

Registered number: 01966828

PINELODGE HOLIDAYS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**



PINELODGE HOLIDAYS LIMITED

COMPANY INFORMATION

Directors	J Hugh Grayson FCA - Executive Chairman Paul St J Daly - Deputy Chairman Lyndsey F Grayson BA (Hons) - Parks Director Nicholas M H Grayson BSc (Hons)
Company secretary	Paul St J Daly
Registered number	01966828
Registered office	Darwin Forest Country Park Darley Moor Two Dales Matlock Derbyshire DE4 5PL
Independent auditors	Shorts Chartered Accountants & Statutory Auditor 2 Ashgate Road Chesterfield Derbyshire S40 4AA
Bankers	Lloyds Banking Group plc 116 Wellington Street Leeds West Yorkshire LS1 4LT
Solicitors	hlw Keeble Hawson LLP Commercial House 14 Commercial Street Sheffield South Yorkshire S1 2AT

PINELODGE HOLIDAYS LIMITED

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PINELODGE HOLIDAYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 29 OCTOBER 2017

The directors present their strategic report on the Company for the year ended 29 October 2017.

Business review

Both the level of business and the year end financial position were very satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

The two lodge holiday parks, Landal Darwin Forest and Sandybrook, both award winning resorts, have each performed well in terms of occupancy, revenue and profits. The Landal branding has been well received and the current year has also started well. The parks cater mainly for ABC1 profile holidaymakers. The weakness of sterling encourages the staycation phenomenon and the growth of UK short break holidays also helps. All of this encourages the business to continue its strong investment in accommodation and facility upgrades.

Accounting changes

A former accountant has been discovered to have made erroneous accounting adjustments over several years which the directors consider were designed to deceive and escaped detection until after the end of the 2015/16 year-end. The prior year adjustments are what is necessary to reverse the impact of the deceptions.

The table below summarises the effect of the prior year adjustments as well as the exceptional credit in the current year, which relates to earlier years, in order to show what the adjusted levels of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) are for each of the years 2012/13 to 2016/17.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Audited pre-tax profit	769	854	1,137	1,135	1,514
Add back:					
Interest payable	167	182	148	143	148
Depreciation	542	576	584	576	620
EBITDA	1,478	1,612	1,869	1,854	2,282
Prior year adjustment					
- allocation to prior years	(57)	(171)	(275)	(55)	-
Exceptional item - rates credit					
- allocation to prior years	57	60	26	-	(243)
Director costs borne by parent company*	-	-	-	(135)	(165)
Adjusted EBITDA	1,478	1,501	1,620	1,664	1,874

* For consistency certain director costs now borne by the parent company need to be adjusted to the EBITDA figures as these costs used to be borne by Pinelodge Holidays.

PINELODGE HOLIDAYS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 OCTOBER 2017

Principal risks and uncertainties

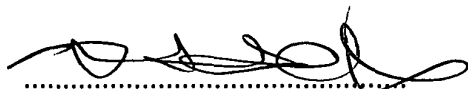
The key business risks affecting the Company are considered to relate to UK economic conditions as they impact upon the market for short term holiday accommodation. The effect of the National Living Wage is a concern as the business employs a relatively high proportion of lower paid people. The impact of exchange rates and environmental taxes on energy costs is also a concern.

Key performance indicators (financial and non-financial) - ("KPIs")

A summary of the Company's key financial performance indicators year on year to 29 October 2017 is as follows:

- Turnover increased by 6.4%
- Operating profit before exceptional items increased by 16.0%
- Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation, and exceptional items) increased by 12.6% from £1.66m to £1.87m.

This report was approved by the board on 14 February 2018 and signed on its behalf.



Paul St J Daly Company Secretary

PINELODGE HOLIDAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 OCTOBER 2017

The directors present their report and the financial statements for the year ended 29 October 2017.

Principal activity

Pinelodge Holidays Limited owns and operates Pinelodges which are held as fixed assets and are let for holiday purposes. There are two holiday letting parks, Darwin Forest Country Park and Sandybrook Country Park.

In order to fund the capital requirements vital for expansion of the holiday letting business, the directors have pursued a policy under which, from time to time, a proportion of the holiday letting Pinelodges are sold as investments to private owners who then employ Pinelodge Holidays Limited to let and operate the Pinelodges on their behalf. On occasions private owners pay Pinelodge Holidays Limited to upgrade their Pinelodges.

Profits have been achieved on sales of Pinelodges, some of which had previously been held as fixed assets, and on the resale of Pinelodges taken in part exchange. When opportunities arise, and it is considered expedient to do so, Pinelodge Holidays Limited will buy lodges back from private owners.

