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SAMPLE FEASIBILITY STUDY · ILLUSTRATIVE EXAMPLE — FICTIONAL BUSINESS

Larkhanger Farm Cabins

Six eco-cabins with private hot tubs on a family farm on the North Downs near Dorking, Surrey: demand, planning, costs, returns and recommendation

Contents

1. Executive summary and recommendation
2. The proposal and the site
3. The UK glamping market
4. Local demand and competition
5. Planning, licensing and tax
6. Operating model and revenue
7. Capital cost and funding
8. Financial projections
9. Investment appraisal and sensitivity
10. Risks, conditions and next steps

Appendix: assumptions and sources

Prepared by Gregory Analytics for the partners of Larkhanger Farm (fictional) · October 2026

Illustrative example — fictional business. Larkhanger Farm, Larkhanger Cabins Ltd and the family are invented, and the costs and forecasts are made up to show the format and depth of a feasibility study. The market evidence, planning rules, tax rules and benchmarks quoted are real and sourced as at October 2026.

1. Executive summary and recommendation

The partners of Larkhanger Farm, a 260-acre mixed farm on the dip slope of the North Downs, have asked whether six off-site-built eco-cabins with private wood-fired hot tubs, a small amenity hut and parking on a 2.5-acre paddock would make a sound diversification, and how it should be funded. This study tests demand, planning, cost and returns, and sets out the conditions for going ahead.

£634k
Total capital cost including 10% contingency and pre-opening

£123k
Year 3 EBITDA (41% of revenue of £299k)

10.6%
Project IRR over ten years (NPV £19k at 10%)

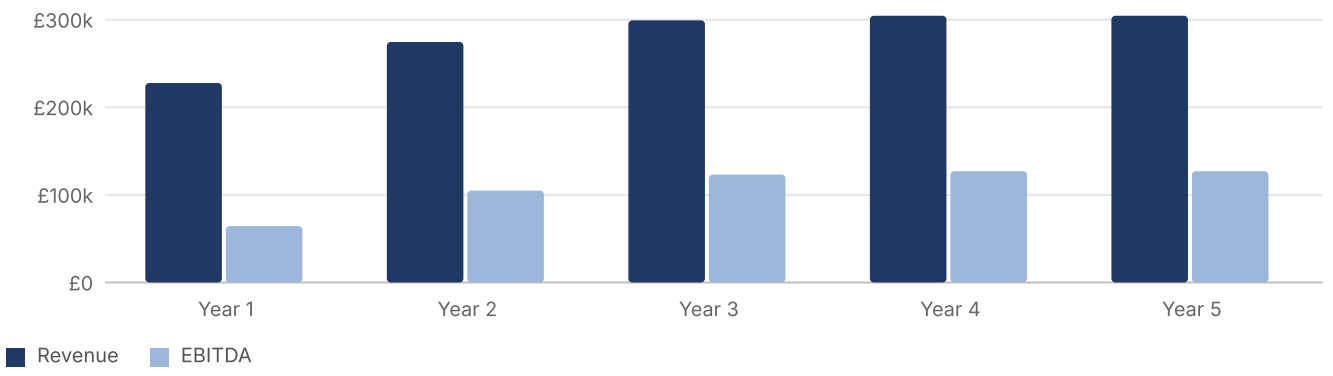
6.8 years
Simple payback; lowest debt cover 2.01x in years 1–5

FINDINGS

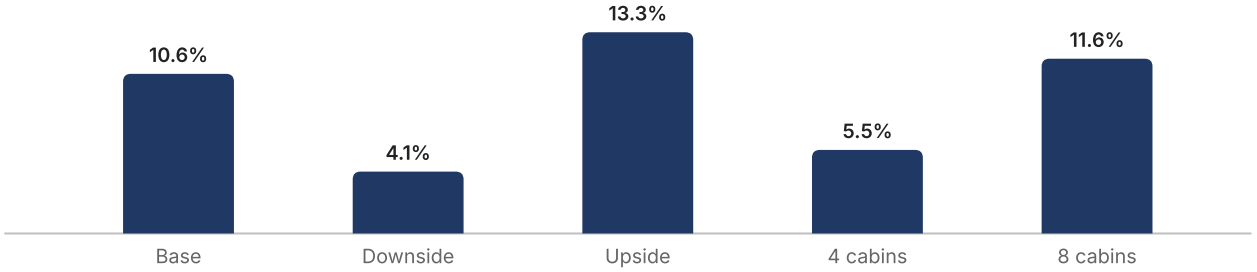
- **Demand is real and the guest is affluent.** 60% of UK adults have been glamping or plan to, and 72% say they would pay more for a private hot tub (Glampingstays Glamping Trends Report 2026). Bookers are mostly aged 25–44 and about 60% are women (Canopy & Stars Market Report 2026). The site is under an hour from south-west London.
- **Local supply is mostly single shepherd's huts.** Listed rates near Dorking, Guildford and Godalming run from about £80 to £225 a night. A six-cabin site with en-suite cabins and private hot tubs would be one of the larger quality sites in the Surrey Hills, but its £175–£265 rates sit at the top of the local range and must be proved.
- **The project is bankable and clears the owners' hurdle.** At occupancy rising from 48% in year 1 to 64% in year 3, the project returns 10.6% against a 10% hurdle, with debt cover above 2x from year 2. Occupancy and nightly rates are the decisive variables.
- **Planning is the gating risk.** Permanent cabins and hot tubs need full planning permission and a caravan site licence: the 60-day temporary campsite right (Class BC) does not cover them. The farm is in the Green Belt and in an area Natural England has proposed adding to the Surrey Hills National Landscape, so landscape, dark skies and traffic will decide the application.

Recommendation: proceed to Stage 2, but do not order cabins yet. Stage 2 (about £16,000 and five months) should (1) run a 60-day bell-tent pop-up under Class BC in summer 2027 to test price and demand, with a target of 55% occupancy at £120 a night; (2) obtain pre-application advice from Mole Valley District Council with a landscape and visual appraisal; (3) get two fixed-price cabin quotes and an electricity connection offer to bring the capital cost below £634k; and (4) obtain indicative loan terms. Go ahead only if all four come back positive; otherwise consider four cabins (Option B).

