

**PINELODGE HOLIDAYS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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**PINELODGE HOLIDAYS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Nicholas M H Grayson BSc (Hons) - Executive Chairman and Joint Managing Director Lyndsey F Grayson BA (Hons) - Joint Managing Director Beverley A Grayson - Non-executive Mark Randall BA (Hons) FCA - Finance Director (appointed 1 April 2021)
<b>Company secretary</b>	Mark Randall BA (Hons) FCA
<b>Registered number</b>	01966828
<b>Registered office</b>	Darwin Forest Country Park Darley Moor Two Dales Matlock Derbyshire DE4 5PL
<b>Independent auditors</b>	Shorts Chartered Accountants & Statutory Auditor 2 Ashgate Road Chesterfield S40 4AA
<b>Bankers</b>	Lloyds Banking Group plc 116 Wellington Street Leeds West Yorkshire LS1 4LT
<b>Solicitors</b>	Knights plc Commercial House 14 Commercial Street Sheffield South Yorkshire S1 2AT

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**PINELODGE HOLIDAYS LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**Introduction**

The directors present their strategic report on the Company for the year ended 31 October 2021.

**Business review**

Financial year 2020/21 saw our holiday parks closed under the "Tier" system a couple of days after the start of the year, and we were not able to reopen them to the public until 12 April 2021. Thereafter we experienced very strong demand for our holidays. Once open we were able to offer our guests restricted leisure and hospitality facilities in line with Government COVID-19 safe regulations and industry best practice. In line with other hospitality businesses, we have been affected by the widely publicised shortage of staff, and this challenge is continuing.

Given the challenges that we have been through this year we are delighted that Landal Darwin Forest won a Hoseasons Diamond award, and both parks were awarded GreenKey accreditation due to our environmental commitments.

At Pinelodge Holidays 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 parks cater mainly for ABC1 profile holidaymakers and bookings for the current year have started well. The current uncertainties around COVID-19 continue to encourage the staycation phenomenon and the growth in UK short break holidays.

**Principal risks and uncertainties**

The management of the business and the execution of the Group's strategies are subject to a number of risks.

The key business risks affecting the Group continues to be associated with the COVID-19 pandemic, and the resultant ongoing challenges in recruitment and the procurement of materials, as well as the appetite for consumer to take UK vacations. Price inflation has been dramatic for certain commodities, and we have recently seen large increases in energy costs. General UK economic conditions are always of concern as they impact upon the markets for timber leisure buildings, be they for use as second homes or short term holiday destinations.

The long-term effect of above inflation increases in the National Living Wage continues to be a concern to the business

**Financial key performance indicators**

A summary of the Company's key financial performance indicators year on year to 31 October 2021 are as follows:

- Turnover increased 18.8% to £8.54m;
- Operating profit increased to £3.32m from £1.49m;
- EBITDA (earnings before interest, tax, depreciation and amortisation) increased to £4.18m from £2.38m.

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**PINELODGE HOLIDAYS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**Going concern**

The directors have carefully considered the likely effect of COVID-19 on the Company's future financial performance and have prepared financial projections. As a result, the directors have concluded that the Company will have sufficient working capital to settle its' liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and on this basis it is therefore appropriate that they are prepared on a going concern basis.

This report was approved by the board on 11 February 2022 and signed on its behalf.

**Mark Randall, Company Secretary**

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## PINELODGE HOLIDAYS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

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The directors present their report and the financial statements for the year ended 31 October 2021.

#### 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, Landal Darwin Forest and Landal Sandybrook.

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, after taxation, amounted to £2,612,000 (2020 - £1,054,000).

During the year a final dividend of £250,000 (2020: £250,000) was approved and paid in respect of the year ended 31 October 2021.

#### Directors

The directors who served during the year were:

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

Paul St J Daly - Deputy Chairman and Finance Director (resigned 31 October 2021)

Lyndsey F Grayson BA (Hons) - Joint Managing Director

Beverley A Grayson - Non-executive

Mark Randall BA (Hons) FCA - Finance Director (appointed 1 April 2021)

#### 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 judgements 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.

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**PINELODGE HOLIDAYS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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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.