Results and dividends

The profit for the year, before tax, amounted to £1,514,000 (2016: £1,080,000 as restated).

The profit for the year, after tax, amounted to £1,293,000 (2016: £898,000 as restated).

During the year a final dividend of £350,000 (2016: £226,000) was approved and paid in respect of the year ended 29 October 2017.

Directors

The directors who served during the year were:

J Hugh Grayson FCA - Executive Chairman
Paul St J Daly - Deputy Chairman
Lyndsey F Grayson BA (Hons) - Parks Director
Nicholas M H Grayson BSc (Hons)

PINELODGE HOLIDAYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 OCTOBER 2017**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

This report was approved by the board on 14 February 2018 and signed on its behalf.


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Paul St J Daly Company Secretary

PINELODGE HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINELODGE HOLIDAYS LIMITED

Opinion

We have audited the financial statements of Pinelodge Holidays Limited (the 'Company') for the year ended 29 October 2017, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 October 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

PINELODGE HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINELODGE HOLIDAYS LIMITED (CONTINUED)

our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

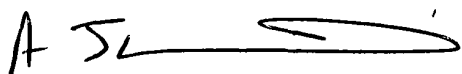
PINELODGE HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINELODGE HOLIDAYS LIMITED
(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 Auditors' 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.

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



Andrew Irvine (Senior statutory auditor)

for and on behalf of

Shorts

Chartered Accountants
Statutory Auditor

2 Ashgate Road
Chesterfield
Derbyshire
S40 4AA

14 February 2018

PINELODGE HOLIDAYS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 29 OCTOBER 2017**

	Note	2017 £000	As restated 2016 £000
Turnover		7,330	6,886
Own work capitalised		-	6
Raw materials and consumables		(691)	(597)
Other external charges		(2,408)	(2,505)
Staff costs		(2,312)	(2,124)
Depreciation and amortisation		(621)	(576)
Profit on sale of lodges		121	133
Operating profit before exceptional items		1,419	1,223
Exceptional item – rates creditor release	7	243	-
Operating profit after exceptional items		1,662	1,223
Interest payable	8	(148)	(143)
Profit before tax		1,514	1,080
Tax on profit	9	(221)	(182)
Profit after tax		1,293	898
Retained earnings			
- as previously stated		1,837	1,680
- correction of a prior period error	19	-	(515)
At the beginning of the year as restated		1,837	1,165
Profit for the year		1,293	898
Dividends declared and paid		(350)	(226)
Retained earnings at the end of the year		2,780	1,837

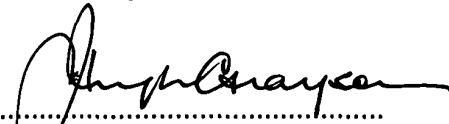
The notes on pages 10 to 22 form part of these financial statements.

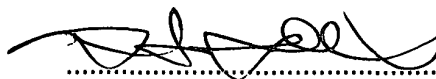
PINELODGE HOLIDAYS LIMITED
REGISTERED NUMBER: 01966828

BALANCE SHEET
AS AT 29 OCTOBER 2017

	Note	29 October 2017 £000	As restated 30 October 2016 £000
Fixed assets			
Tangible assets	11	12,193	10,720
Current assets			
Stocks	12	854	727
Debtors: amounts falling due within one year	13	271	145
Cash at bank and in hand		12	12
		<u>1,137</u>	<u>884</u>
Creditors: amounts falling due within one year	14	(8,147)	(7,296)
Net current liabilities		<u>(7,010)</u>	<u>(6,412)</u>
Total assets less current liabilities		<u>5,183</u>	<u>4,308</u>
Creditors: amounts falling due after more than one year	15	(508)	(608)
Provisions for liabilities			
Deferred tax	18	(1,145)	(1,113)
		<u>(1,145)</u>	<u>(1,113)</u>
Net assets		<u><u>3,530</u></u>	<u><u>2,587</u></u>
Capital and reserves			
Called up share capital		750	750
Profit and loss account		2,780	1,837
		<u><u>3,530</u></u>	<u><u>2,587</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 February 2018.