REVENUE AND EBITDA, YEARS 1 TO 5 (BASE CASE)



PROJECT IRR BY SCENARIO



2. The proposal and the site

THE SITE

Larkhanger Farm (fictional) is a family farm of 260 acres of arable land, grazing and ancient woodland, run by two generations of the family as a partnership. The proposed site is a sheltered 2.5-acre paddock on the edge of a beech hanger, 400 metres from the farmyard along an existing concrete farm track. It has views south across the Mole Valley, is not overlooked by neighbours, and lies outside flood zones. A three-phase electricity supply reaches the farmyard; water is from the mains; there is no foul sewer, so a package treatment plant is needed.

WHY THE FARM IS DIVERSIFYING

Basic Payment Scheme payments have been phased out in England, and the family wants an income that uses the woodland setting without taking productive land out of farming. One family member will run the site, with a part-time host for changeovers and guest contact.

THE PROPOSAL

- Six 30 m² off-site-built timber cabins, each with a double bedroom, shower room, kitchenette and wood-burner, on ground screws with no concrete bases.
- A private wood-fired hot tub and deck for each cabin, screened from the others.
- An amenity hut with reception, a laundry, two showers and WCs, and a store.
- Twelve parking spaces near the farmyard, with guests walking or using a buggy to the cabins; low-level, dark-sky compliant lighting.
- Extras: breakfast hampers using farm produce, firewood, dog stays and farm walks.

TIMELINE

Stage 2 pop-up and pre-application: April to September 2027. Planning application: October 2027, decision by March 2028. Works: April to July 2028. Opening: August 2028, catching the end of the summer peak.

OPTIONS CONSIDERED

	Option A (base)	Option B	Option C
Cabins	6 with hot tubs	4 with hot tubs	8 with hot tubs
Site area	2.5 acres	1.8 acres	3.5 acres
Capital cost	£634k	£472k	£799k
Planning	Full permission and site licence	Full permission and site licence	Full permission; larger landscape impact
Year 3 EBITDA	£123k	£64k	£167k
Project IRR	10.6%	5.5%	11.6%

Option A is carried forward as the base case. Option B reduces the planning and landscape risk but spreads the fixed costs (site host, utilities connection, amenity hut, treatment plant) over fewer cabins. Option C earns the most on paper, but eight cabins on the edge of the National Landscape is a harder planning case and adds supply to a market that has not yet been tested.

WHAT EACH CABIN OFFERS, COMPARED WITH A TYPICAL LOCAL SHEPHERD'S HUT

Feature	Larkhanger cabin	Typical local hut	Why it matters
Size	30 m², separate bedroom	10–15 m², one room	Comfortable for two or three nights, not just one
Bathroom	En-suite shower room	Often a separate shower block or compost WC	Bedding and bathrooms are top guest priorities
Hot tub	Private wood-fired tub on a screened deck	Rare locally (three of twelve listed)	72% of guests would pay more for one
Heating	Wood-burner and underfloor heating	Wood-burner	Makes winter stays bookable
Kitchen	Kitchenette with hob and fridge	Basic or none	Supports longer stays and fewer meals out
Dogs	Two cabins dog-friendly, fenced deck	Varies	About 18% of bookings bring a dog
Access	Walk or buggy from parking; no cars at cabins	Usually park alongside	Quieter site and a stronger planning case

PHASING

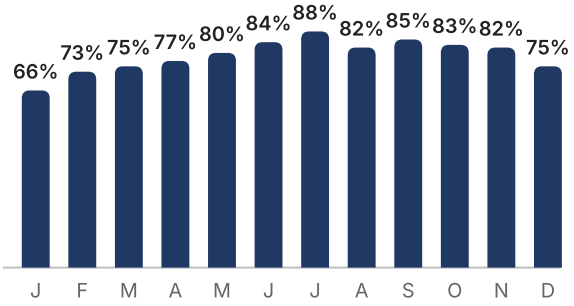
The cabins arrive complete and are craned onto ground screws, so all six can be installed in one summer. If the Stage 2 results are mixed, the site can be designed for six but built for four, with the services sized for six so that two more can be added later without new groundworks. That keeps Option B open without paying twice for infrastructure.

3. The UK glamping market

Glamping has moved from a niche to a mainstream short-break choice. Consumer research for Glampingstays in 2026 found that 60% of UK adults have been glamping or plan to, rising to more than three-quarters of under-40s. Demand is concentrated in couples' breaks: between 65% and 82% of bookings, depending on the season, include no children. Guests pay for comfort: 72% would pay more for a private hot tub, 76% for hotel-quality bedding and 72% for a wood-burner.

The market is also becoming more competitive and more last-minute. Over 30% of first-quarter stays are booked less than two weeks ahead, which rewards sites with good listings, instant booking and flexible pricing. The larger platforms (Canopy & Stars, Glampingstays, Pitchup, Hipcamp, Airbnb) take commission of roughly 12–20%, so direct bookings matter to margins.

SEASONALITY: ENGLAND HOTEL ROOM OCCUPANCY BY MONTH, 2025



VisitEngland England Occupancy Survey (May 2026 report). No official survey of glamping occupancy is published, so hotel occupancy is shown for the seasonal shape only. Glamping sites are more seasonal than hotels; this study assumes much lower winter occupancy (section 6).

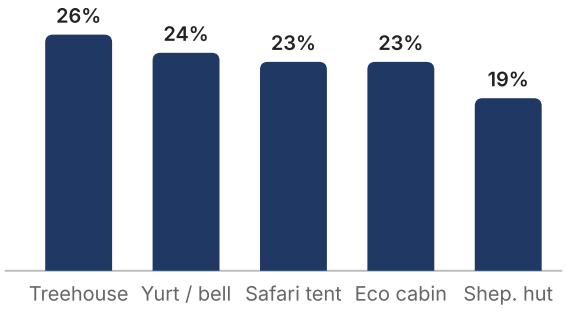
DEMAND INDICATORS

Indicator	Figure	Source
UK adults who have glamped or plan to	60% (81% of Gen Z, 76% of millennials)	Glampingstays Glamping Trends Report 2026 (1,502 adults)
Would pay more for a private hot tub	72%	Glampingstays, 2026
Interest in eco or off-grid cabins	23% (treehouses 26%, shepherd's huts 19%)	Glampingstays, 2026
Bookings with no children	65–82%, by season	Glampingstays, 2026
Q1 stays booked under 14 days ahead	Over 30%	Glampingstays, 2026
Guest profile	Mostly 25–44; about 60% of bookers female; 18% bring a dog; 13% bring children	Canopy & Stars Glamping Market Report 2026
UK glamping market forecast	£350–£380 million by 2032	Polaris, cited by Glampingstays, 2026
Hotel room occupancy, South East England	81% in May 2026 (80% in May 2025)	VisitEngland England Occupancy Survey, May 2026