**Qualifying third party indemnity provisions**

The directors have been granted a qualifying third party indemnity provision under Section 234 of the Companies Act 2016. This indemnity does not provide cover in the event of a director acting fraudulently.

**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.

**Auditors**

The auditors, Shorts, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 February 2022 and signed on its behalf.

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**Mark Randall**  
Company Secretary

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINELODGE HOLIDAYS LIMITED**

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**Opinion**

We have audited the financial statements of Pinelodge Holidays Limited (the 'Company') for the year ended 31 October 2021, 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 31 October 2021 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**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



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

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 set out on page 3, 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.

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

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**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- through discussions with the directors and other management and from our commercial knowledge and experience of the sectors that the Company operates in, we identified the laws and regulations applicable to the Company; and
- focusing on the specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, we assessed the extent of compliance with those laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulation

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- considered journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

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

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Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

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](http://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  
S40 4AA

11 February 2022

PINELODGE HOLIDAYS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £000	2020 £000
Turnover		8,539	7,189
Other operating income		828	545
Raw materials and consumables		(310)	(399)
Other external charges		(2,537)	(2,511)
Staff costs	5	(2,324)	(2,500)
Depreciation and amortisation		(868)	(886)
Other operating expenses		(13)	56
<b>Operating profit</b>		<b>3,315</b>	<b>1,494</b>
Interest payable and similar expenses	7	(36)	(129)
<b>Profit before tax</b>		<b>3,279</b>	<b>1,365</b>
Tax on profit	8	(667)	(311)
<b>Profit after tax</b>		<b>2,612</b>	<b>1,054</b>
Retained earnings at the beginning of the year		5,849	5,045
Profit for the year		2,612	1,054
Dividends declared and paid		(250)	(250)
<b>Retained earnings at the end of the year</b>		<b>8,211</b>	<b>5,849</b>

The notes on pages 11 to 22 form part of these financial statements.

**PINELODGE HOLIDAYS LIMITED**  
**REGISTERED NUMBER: 01966828**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2021**

	Note	31 October 2021 £000	1 November 2020 £000
<b>Fixed assets</b>			
Tangible assets	10	13,685	14,170
<b>Current assets</b>			
Stocks	11	848	822
Debtors: amounts falling due within one year	12	207	399
Cash at bank and in hand		2,205	34
		<u>3,260</u>	<u>1,255</u>
Creditors: amounts falling due within one year	13	(6,434)	(7,288)
<b>Net current liabilities</b>		(3,174)	(6,033)
<b>Total assets less current liabilities</b>		<u>10,511</u>	<u>8,137</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	(1,550)	(1,538)
<b>Net assets</b>		<u><u>8,961</u></u>	<u><u>6,599</u></u>
<b>Capital and reserves</b>			
Called up share capital		750	750
Profit and loss account		8,211	5,849
		<u><u>8,961</u></u>	<u><u>6,599</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 February 2022.

**Nicholas M H Grayson**  
Executive Chairman and Joint Managing Director

**Mark Randall**  
Financial Director

The notes on pages 11 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**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 and its registered number 01966828.

**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 judgement in applying the Company's accounting policies (see note 3).

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

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 31 October 2021 and these financial statements may be obtained from the registered office.

**2.3 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

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**2. Accounting policies (continued)**

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

**2.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.7 Finance costs**

Finance costs are charged to profit or loss 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.

**2.8 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

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**2. Accounting policies (continued)**

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

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**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 profit or loss.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

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**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.

**PINELODGE HOLIDAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

**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**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u><b>19</b></u>	<u><i>15</i></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**5. Employees**

Staff costs were as follows:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>2,156</b>	<i>2,301</i>
Social security costs	<b>107</b>	<i>118</i>
Cost of defined contribution scheme	<b>61</b>	<i>81</i>
	<u><b>2,324</b></u>	<u><i>2,500</i></u>

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

	<b>2021</b>	<i>2020</i>
	<b>No.</b>	<i>No.</i>
Administration and reception	<b>36</b>	<i>36</i>
Leisure facilities	<b>44</b>	<i>58</i>
Housekeeping and maintenance	<b>137</b>	<i>124</i>
	<u><b>217</b></u>	<u><i>218</i></u>

**PINELODGE HOLIDAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

**6. Directors' remuneration**

None of the directors received any remuneration from the Company during the year to 31 October 2021 (2020: £NIL). Management charges of £348,048 (2020: £331,608) have been made from Pinelod Group Limited, which includes amounts in respect of the services of Mr N M H Grayson, Mr P St J Daly, Miss LF Grayson & Mr M Randall.

