

PINELODGE HOLIDAYS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

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PINELODGE HOLIDAYS LIMITED

COMPANY INFORMATION

Directors	J Hugh Grayson FCA - Executive Chairman Paul St J Daly - Deputy Chairman Lyndsey F Grayson BA (Hons) - Joint Managing Director Nicholas M H Grayson BSc (Hons) - Joint Managing Director Judith Goldacre MA (Cantab) ACA - Finance Director (appointed 15 February 2018) Beverley A Grayson - Non-executive (appointed 11 February 2019)
Company secretary	Judith Goldacre MA (Cantab) ACA
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 Welington Street Leeds West Yorkshire LS1 4LT
Solicitors	Keebles 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 28 OCTOBER 2018

Introduction

The directors present their strategic report on the Company for the year ended 28 October 2018.

Business review

Both the level of business and the year end financial position were 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 Landal Sandybrook, both award winning resorts, have each performed well in terms of occupancy, revenue and profits. The introduction of VIP lodges at Landal Darwin Forest and the Landal branding at Sandybrook in June 2018 have contributed to a very successful year. The parks cater mainly for ABC1 profile holidaymakers and bookings for the current year have started well. The current uncertainties around Brexit and the weakness of sterling continue to encourage the staycation phenomenon and the growth in UK short break holidays. On the back of this the business continues its strong investment in high quality accommodation and facility upgrades.

Accounting changes

The table below shows the EBITDA (earnings before interest, tax, depreciation and amortisation) after adjusting the prior year for an exceptional credit relating to rates and directors costs borne by the parent company in that year. In the current year these directors costs have been borne by Pinelodge Holidays.

	2016/17 £'000	2017/18 £'000
Adjusted pre-tax profit	1,514	1,616
Add back:		
Interest payable	148	141
Depreciation	620	734
EBITDA	2,282	2,491
Exceptional item - rates credit	(243)	-
Directors costs borne by parent company	(165)	-
Adjusted EBITDA	1,874	2,491

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 long term effect of above inflation increases in the National Living Wage is a concern as the business employs a relatively high proportion of lower paid people. The impact of ever increasing energy costs is also a concern.

PINELODGE HOLIDAYS LIMITED

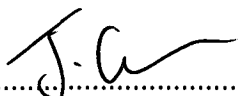
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 OCTOBER 2018**

Financial key performance indicators (financial and non-financial)

A summary of the Company's key financial performance indicators year on year to 28 October 2018 is as follows:

- Turnover increased by 11.2%
- Operating profit before exceptional items increased by 23.8%
- EBITDA (earnings before interest, tax, depreciation and amortisation, and exceptional items) increased by 33.1% from £1.87m to £2.49m.

This report was approved by the board on 14 February 2019 and signed on its behalf.



.....
Judith Goldacre
Company Secretary

PINELODGE HOLIDAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 OCTOBER 2018

The directors present their report and the financial statements for the year ended 28 October 2018.

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 £1,616,000 (2017: £1,514,000).

The profit for the year, after tax, amounted to £1,298,000 (2017: £1,293,000).

During the year a final dividend of £250,000 (2017: £350,000) was approved and paid in respect of the year ended 28 October 2018.

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) - Joint Managing Director

Nicholas M H Grayson BSc (Hons) - Joint Managing Director

Judith Goldacre MA (Cantab) ACA - Finance Director (appointed 15 February 2018)

PINELODGE HOLIDAYS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 OCTOBER 2018

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;
- 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 2019 and signed on its behalf.


.....
Judith Goldacre
Company Secretary

PINELODGE HOLIDAYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PINELODGE HOLIDAYS LIMITED

Opinion

We have audited the financial statements of Pinelodge Holidays Limited (the 'Company') for the year ended 28 October 2018, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 October 2018 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 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

PINELODGE HOLIDAYS LIMITED

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

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 SHAREHOLDERS OF PINELODGE HOLIDAYS LIMITED
(CONTINUED)**

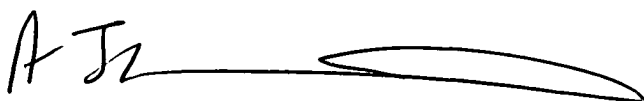
Auditors' responsibilities for the audit of the financial statements

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.