WHAT THIS MEANS FOR LARKHANGER FARM

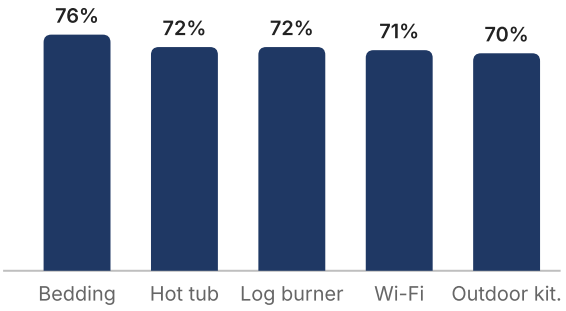
- The target guest is a couple from London or the Surrey towns, booking a one- or two-night break, often at short notice, and willing to pay for a hot tub and good bedding.
- Winter is the weak season. Hot tubs and wood-burners are what make cabins bookable from November to March, so they are essential rather than optional.
- Commission is a real cost: the projections assume 40% of bookings come through platforms at 15% commission and 60% direct.

INTEREST BY TYPE OF GLAMPING STAY



Share of UK adults interested in each type. Glampingstays Glamping Trends Report 2026.

WHAT GUESTS WOULD PAY MORE FOR



Share of UK adults who would pay more for each amenity. Glampingstays, 2026. The proposal includes the top three.

4. Local demand and competition

GLAMPING WITHIN ABOUT 30 MINUTES OF THE SITE

Site	Near	Units and type	Hot tub	Listed price per night	Source
Surrey Hills Yurts	Westcott, Dorking	5 yurts	No	From £100 (2 people)	Hipcamp; Faraway Lucy guide
Restful Hideaway	Dorking	1 shepherd's hut	Wood-fired bath	From £125 (2)	Faraway Lucy guide
Writer's Retreat Shepherds Hut	Dorking	1 shepherd's hut	No	From £131 (2)	Faraway Lucy guide
Shepherds Rest	Leatherhead	1 shepherd's hut	No	From £80 (2)	Faraway Lucy guide
Lockhurst Hatch Farm Glamping	Shere	1 shepherd's hut	n/k	n/k	Hipcamp
Hurtwood Hideout	Dorking	Bell tent	No	n/k	Hipcamp
Heath Hall Farm	Godalming	Shepherd's hut and arc	Yes	From £110 (2); £137.50 (4)	Faraway Lucy guide
Shepherds Hut with Hot Tub	Caterham	1 shepherd's hut	Yes	From £139 (2)	Faraway Lucy guide
Little Cowdray Farm	Haslemere	Shepherd's hut	Yes	From £92 (2)	Faraway Lucy guide
The Merry Harriers	Godalming	Shepherd's huts at a pub	No	From £225 (2)	Faraway Lucy guide
Surrey Hills Glamping (Willinghurst)	Guildford	Woodland canvas tents	No	n/k	Pitchup
YHA Holmbury St Mary	Holmbury St Mary	Landpods	No	n/k	Faraway Lucy guide

Listed prices are "from" rates in the Faraway Lucy guide to Surrey glamping; unit counts are from Hipcamp (October 2026). Pitchup listed only three bookable glamping holidays in Surrey in October 2026, and 12 sites within 15 miles of Ockley.

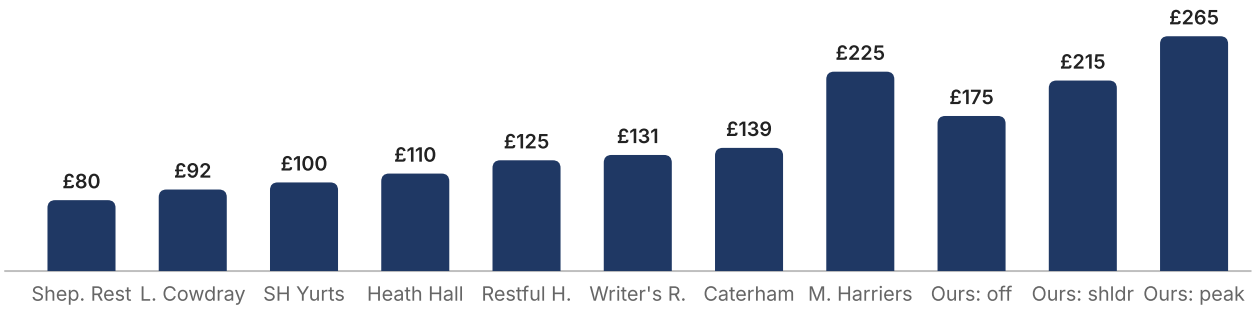
CATCHMENT

The site is under an hour's drive from south-west London and about 30 minutes from Guildford, Reigate and Epsom. Greater London has around 9 million residents, and Mole Valley alone had 88,808 residents at mid-2025 (ONS). The Surrey Hills draw day visitors for walking, cycling and vineyards; Box Hill, Leith Hill and Denbies Wine Estate are within 15 minutes. Dorking and Westhumble stations give car-free access, which suits the dark-sky, low-traffic case the planning application needs to make.

POSITIONING

- **Product:** en-suite cabins with private hot tubs and wood-burners, which most local huts do not offer, aimed at couples' breaks all year round.
- **Price:** £175 off-peak, £215 shoulder and £265 peak (including VAT), against local listed rates of £80–£225. That is a premium of roughly 20–40%, justified only if the product and photography are clearly better.
- **Channels:** Canopy & Stars and Glampingstays for reach in year 1, moving guests to direct booking with repeat-stay offers.

LISTED LOCAL PRICES AGAINST THE PROPOSED RATES (PER NIGHT FOR TWO, INCLUDING VAT)



Local figures are listed "from" rates (Faraway Lucy guide). The last three bars are Larkhanger's proposed rates.

Pricing risk. The local market is made up mostly of single huts at £80–£140, and the base case depends on achieving an average of about £191 a night excluding VAT. A 10% lower rate cuts the IRR to 7.2%. The Stage 2 pop-up and a survey of peak and weekend prices exist to test this before any money is committed.

5. Planning, licensing and tax

Planning is the main risk to the project. The table sets out every permission and rule that applies and how the application will address it.

