of acquisition

NCCC

	Book Value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible fixed assets	79	-	79
Intangible fixed assets	-	4,287	4,287
Goodwill	-	-	-
	79	4,287	4,366
Current assets			
Inventories	-	-	-
Trade and other receivables	5	-	5
Derivative financial assets	-	-	-
Cash and cash equivalents	2,570	-	2,570
	2,575	-	2,575
Current liabilities			
Trade and other liabilities	(1,929)	-	(1,929)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(1,929)	-	(1,929)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	(53)	-	(53)
Loans and borrowings	-	-	-
Deferred tax liabilities	(8)	(1,072)	(1,080)
Net assets	664	3,215	3,879
Goodwill			5,066
Total purchase consideration			8,945

The net assets recognised in the 30th September 2022 financial statements are based on an estimated assessment of their fair value, this will continue to be reviewed within the 12-month post-acquisition measurement period and therefore remains provisional at the date of the approval of the financial statements. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Note to the Financial Statements

34. Business combinations during the period

34.3 Assets acquired and liabilities recognised at the date of acquisition

LHH

	Book Value	Fair value adjustment	Fair value
	£000	£000	£000
Fixed assets			
Tangible fixed assets	31	-	31
Intangible fixed assets	-	1,425	1,425
Goodwill	-	-	-
	31	1,425	1,456
Current assets			
Inventories	-	-	-
Trade and other receivables	22	-	22
Derivative financial assets	-	-	-
Cash and cash equivalents	502	-	502
	524	-	524
Current liabilities			
Trade and other liabilities	(114)	-	(114)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(114)	-	(114)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	(3)	-	(3)
Loans and borrowings	-	-	-
Deferred tax liabilities	(3)	(356)	(359)
Net assets	435	1,069	1,504
Goodwill			1,907
Total purchase consideration			3,411

The net assets recognised in the 30th September 2022 financial statements are based on an estimated assessment of their fair value, this will continue to be reviewed within the 12-month post-acquisition measurement period and therefore remains provisional at the date of the approval of the financial statements. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Note to the Financial Statements

34. Business combinations during the period

34.3 Assets acquired and liabilities recognised at the date of acquisition

LBH

	Book Value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Investments	12	-	12
Tangible fixed assets	217	-	217
Intangible fixed assets	-	3,867	3,867
Goodwill	-	-	-
	229	3,867	4,096
Current assets			
Inventories	-	-	-
Trade and other receivables	1,242	-	1,242
Derivative financial assets	-	-	-
Cash and cash equivalents	2,135	-	2,135
	3,377	-	3,377
Current liabilities			
Trade and other liabilities	(2,103)	-	(2,103)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(2,103)	-	(2,103)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	(165)	-	(165)
Loans and borrowings	-	-	-
Deferred tax liabilities	(14)	(967)	(981)
Net assets	1,324	2,900	4,224
Goodwill			4,686
Total purchase consideration			8,910

The net assets recognised in the 30th September 2022 financial statements are based on an estimated assessment of their fair value, this will continue to be reviewed within the 12-month post-acquisition measurement period and therefore remains provisional at the date of the approval of the financial statements. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Note to the Financial Statements

34. Business combinations during the period

34.3 Assets acquired and liabilities recognised at the date of acquisition

Forest Holidays

	Book Value	Fair value adjustment	Fair value
	£000	£000	£000
Fixed assets			
Tangible fixed assets	260,233	-	260,233
Intangible fixed assets	14,526	49,290	63,816
Goodwill	30,405	(30,405)	-
	305,164	18,885	324,049
Current assets			
Inventories	445	-	445
Trade and other receivables	2,557	-	2,557
Derivative financial assets	-	-	-
Cash and cash equivalents	15,227	-	15,227
	18,229	-	18,229
Current liabilities			
Trade and other liabilities	(26,850)	-	(26,850)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(26,850)	-	(26,850)
Non-current liabilities	-	-	-
Trade and other liabilities	-	-	-
Lease liabilities	(59,252)	-	(59,252)
Loans and borrowings	(160,089)	-	(160,089)
Deferred tax liabilities	(36,789)	(15,269)	(52,058)
Net assets	40,413	3,616	44,029
Goodwill			130,798
Total purchase consideration			174,827

The net assets recognised in the 30th September 2022 financial statements are based on an estimated assessment of their fair value, this will continue to be reviewed within the 12-month post-acquisition measurement period and therefore remains provisional at the date of the approval of the financial statements. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Goodwill has not been separated from the completed sites within tangible fixed assets as it is intrinsically linked in the valuation of the completed sites.