Use of our report

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



Andrew Irvine (Senior Statutory Auditor)

for and on behalf of

Shorts

Chartered Accountants
Statutory Auditor

2 Ashgate Road
Chesterfield
Derbyshire
S40 4AA

14 February 2019

PINELODGE HOLIDAYS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 28 OCTOBER 2018**

	Note	2018 £000	2017 £000
Turnover		8,145	7,330
Raw materials and consumables		(617)	(691)
Other external charges		(2,881)	(2,408)
Staff costs	5	(2,382)	(2,312)
Depreciation and amortisation		(734)	(621)
Profit on sale of lodges		225	121
Operating profit before exceptional items		1,756	1,419
Exceptional item - rates creditor release	7	-	243
Operating profit after exceptional items		1,756	1,662
Interest payable and similar expenses	8	(140)	(148)
Profit before tax		1,616	1,514
Tax on profit	9	(318)	(221)
Profit for the financial year		1,298	1,293
Retained earnings at the beginning of the financial year		2,780	1,837
Profit for the financial year		1,298	1,293
Dividends declared and paid		(250)	(350)
Retained earnings at the end of the financial year		3,828	2,780

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

PINELODGE HOLIDAYS LIMITED
REGISTERED NUMBER:01966828

BALANCE SHEET
AS AT 28 OCTOBER 2018

	Note	28 October 2018 £000	29 October 2017 £000
Fixed assets			
Tangible assets	11	13,062	12,193
Current assets			
Stocks	12	776	854
Debtors: amounts falling due within one year	13	370	271
Cash at bank and in hand		11	12
		<u>1,157</u>	<u>1,137</u>
Creditors: amounts falling due within one year	14	<u>(8,014)</u>	<u>(8,147)</u>
Net current liabilities		(6,857)	(7,010)
Total assets less current liabilities		6,205	5,183
Creditors: amounts falling due after more than one year	15	(424)	(508)
Provisions for liabilities			
Deferred tax	18	(1,203)	(1,145)
		<u>(1,203)</u>	<u>(1,145)</u>
Net assets		4,578	3,530
Capital and reserves			
Called up share capital		750	750
Profit and loss account		3,828	2,780
		<u>4,578</u>	<u>3,530</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 February 2019.


.....
J. Hugh Grayson
Executive Chairman


.....
Judith Goldacre
Finance 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 28 OCTOBER 2018

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Pinelodge Group Limited as at 28 October 2018 and these financial statements may be obtained from the registered office.

2.3 Going concern

At 28 October 2018 the Company had net current liabilities of £6,857,000 (2017: £7,010,000). 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.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 OCTOBER 2018

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover represents the invoiced value of Pinelodge rental income and associated services.

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 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.

2.6 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.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 OCTOBER 2018

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

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.

2.9 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 28 OCTOBER 2018

2. Accounting policies (continued)

2.10 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.

Depreciation 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.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. 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.

2.12 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.

2.13 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.

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 OCTOBER 2018

2. Accounting policies (continued)

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 Financial instruments

The Company only enters into basic financial instrument 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, 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.

2.16 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.

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.

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

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

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>12</u>	<u>17</u>

5. Employees

Staff costs were as follows:

	2018 £000	2017 £000
Staff salaries and PHI	2,227	2,170
Social security costs	124	119
Cost of defined contribution scheme	31	23
	<u>2,382</u>	<u>2,312</u>

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

	2018 No.	2017 No.
Administration and reception	31	28
Leisure facilities	64	61
Housekeeping and maintenance	109	110
	<u>204</u>	<u>199</u>

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

6. Directors' remuneration

None of the directors received any remuneration from the Company during the year to 28 October 2018 (2017: £nil).

Management charges of £330,292 (2017: £120,069) have been made from Pinelog Group Limited, which includes amounts in respect of the services of Mr N M H Grayson, Mr P St J Daly, Miss L F Grayson & Ms J Goldacre.

7. Exceptional items

	2018	2017
	£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 was the beneficiary of a change in Government legislation over the length of time for which Business Rates claims could be made. As a result, the Company was able to reduce the creditor it held for business rate liabilities in respect of the previous financial years. The credit to profit arising from this reduction in liability of £243,000 was recognised as an exceptional item on the face of the P&L account for the year ended 29 October 2017.