Permission or rule	What it means for this project
Class BC permitted development (GPDO Schedule 2 Part 4)	Since 26 July 2023, land may be used as a temporary campsite for up to 60 days a year with up to 50 pitches of moveable structures, on written notice to the council with a site plan, dates and moveable toilet and waste facilities. It does not cover permanent cabins, hot tubs or services, but it does allow a bell-tent pop-up to test demand in 2027.
Full planning permission	Needed for the change of use of the paddock to holiday accommodation and for the cabins, hot tubs, amenity hut, track, parking and treatment plant.
Caravan site licence (Caravan Sites and Control of Development Act 1960)	Cabins that meet the legal definition of a caravan need a site licence from Mole Valley once planning permission is granted; conditions cover spacing, fire safety and facilities.
Green Belt (NPPF, December 2024)	New buildings are inappropriate unless an exception applies. The case rests on the cabins being moveable caravans rather than buildings, on limited harm to openness, and on whether the paddock is "grey belt". In Mole Valley DC v Secretary of State [2025] EWHC 2127 (Admin), 15 August 2025, the High Court held that development found not inappropriate needs no separate openness test.
Surrey Hills National Landscape	Natural England has proposed adding about 129 km² in 20 areas to the Surrey Hills (consultation closed 14 January 2026; awaiting the Secretary of State). The study assumes the site is treated as if designated: a landscape and visual appraisal, dark-sky lighting and native planting are essential.
Local plan	Mole Valley Local Plan 2020–2039, adopted 15 October 2024. Surrey's councils are being reorganised, so the planning authority may change during the project.
Business rates or council tax	Self-catering units in England are rated for business rates only if available to let for 140 days a year and actually let for 70; otherwise they pay council tax. The site would easily pass both tests once trading.
Tax and VAT	The furnished holiday lettings tax regime was abolished from April 2025, so the structure must be advised on. The study assumes a limited company paying corporation tax. Turnover will exceed the £90,000 VAT threshold, so accommodation is standard-rated at 20%.

WHAT THE APPLICATION MUST INCLUDE

- Landscape and visual impact appraisal, with views from public footpaths and the North Downs Way.
- Lighting assessment to dark-sky standards: low-level, warm, motion-sensing lights only.
- Ecology: bat and dormouse surveys near the hanger, and a biodiversity net gain plan (10% under the Environment Act 2021).
- Transport statement for 12 spaces and the farm access onto the lane.
- Foul drainage design for the package treatment plant and an Environment Agency discharge check.

PLANNING STRATEGY AND COST

Pre-application advice (about £1,500) and a landscape appraisal in Stage 2, then a full application with ecology, lighting, transport and drainage reports, budgeted at £36,000 within professional fees. Allow six months to a decision and a further six if an appeal is needed. Engaging the parish council and neighbours before submission, and offering conditions on lighting and the number of units, will help.

BUSINESS RATES

The site would be assessed as one property. At an assumed rateable value of £18,000 and the 2026/27 small business retail, hospitality and leisure multiplier of 38.2p, rates are about £6,900 a year; the Valuation Office Agency will set the actual value.

TWO ROUTES COMPARED

	Class BC pop-up (bell tents)	Permanent cabins (this proposal)
Permission	Written notice to the council; no application	Full planning permission and caravan site licence
Season	Up to 60 days a year	All year
Units	Up to 50 pitches; here about 8 bell tents	6 cabins with hot tubs
Facilities	Moveable toilets and showers	En-suite cabins, amenity hut, treatment plant
Capital cost	About £25,000 (tents, furniture, hired facilities)	£634k
Typical price	About £120 a night for two	£175–£265 a night for two
Role in this study	Stage 2 demand and price test; fallback if planning fails	Base case

6. Operating model and revenue

PRICING

Each cabin sleeps two (plus a dog). Rates including VAT are **£265 a night at peak, £215 in the shoulder season and £175 off-peak** (£220.83, £179.17 and £145.83 excluding VAT), with a two-night minimum at weekends and in summer. Rates are flexed for demand: midweek winter offers fill gaps, and Friday and Saturday nights carry a premium.

RUNNING THE SITE

A family member manages bookings, marketing and guests. A part-time host (0.6 FTE, about £22k a year including employer NIC at 15% above £5,000 and 3% pension) handles changeovers, hot tub checks and firewood. Cleaning and laundry are costed at £62 a changeover. Wood-fired hot tubs are drained and refilled between guests and tested daily, which is cheaper to run than electric tubs and part of the appeal.

OCCUPANCY RAMP

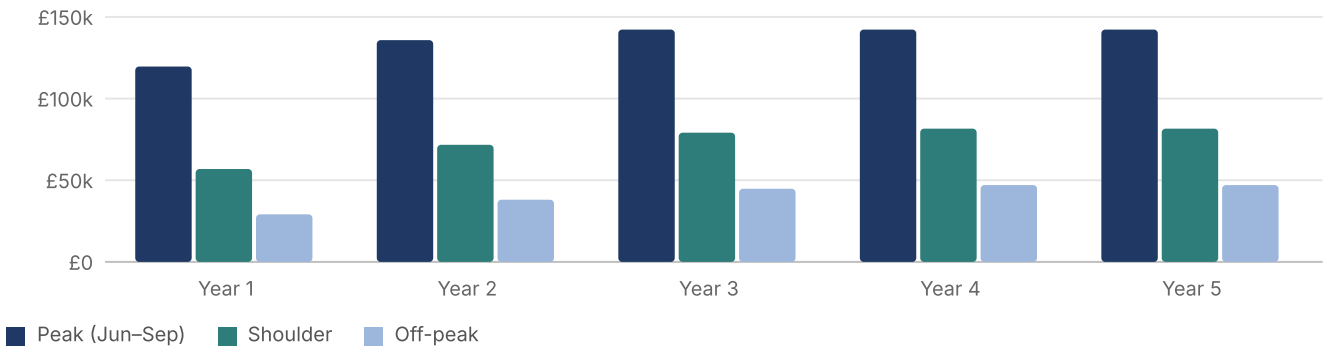
	Year 1	Year 2	Year 3	Year 4	Year 5
Peak occupancy: June to September (122 nights)	74%	84%	88%	88%	88%
Shoulder: April, May, October, half-term and Christmas (115 nights)	46%	58%	64%	66%	66%
Off-peak: rest of the year (128 nights)	26%	34%	40%	42%	42%
Overall occupancy	**48%**	**58%**	**64%**	**65%**	**65%**
Cabin-nights sold (of 2,190)	1,059	1,276	1,393	1,422	1,422
Bookings (average stay 2.4 nights)	441	532	580	593	593
Average rate per night (excluding VAT)	£194	£192	£191	£190	£190

Year 1 assumes an August opening and a first winter with few reviews. Overall occupancy builds to 65% by year 4, with summer at 88% and winter at 42%. Summer occupancy reflects strong weekend and school-holiday demand; winter is supported by hot tubs and wood-burners.