Note to the Financial Statements

34. Business combinations during the period

34.3 Assets acquired and liabilities recognised at the date of acquisition

UKCaravans4Hire

	Book Value	Fair value adjustment	Fair value
	£000	£000	£000
Fixed assets			
Tangible fixed assets	9	-	9
Intangible fixed assets	-	2,190	2,190
Goodwill	-	-	-
	9	2,190	2,199
Current assets			
Inventories	-	-	-
Trade and other receivables	-	-	-
Derivative financial assets	-	-	-
Cash and cash equivalents	2,102	-	2,102
	2,102	-	2,102
Current liabilities			
Trade and other liabilities	(1,878)	-	(1,878)
Contract liabilities	-	-	-
Loans and borrowings	-	-	-
	(1,878)	-	(1,878)
Non-current liabilities			
Trade and other liabilities	-	-	-
Lease liabilities	-	-	-
Loans and borrowings	-	-	-
Deferred tax liabilities	(3)	(547)	(550)
Net assets	230	1,643	1,873
Goodwill			4,667
Fair Value of purchase consideration			6,540

The net assets recognised in the 30th September 2022 financial statements are based on an estimated assessment of their fair value, this will continue to be reviewed within the 12-month post-acquisition measurement period and therefore remains provisional at the date of the approval of the financial statements. The Group obtained an independent valuation for the fair value of Goodwill and Other intangibles.

Note to the Financial Statements

34. Business combinations during the period

34.4 Cash flow on acquisitions

	NCCC	LHH	LBH	Forest Holidays	UKCaravans4Hire	Total
	£000	£000	£000	£000	£000	£000
Net cash acquired with the subsidiary	2,570	502	2,135	15,227	2,102	22,536
Cash paid	(8,945)	(3,411)	(8,910)	(174,827)	(5,307)	(201,400)
Settlement of debt instruments	-	-	-	(158,704)	-	(158,704)
	(6,375)	(2,909)	(6,775)	(318,304)	(3,205)	(337,568)

35. Notes supporting statement of cash flows

	2022	*2021*
	£000	*£000*
Cash at bank available on demand	**110,652**	*120,788*
Cash and cash equivalents in the statement of financial position	**110,652**	*120,788*
Cash and cash equivalents in the statement of cash flows	**110,652**	*120,788*

36. Contingent liabilities

Sykes Cottages Ltd, an indirect wholly owned subsidiary, previously offered customers travel insurance provided by UK General Insurance ('UKGI'). Following a thematic review by the FCA, UKGI have refunded customers for the potential miss selling of their insurance policies by Sykes Cottages Ltd as an Appointed representative (Amongst other appointed representatives also under review). The current likelihood of a subsequent material liability for Sykes Cottages is possible rather than probable, with UKGI requesting a contribution from Sykes Cottages Ltd, for which no liability is accepted.

37. Capital commitments

During the year ended 30 September 2022, the Group had entered into contracts to purchase property, plant and equipment of £9,855,000 (2021: £nil).

38. Controlling party

At the year ended 30th September 2022, Priestholm TopCo Ltd is a subsidiary undertaking of which was Vitruvian Partners LLP which is the Ultimate Controlling Party incorporated in the United Kingdom.

This is the largest and smallest group in which the results of the Company are consolidated. No other group financial statements include the results of the Company. The consolidated financial statements of Priestholm TopCo Ltd may be obtained from 2nd Floor One The Esplanade, St.Helier, Jersey, JE2 3QA.

39. Events after the reporting date

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