8. Interest payable

	2018	2017
	£000	£000
Bank interest payable	45	54
Loans from group undertakings	95	94
	140	148

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

9. Tax

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	246	205
Adjustments in respect of previous periods	2	(65)
Amount payable to a fellow subsidiary in respect of group relief	12	49
Total current tax	260	189
Deferred tax		
Origination and reversal of timing differences - current year	53	36
Short term timing differences	5	(5)
Adjustments in respect of previous periods	-	1
Total deferred tax	58	32
Taxation on profit	318	221

Factors affecting tax charge for the year

The tax assessed for the year/period is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	1,616	1,514
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	307	288
Effects of:		
Non-taxable income less expenses not deductible for tax purposes	11	(3)
Adjustments to tax charge in respect of prior periods	-	(64)
Total tax charge for the year	318	221

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

10. Dividends

	28 October 2018 £000	<i>29 October 2017 £000</i>
Dividends paid	250	<i>350</i>

11. Tangible fixed assets

	Freehold land and buildings £000	Pinelodges £000	Plant and equipment £000	Total £000
Cost				
At 30 October 2017	9,816	6,630	1,332	17,778
Additions	446	1,151	123	1,720
Disposals	(134)	(210)	(304)	(648)
At 28 October 2018	10,128	7,571	1,151	18,850
Depreciation				
At 30 October 2017	3,271	1,303	1,011	5,585
Charge for the year on owned assets	326	319	89	734
Disposals	(130)	(101)	(300)	(531)
At 28 October 2018	3,467	1,521	800	5,788
Net book value				
At 28 October 2018	6,661	6,050	351	13,062
<i>At 29 October 2017</i>	<i>6,545</i>	<i>5,327</i>	<i>321</i>	<i>12,193</i>

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 28 OCTOBER 2018**

12. Stocks

	28 October 2018 £000	<i>29 October 2017 £000</i>
Raw materials and consumables	213	362
Lodge inventories	563	492
	<u>776</u>	<u>854</u>

13. Debtors

	28 October 2018 £000	<i>29 October 2017 £000</i>
Trade debtors	-	1
Corporation tax	30	-
Prepayments and accrued income	340	270
	<u>370</u>	<u>271</u>

14. Creditors: Amounts falling due within one year

	28 October 2018 £000	<i>29 October 2017 £000</i>
Bank overdrafts	3,713	4,576
Bank loans	105	122
Trade creditors	344	224
Amounts owed to group undertakings	1,874	1,592
Corporation tax	-	74
Other taxation and social security	338	300
Accruals and deferred income	1,640	1,259
	<u>8,014</u>	<u>8,147</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 28 OCTOBER 2018**

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

	28 October 2018 £000	<i>29 October 2017 £000</i>
Bank loans	424	508

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

16. Loans

Analysis of the maturity of loans is given below:

	28 October 2018 £000	<i>29 October 2017 £000</i>
Amounts falling due within one year		
Bank loans	105	122
Amounts falling due 1-2 years		
Bank loans	108	122
Amounts falling due 2-5 years		
Bank loans	316	386
	529	630

17. Financial instruments

	28 October 2018 £000	<i>29 October 2017 £000</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost	41	80
Financial liabilities		
Financial liabilities measured at amortised cost	(8,102)	(8,282)

Financial assets that are debt instruments 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.

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 OCTOBER 2018**

18. Deferred taxation

	2018 £000
At beginning of year	1,145
Charged to profit or loss	58
At end of year	1,203

The provision for deferred taxation is made up as follows:

	28 October 2018 £000	<i>29 October 2017 £000</i>
Accelerated capital allowances	909	856
Revaluations	(24)	(24)
Capital gains held over	318	318
Short term timing differences	-	5
	1,203	<i>1,145</i>

19. Capital commitments

At 28 October 2018 the Company had capital commitments of £nil (2017: £26,000).

20. 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 £31,000 (2017: £23,000). Contributions totalling £6,000 (2017: £4,000) were payable to the fund at the balance sheet date and are included in accruals.

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Commitments under operating leases

At 28 October 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	28 October 2018 £000	29 October 2017 £000
Land and buildings		
Not later than 1 year	26	15
Later than 1 year and not later than 5 years	119	106
Later than 5 years	656	696
	801	817

22. 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.