REVENUE BUILD

Revenue (excluding VAT)	Year 1	Year 2	Year 3	Year 4	Year 5
Cabin lettings	£205,609	£245,568	£266,172	£270,885	£270,885
Extras: hampers, firewood, dogs, late check-out	£19,058	£22,972	£25,073	£25,598	£25,598
Whole-site bookings: retreats and celebrations	£3,000	£6,000	£8,000	£8,000	£8,000
Total revenue	**£227,666**	**£274,540**	**£299,245**	**£304,483**	**£304,483**
Revenue per cabin	£37,944	£45,757	£49,874	£50,747	£50,747

CABIN REVENUE BY SEASON (EXCLUDING VAT)



Extras assume £18 per occupied cabin-night at a 55% margin. Whole-site bookings (yoga retreats, birthday groups, wedding guests from nearby venues) are kept deliberately small. Revenue per cabin of about £50k in year 3 compares with the £1,000 a week a single farm cabin was reported to earn at peak in 2021 (Farmers Weekly).

7. Capital cost and funding

Item	Cost	Benchmark or basis
Six eco-cabins (30 m², off-site built, en-suite, kitchenette), delivered and craned in	£270,000	£45,000 a cabin; Savills puts a one-bed cabin from about £80,000 and a quality shepherd's hut at £35–50k; MyBuilder £30–45k for a 30 m² cabin
Six hot tubs (wood-fired) with decks and screening	£45,000	£7,500 each including decking and screening; supplier quotes needed
Ground-screw foundations, service trenches and connections	£34,000	Allowance; ground screws avoid concrete bases and aid the Green Belt case
Electricity supply upgrade, water main and package sewage treatment plant	£58,000	Allowance; the electricity connection is usually the costliest item (Farmers Weekly)
Amenity hut: reception, showers, WCs, laundry and store	£38,000	Allowance; off-site-built timber unit
Access track, 12 parking spaces, dark-sky lighting and landscaping	£41,000	Allowance; Savills puts site infrastructure at £50–100k for up to four units
Furniture, linen, kitchen kit and outdoor furniture	£33,000	£5,500 a cabin
Website, booking system, Wi-Fi, CCTV and signage	£9,000	Allowance; platform quotes needed
Professional fees: planning, landscape, ecology, drainage, lighting, legal	£36,000	About 7% of works
Contingency (10% of works)	£52,000	Standard at feasibility stage
Pre-opening marketing and working capital	£18,000	Launch photography, listings and the first two months of costs
Total capital cost	**£634,000**	

The cabins are the largest single cost and the hardest to benchmark: published prices range from about £30,000 for a basic 30 m² cabin to over £80,000 for a high-specification one. The £45,000 allowance assumes a mid-range off-site-built cabin with en-suite and kitchenette, and must be replaced by two fixed-price quotes at Stage 2. A 20% overrun on the whole budget is tested in section 9.

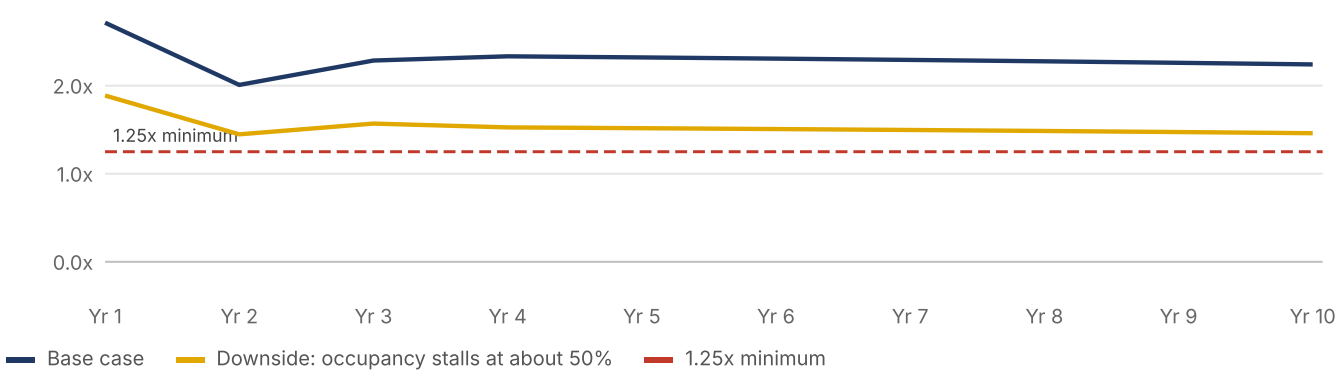
FUNDING

Funding	£	Terms
Family equity (cash)	£320,000	The paddock is contributed by the farm; a notional rent of £9,000 a year is charged in the projections
Bank term loan	£314,000	7.5% fixed (Bank Rate 3.75% plus 3.75%), ten years, secured on farm land; interest only in year 1 then amortising over nine years, £4,007 a month
Total	**£634,000**	

DEBT SERVICE COVER

Debt service cover (EBITDA less tax, divided by interest and capital payments) is 2.71x in year 1 with an interest-only first year, 2.01x in year 2 and 2.29x in year 3, comfortably above the 1.25x most lenders look for. The loan is therefore bankable; the question for the family is whether the return on their £320k of equity justifies the risk. Grant funding for farm diversification is limited in England; the Stage 2 work should check any current Defra or local growth-fund schemes before the funding is fixed.

DEBT SERVICE COVER OVER THE LIFE OF THE LOAN



Year 1 is interest only. Even in the downside case cover stays above the usual 1.25x covenant, because the loan is only 50% of the capital cost.