 J. Hugh Grayson - Chairman


 Paul St J Daly - Director

The notes on pages 10 to 22 form part of these financial statements.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2017

1. General information

Pinelodge Holidays Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Darwin Forest Country Park, Darley Moor, Two Dales, Matlock, Derbyshire, DE4 5PL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Pounds Sterling and have been rounded to thousands.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At 29 October 2017 the Company had net current liabilities of £7,010,000 (2016: £6,412,000). The directors have arranged borrowing facilities with their bank that provide adequate funding to enable the Company to meet its obligations as they fall due for at least twelve months from the date the financial statements are signed. The directors therefore conclude that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a cash flow statement, on the basis that it is a qualifying entity and the consolidated statement of cashflows, included in the Group financial statements, includes the Company's cash flows;
- (ii) from disclosing the Company's key management personnel compensation, as required by FRS 102 paragraph 33.7.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2017

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover represents the invoiced value of Pinelodge rental income and associated services together with the sales value of Pinelodges purchased for the purpose of immediate resale to third parties.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method (except where stated).

Depreciation is provided on the following basis:

Freehold property	- range of 2% to 5%
Plant and machinery	- 20%
Motor vehicles	- 25%
Fixtures and fittings	- range of 7.5% to 33%
Pinelodges	- 5.2% (reducing balance method)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

Pinelodge inventories are stated at 67% of their historic cost, which is estimated to represent their net realisable value.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate,

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2017

2. Accounting policies (continued)

2.8 Financial instruments (continued)

the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 OCTOBER 2017

2. Accounting policies (continued)

2.13 Pensions

The Company is a member of the Pinelog Group - Legal & General Stakeholder scheme. The amounts payable for the year in respect of the scheme are charged to profit or loss as incurred.

The Company provides no other post-retirement benefits to its employees.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.15 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key judgements and sources of estimation uncertainty are:

The useful economic lives and residual values of tangible fixed assets, which have been calculated by the directors based on their experience of the industry.

At each reporting date, assets held as stock are assessed for impairment. If stock is 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.

4. Auditors' remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	17	11

5. Employees

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	2,170	1,989
Social security costs	119	114
Pension costs	23	21
	2,312	2,124

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Administration and reception	28	24
Leisure facilities	61	61
Housekeeping and maintenance	110	113
	199	198

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**

6. Directors' remuneration

None of the directors received any remuneration from the Company during the year to 29 October 2017 (2016: £nil). All of the directors at the balance sheet date are also directors of the ultimate parent company. It is not possible to make an accurate apportionment of these directors' emoluments in respect of individual subsidiaries. The directors are considered to represent the key management personnel of the Company.

Management charges of £120,069 (2016: £179,960) have been made from Pinelog Group Limited, which includes amounts in respect of the services of Mr P St J Daly.

7. Exceptional items

	2017	2016
	£000	£000
Rates creditor release	243	-

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence. The Company is the beneficiary of a change in Government legislation over the length of time for which Business Rates claims can be made. As a result, the Company is able to reduce the creditor it holds for business rate liabilities in respect of the previous financial years. The credit to profit arising from this reduction in liability of £243,000 has been recognised as an exceptional item on the face of the P&L account for the year ended 29 October 2017.

8. Interest payable

	2017	2016
	£000	£000
Bank interest payable	54	51
Loans from group undertakings	94	92
	148	143

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**

9. Tax

	2017 £000	<i>As restated 2016 £000</i>
Corporation tax		
Current tax on profits for the year	205	148
Adjustments in respect of previous periods	(65)	-
Amount payable to a fellow subsidiary in respect of group relief	49	49
Total current tax	189	197
Deferred tax		
Origination and reversal of timing differences - current year	36	41
Changes to tax rates	-	(56)
Short term timing differences	(5)	-
Adjustments in respect of previous periods	1	-
Total deferred tax	32	(15)
Tax on profit	221	182

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £000	<i>As restated 2016 £000</i>
Profit before tax	1,514	1,080
Profit multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	288	216
Effects of:		
Non-taxable income less expenses not deductible for tax purposes	(3)	13
Change in tax rate from previous year on deferred tax	-	(58)
Adjustments to tax charge in respect of prior periods	(64)	-
Tax impact of prior year adjustment	-	11
Total tax charge for the year	221	182

PINELODGE HOLIDAYS LIMITED

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FOR THE YEAR ENDED 29 OCTOBER 2017**

10. Dividends

	29 October 2017 £000	<i>30 October 2016 £000</i>
Dividends paid	<u>350</u>	<u>226</u>

11. Tangible fixed assets

	Freehold land and buildings £000	Pinelodges £000	Plant and equipment £000	Total £000
Cost				
At 31 October 2016	9,371	5,286	1,199	15,856
Additions	445	1,778	133	2,356
Disposals	-	(434)	-	(434)
At 29 October 2017	<u>9,816</u>	<u>6,630</u>	<u>1,332</u>	<u>17,778</u>
Depreciation				
At 31 October 2016	2,981	1,210	945	5,136
Charge for the year on owned assets	290	265	66	621
Disposals	-	(172)	-	(172)
At 29 October 2017	<u>3,271</u>	<u>1,303</u>	<u>1,011</u>	<u>5,585</u>
Net book value				
At 29 October 2017	<u>6,545</u>	<u>5,327</u>	<u>321</u>	<u>12,193</u>
At 30 October 2016	<u>6,390</u>	<u>4,076</u>	<u>254</u>	<u>10,720</u>

The category plant and equipment includes fixtures and fittings, motor vehicles, computer and office equipment and display buildings.