8. Financial projections

PROFIT AND LOSS, YEARS 1 TO 5

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	£227,666	£274,540	£299,245	£304,483	£304,483
Cost of extras	(£8,576)	(£10,337)	(£11,283)	(£11,519)	(£11,519)
Gross profit	**£219,090**	**£264,203**	**£287,962**	**£292,963**	**£292,963**
Changeover cleaning, linen and laundry	(£27,351)	(£32,968)	(£35,985)	(£36,738)	(£36,738)
Booking commission and card fees	(£15,421)	(£18,418)	(£19,963)	(£20,316)	(£20,316)
Site host (0.6 FTE, incl. employer NIC and pension)	(£20,000)	(£21,000)	(£22,000)	(£22,000)	(£22,000)
Electricity, gas and water	(£19,200)	(£19,200)	(£19,200)	(£19,200)	(£19,200)
Hot tub chemicals, servicing and water testing	(£10,800)	(£10,800)	(£10,800)	(£10,800)	(£10,800)
Business rates	(£6,900)	(£6,900)	(£6,900)	(£6,900)	(£6,900)
Insurance	(£4,800)	(£4,800)	(£4,800)	(£4,800)	(£4,800)
Marketing and photography	(£14,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
Repairs and maintenance	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
Furnishing and linen reserve	(£4,000)	(£4,000)	(£4,000)	(£4,000)	(£4,000)
Booking software, Wi-Fi and phone	(£2,200)	(£2,200)	(£2,200)	(£2,200)	(£2,200)
Treatment plant and waste	(£2,500)	(£2,500)	(£2,500)	(£2,500)	(£2,500)
Notional rent to the farm	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
Accountancy, legal, licences and admin	(£6,500)	(£6,500)	(£6,500)	(£6,500)	(£6,500)
Sundry	(£3,000)	(£3,000)	(£3,000)	(£3,000)	(£3,000)
EBITDA	**£64,418**	**£104,917**	**£123,115**	**£127,009**	**£127,009**
EBITDA margin	28%	38%	41%	42%	42%
Depreciation	(£38,335)	(£38,335)	(£38,335)	(£38,335)	(£38,335)
Loan interest	(£23,550)	(£22,689)	(£20,717)	(£18,593)	(£16,303)
Profit / (loss) before tax	**£2,533**	**£43,893**	**£64,062**	**£70,081**	**£72,371**
Corporation tax (19%–25% with marginal relief)	(£481)	(£8,340)	(£13,226)	(£14,822)	(£15,428)
Profit / (loss) after tax	**£2,052**	**£35,553**	**£50,836**	**£55,260**	**£56,942**

CASH FLOW AFTER FINANCING

Cash flow to the owners	Year 1	Year 2	Year 3	Year 4	Year 5
EBITDA	£64,418	£104,917	£123,115	£127,009	£127,009
Tax paid	(£481)	(£8,340)	(£13,226)	(£14,822)	(£15,428)
Loan interest and capital	(£23,550)	(£48,084)	(£48,084)	(£48,084)	(£48,084)
Replacement capital (furnishings and linen, year 5)	–	–	–	–	(£24,000)
Cash available to the owners	**£40,387**	**£48,494**	**£61,805**	**£64,104**	**£39,497**
Loan outstanding at year end	£314,000	£288,605	£261,239	£231,749	£199,969

Year 1 is the first twelve months of trading from August 2028. Prices and costs are in 2026 money with no inflation on either side. Depreciation: cabins over 20 years, hot tubs over 8, groundworks, services, amenity hut, fees and contingency over 25, furniture over 5 and IT over 4. Corporation tax at 19% to £50,000 and 25% above £250,000 with marginal relief between; any loss is carried forward. Furnishings are replaced in years 5 and 10 (£24,000) and hot tubs in year 8 (£45,000).

TEN-YEAR PROJECT CASH FLOW USED IN THE APPRAISAL (BEFORE FINANCING)

	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
EBITDA		£64k	£105k	£123k	£127k	£127k	£127k	£127k	£127k	£127k	£127k
Tax on operating profit		(£5k)	(£14k)	(£19k)	(£20k)	(£20k)	(£20k)	(£20k)	(£20k)	(£20k)	(£20k)
Replacement capital		–	–	–	–	(£24k)	–	–	(£45k)	–	(£24k)
Capital cost and residual value	(£634k)	–	–	–	–	–	–	–	–	–	£254k
Project cash flow	**(£634k)**	**£59k**	**£91k**	**£104k**	**£107k**	**£83k**	**£107k**	**£107k**	**£62k**	**£107k**	**£337k**

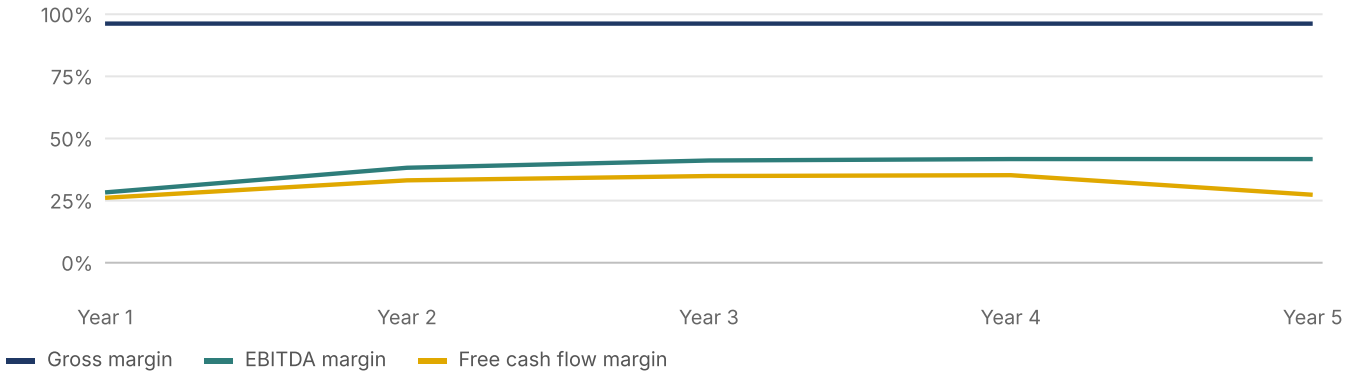
Tax here is charged on operating profit before interest, so the appraisal is independent of how the project is financed. Residual value is 40% of the capital cost at year 10.

8. Financial projections (continued): margins, free cash flow and returns

A glamping site has a very high gross margin, because the cost of a night's stay is mostly cleaning and laundry, and almost every other cost is fixed. Profit therefore rises steeply with occupancy. The measures below show how quickly the capital is earned back and what return the family earns on the money tied up.

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	£227,666	£274,540	£299,245	£304,483	£304,483
Gross margin (after cost of extras)	96%	96%	96%	96%	96%
EBITDA margin	28%	38%	41%	42%	42%
Free cash flow (EBITDA less tax and replacement capital, before financing)	£59,462	£91,023	£104,398	£107,260	£83,260
Free cash flow margin	26%	33%	35%	35%	27%
Capital invested at start of year: owners' equity plus retained profit	£320,000	£322,052	£357,605	£408,441	£463,701
plus bank loan outstanding (surplus cash is assumed distributed)	£314,000	£314,000	£288,605	£261,239	£231,749
Total capital invested (equity plus debt)	£634,000	£636,052	£646,211	£669,680	£695,449
Operating profit after tax (NOPAT: EBITDA less depreciation and tax, before interest)	£21,127	£52,688	£66,063	£68,925	£68,925
Return on invested capital (NOPAT ÷ capital invested)	**3.3%**	**8.3%**	**10.2%**	**10.3%**	**9.9%**

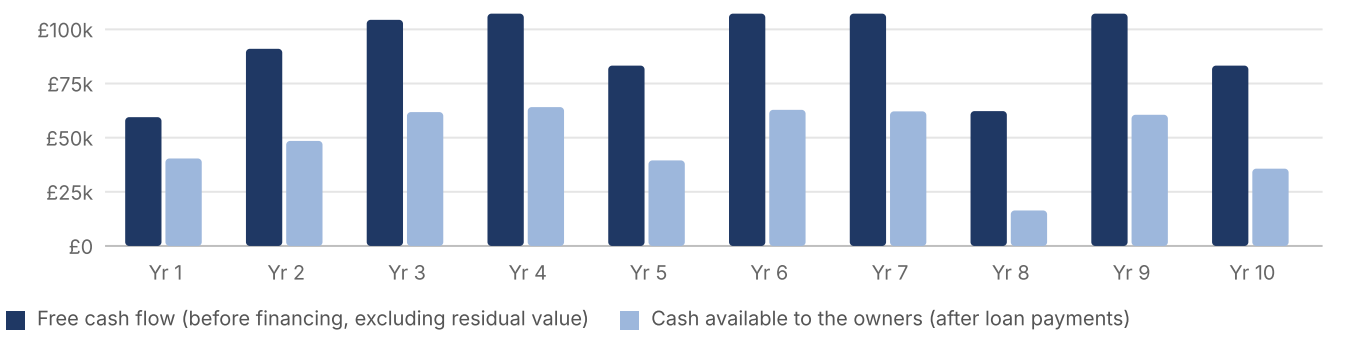
MARGINS BY YEAR



READING THE RETURNS

- EBITDA margin rises from 28% in year 1 to 42% by year 4 as occupancy builds, in line with a well-run small holiday-let business.
- Free cash flow reaches £104k in year 3, 35% of revenue, and dips in year 5 when furnishings are replaced. Hot tubs are replaced in year 8.
- Return on invested capital rises from 3.3% in year 1 to 10.2% in year 3 and 9.9% in year 5, hovering around the 10% hurdle. That is a modest return for a capital-heavy, weather-dependent business, which is why price and occupancy must be proved first.
- Free cash flow is before financing. After loan payments of about £48k a year, the cash left for the family is £62k in year 3.

FREE CASH FLOW AND CASH TO THE OWNERS, YEARS 1 TO 10



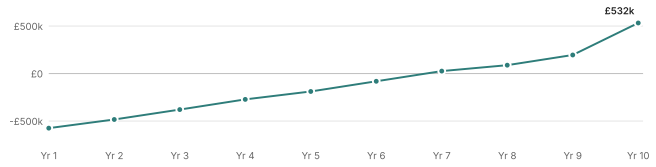
Dips in years 5, 8 and 10 are furnishing and hot tub replacements. The loan is repaid by the end of year 10.

9. Investment appraisal and sensitivity

Measure	8% discount rate	10% (base)	12%
Net present value over ten years, with residual value	£91k	£19k	(£43k)
Internal rate of return	10.6%		
Simple payback	6.8 years		
Discounted payback		9.9 yrs	

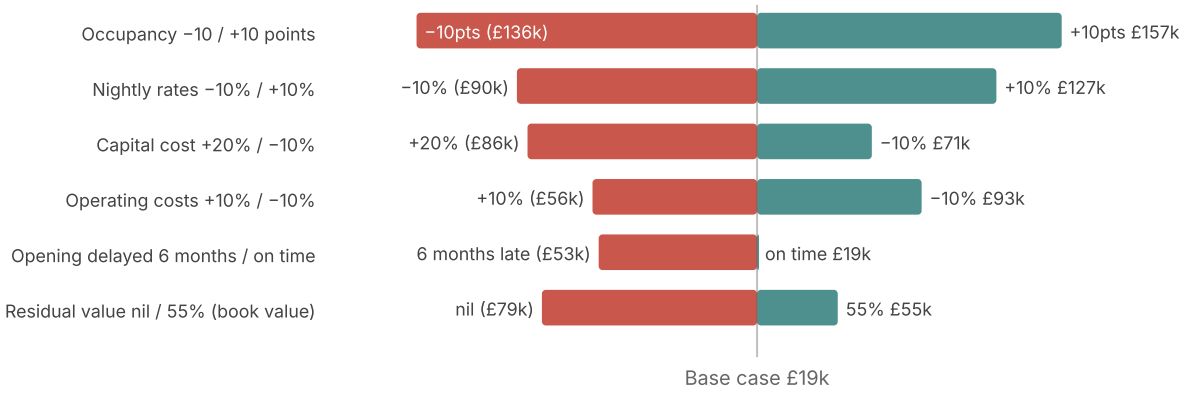
Project cash flows are EBITDA less tax and replacement capital, before financing. The cabins have a 20-year life, so a residual value of 40% of the capital cost is included at year 10, below their written-down book value of about 55%.

CUMULATIVE CASH FLOW



Cumulative project cash flow after tax (before financing)

SENSITIVITY OF THE NPV AT 10% TO EACH ASSUMPTION



SCENARIOS AND OPTIONS

Scenario	Capital cost	Year 3 EBITDA	NPV at 10%	IRR	Payback	Lowest debt cover (yrs 1–5)
Base case: six cabins	£634k	£123k	£19k	10.6%	6.8 yrs	2.01x
Downside: occupancy stalls at about 50%	£634k	£77k	(£181k)	4.1%	9.4 yrs	1.45x
Upside: occupancy six points higher	£634k	£143k	£110k	13.3%	5.9 yrs	2.32x
Option B: four cabins	£472k	£64k	(£106k)	5.5%	9.1 yrs	2.13x
Option C: eight cabins	£799k	£167k	£65k	11.6%	6.4 yrs	1.77x

Occupancy dominates: ten points of occupancy move the NPV by about £293k. A 10% cut in nightly rates costs £109k, and a 20% capital overrun £104k. Four cabins return 5.5%, because the fixed infrastructure is spread over fewer units; eight cabins return 11.6% on paper but carry the most planning risk.