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**

12. Stocks

	29 October 2017 £000	<i>As restated 30 October 2016 £000</i>
Raw materials and consumables	362	280
Lodge inventories	492	447
	<u>854</u>	<u>727</u>

Stock recognised in profit and loss during the year as an expense was £691,000 (2016: £597,000).

An impairment loss of £23,000 (2016: £75,000) was recognised in profit or loss against stock during the year due to slow-moving and obsolete stock.

13. Debtors

	29 October 2017 £000	<i>30 October 2016 £000</i>
Trade debtors	1	4
Prepayments and accrued income	270	141
	<u>271</u>	<u>145</u>

14. Creditors: Amounts falling due within one year

	29 October 2017 £000	<i>As restated 30 October 2016 £000</i>
Bank overdrafts	4,576	3,785
Bank loans	122	122
Trade creditors	224	466
Amounts owed to group undertakings	1,592	1,542
Corporation tax	74	19
Other taxes and social security	300	252
Accruals and deferred income	1,259	1,110
	<u>8,147</u>	<u>7,296</u>

Bank loans and overdrafts are secured by fixed and floating charges over the assets of the Company.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017

15. Creditors: Amounts falling due after more than one year

	29 October 2017 £000	<i>30 October 2016 £000</i>
Bank loans	508	<i>608</i>

Secured loans

Bank loans are secured by fixed and floating charges over the assets of the Company.

16. Loans

Analysis of the maturity of loans is given below:

	29 October 2017 £000	<i>30 October 2016 £000</i>
Amounts falling due within one year		
Bank loans	122	<i>122</i>
Amounts falling due 1-2 years		
Bank loans	122	<i>122</i>
Amounts falling due 2-5 years		
Bank loans	386	<i>486</i>
	630	<i>730</i>

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2017**

17. Financial instruments

	29 October 2017 £000	<i>As restated 30 October 2016 £000</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>80</u>	<u>16</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(8,282)</u>	<u>(7,633)</u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings and accruals.

18. Deferred tax

	2017 £000	2016 £000
At beginning of year	1,113	1,128
Charged / (credited) to profit or loss	32	(15)
At end of year	<u>1,145</u>	<u>1,113</u>

The provision for deferred tax is made up as follows:

	29 October 2017 £000	30 October 2016 £000
Accelerated capital allowances	856	819
Revaluations	(24)	(24)
Capital gains held over	318	318
Short term timing differences	(5)	-
	<u>1,145</u>	<u>1,113</u>

PINELODGE HOLIDAYS LIMITED

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19. Prior year adjustment

Pinelodge Holidays management have identified accounting errors that have arisen in previous years and have adjusted the financial statements by way of prior period adjustment in order to reflect this. For the financial year ended 30 October 2016, other external charges have increased by £55,000 from those previously stated. In addition, further errors totalling £515,000 have been identified as relating to accounting periods prior to 2016 and therefore this cumulative error has been adjusted by way of opening reserves.

These accounting errors have been identified as overstated stock and under recorded liabilities in the Company balance sheet. As a result stock, along with trade creditors, other social security and accruals and deferred income within creditors: amounts falling due within one year have been adjusted at 30 October 2016 by way of prior period adjustment to reflect this.

20. Capital commitments

At 29 October 2017 the Company had capital commitments of £26,000 (2016: £20,000).

21. Pension commitments

The Company is a member of the Pinelog Group - Legal & General Stakeholder scheme, with assets of the scheme held separately to those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and these amounted to £23,000 (2016: £21,000). Contributions totalling £4,000 (2016: £4,000) were payable to the fund at the balance sheet date and are included in accruals.

22. Commitments under operating leases

At 29 October 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 October 2017 £000	30 October 2016 £000
Land and buildings		
Not later than 1 year	15	2
Later than 1 year and not later than 5 years	106	95
Later than 5 years	696	722
	<u>817</u>	<u>819</u>

23. Controlling party

The directors regard Pinelog Group Limited, a company incorporated in Great Britain and registered in England and Wales, as the ultimate parent company and ultimate controlling party. Copies of the parent's consolidated financial statements may be obtained from the registered office of Pinelodge Holidays Limited.