10. Risks, conditions and next steps

Risk	Likelihood	Impact	Mitigation
Planning refused or delayed (Green Belt, proposed National Landscape)	Medium	Project cannot proceed; fees of up to £36k at risk	Pre-application advice; landscape appraisal; ground screws and moveable cabins; dark-sky lighting; parish engagement; accept a limit on units
Rates below £190 a night excluding VAT	Medium	Each 10% off rates costs about £109k of NPV	Stage 2 price survey and pop-up; strong photography; hot tubs and wood-burners as standard; direct-booking offers
Winter occupancy below 35%	Medium	Debt cover still above 1.25x, but returns fall below the hurdle	Midweek offers, dog-friendly stays, Christmas and wellness packages, partnerships with local vineyards
Cabin and connection cost overrun	Medium	Each 10% adds about £63k	Two fixed-price cabin quotes and a grid connection offer before commitment; 10% contingency
Platform dependence and commission	Medium	Margin squeeze if platforms raise fees	Build a direct-booking website and guest list from year 1; target 60% direct by year 2
Hot tub hygiene or guest safety incident	Low	Closure, claims, reviews	Daily water testing, drain-and-refill between stays, written procedures, public liability insurance
Interest rates	Low	Each 1% adds about £3k a year	Fixed rate for five years; Bank Rate 3.75% with the next decision on 5 November 2026

CONDITIONS FOR PROCEEDING BEYOND STAGE 2

- The 60-day Class BC pop-up achieves at least 55% occupancy at £120 a night or more, with reviews averaging at least 4.7 out of 5.
- Positive pre-application advice from Mole Valley District Council on the principle of holiday cabins on the paddock.
- Two fixed-price cabin quotes and a grid connection offer that keep the total capital cost within £634k.
- Indicative loan terms with an interest-only first year and debt cover of at least 1.5x in year 2.

STAGE 2 PROGRAMME AND COST

Task	Who	When	Cost
60-day bell-tent pop-up under Class BC: tents, toilets, listing and photography	Family	Jun – Aug 2027	£7,000 (offset by income)
Pre-application advice and landscape and visual appraisal	Planning consultant; landscape architect	Apr – Jun 2027	£4,500
Cabin quotes, hot tub quotes and grid connection offer	Two suppliers; network operator	Apr – Jun 2027	£1,000
Peak and weekend price survey of 20 local sites	Gregory Analytics	May 2027	£1,000
Indicative loan terms and grant check	Family; broker	Jul 2027	£500
Updated feasibility study and go/no-go decision	Gregory Analytics	Sep 2027	£2,000
Total			**£16,000**

> **Decision rule:** if all four conditions are met, submit a full planning application in October 2027. If demand is good but prices or costs fall short, re-run the study for four cabins (Option B). If pre-application advice is negative in principle, continue the Class BC pop-up as a seasonal business, which needs no planning permission.

Appendix: assumptions and sources

Assumption	Value	Basis
Capacity	6 cabins × 365 nights = 2,190 cabin-nights	Open all year
Rates (including VAT)	£265 peak, £215 shoulder, £175 off-peak; two guests	Top of local listed range; to be tested
Occupancy	48% year 1 rising to 65% by year 4; peak 88%, off-peak 42%	Seasonal demand profile and comparable sites
Booking channels	40% via platforms at 15% commission; card fees 1.5%	Typical platform terms 12–20%
Extras	£18 per occupied night at 55% margin	Assumption
Costs	Changeover £62; host 0.6 FTE; utilities £3,200 and hot tub upkeep £1,800 per cabin a year	Assumptions; employer NIC 15% above £5,000 (HMRC 2026/27)
Business rates	RV £18,000 × 38.2p	2026/27 small business RHL multiplier; 140/70-day test
Loan	£314k at 7.5% over ten years, interest only in year 1	Bank Rate 3.75% plus 3.75%; bank term sheet
Tax and VAT	Corporation tax 19%–25%; VAT 20% on accommodation	CT rates 2026/27; VAT threshold £90,000
Discount rate and residual	10% (8% and 12% shown); residual 40% of capital cost at year 10	Hurdle for a small rural leisure project

HOW THIS STUDY WAS PREPARED

Gregory Analytics prepares feasibility studies in three stages: a desk study like this one, built on published market data and cost benchmarks; a Stage 2 study that replaces allowances with quotes, planning advice and real trading data; and, if the project proceeds, a bank-ready business plan with monthly cash-flow forecasts. Every assumption is listed so the client can challenge it, and the model is supplied so the figures can be re-run as quotes arrive.

Sources. Glampingstays (Travel Chapter), Glamping Trends Report 2026, via GroupAccommodation.com, UK glamping industry trends 2026. · Canopy & Stars, Glamping Market Report 2026. · VisitEngland, England Occupancy Survey: May 2026 results (Amadeus data). · Faraway Lucy, Glamping Surrey guide (2024 edition); Hipcamp, Surrey Hills AONB woodland and glamping listings; Pitchup, Glamping in Surrey and Ockley (October 2026). · Savills, How to set up a glamping business; MyBuilder, Cost to build a cabin; Farmers Weekly, How to make your farm attractive to the glamping market (30 March 2021). · Town and Country Planning (General Permitted Development) (England) Order 2015, Schedule 2 Part 4 Class BC, as amended by SI 2023/747; NFU, New extension to temporary campsite rules in England. · Caravan Sites and Control of Development Act 1960. · Ministry of Housing, National Planning Policy Framework (December 2024). · Mole Valley DC v Secretary of State and Meloney [2025] EWHC 2127 (Admin), 15 August 2025 (Irwin Mitchell commentary). · Natural England, Notice of the Surrey Hills AONB (Designation Variation) Order 2026 (GOV.UK, updated 14 September 2026). · Mole Valley District Council, Local Plan 2020–2039 (adopted 15 October 2024). · ONS mid-2025 population estimates (July 2026). · Cumberland Council, How self-catering properties are assessed for business rates (140/70-day test). · ACCA, Furnished holiday lettings tax regime abolished 1 April 2025. · Bank of England, Bank Rate maintained at 3.75% (17 September 2026). · HMRC, Rates and thresholds for employers 2026 to 2027.

> Illustrative example — fictional business. Larkhanger Farm, Larkhanger Cabins Ltd and the project costs are invented for illustration only. Market statistics, planning rules, competitor sites and tax parameters are real and dated as at October 2026; competitor prices are listed "from" rates and the list is not complete.