**7. Interest payable**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Bank interest payable	<b>9</b>	<i>39</i>
Interest on loans from group undertakings	<b>26</b>	<i>90</i>
	<u><b>35</b></u>	<u><i>129</i></u>

**8. Tax**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>635</b>	<i>111</i>
Group taxation relief	<b>20</b>	<i>46</i>
<b>Total current tax</b>	<u><b>655</b></u>	<u><i>157</i></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>27</b>	<i>154</i>
Adjustments in respect of previous periods	<b>(15)</b>	<i>-</i>
<b>Total deferred tax</b>	<u><b>12</b></u>	<u><i>154</i></u>
<b>Taxation on profit</b>	<u><b>667</b></u>	<u><i>311</i></u>

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**PINELODGE HOLIDAYS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Tax (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	<u>3,279</u>	<u>1,365</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	623	259
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	(15)	-
Permanent differences leading to an increase in the tax charge	59	52
<b>Total tax charge for the year</b>	<u><u>667</u></u>	<u><u>311</u></u>

**9. Dividends**

	31 October 2021 £000	1 November 2020 £000
Dividends paid	<u><u>250</u></u>	<u><u>250</u></u>

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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10. Tangible fixed assets

	Freehold land and buildings £000	Pinelodges £000	Plant and equipment £000	Total £000
<b>Cost</b>				
At 2 November 2020	10,639	9,351	1,370	21,360
Additions	170	144	92	406
Disposals	-	(36)	(12)	(48)
At 31 October 2021	10,809	9,459	1,450	21,718
<b>Depreciation</b>				
At 2 November 2020	4,138	2,055	997	7,190
Charge for the year on owned assets	343	425	103	871
Disposals	-	(16)	(12)	(28)
At 31 October 2021	4,481	2,464	1,088	8,033
<b>Net book value</b>				
At 31 October 2021	6,328	6,995	362	13,685
<b>At 1 November 2020</b>	6,501	7,296	373	14,170

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 31 OCTOBER 2021**

**11. Stocks**

	<b>31 October 2021 £000</b>	<i>1 November 2020 £000</i>
Raw materials and consumables	204	185
Lodge inventories	644	637
	<u>848</u>	<u>822</u>

**12. Debtors**

	<b>31 October 2021 £000</b>	<i>1 November 2020 £000</i>
Other debtors	34	-
Prepayments and accrued income	173	341
Corporation tax	-	58
	<u>207</u>	<u>399</u>

**13. Creditors: Amounts falling due within one year**

	<b>31 October 2021 £000</b>	<i>1 November 2020 £000</i>
Bank overdrafts	-	1,498
Bank loans	-	314
Trade creditors	192	185
Amounts owed to group undertakings	3,502	3,544
Corporation tax	264	-
Other taxation and social security	34	48
Other creditors	250	-
Accruals and deferred income	2,192	1,699
	<u>6,434</u>	<u>7,288</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 31 OCTOBER 2021

14. Loans

Analysis of the maturity of loans is given below:

	31 October 2021 £000	1 November 2020 £000
<b>Amounts falling due within one year</b>		
Bank loans	-	314

15. Deferred taxation

	2021 £000	2020 £000
At beginning of year	1,538	1,384
Charged to profit or loss	(12)	(154)
<b>At end of year</b>	<b>1,550</b>	<b>1,538</b>

The provision for deferred taxation is made up as follows:

	31 October 2021 £000	1 November 2020 £000
Accelerated capital allowances	1,244	1,244
Short term timing differences	12	-
Revaluations	(24)	(24)
Capital gains held over	318	318
	<b>1,550</b>	<b>1,538</b>

16. Contingent liabilities

The Company has given guarantees in respect of bank borrowings of certain group undertakings.

At 31 October 2021 borrowings covered by these guarantees amounted to £4,500,000 (2020: £3,000,000).

At that date the net bank balances of all group undertakings within the group banking arrangement amounted to net cash of £3,131,000 (2020: net debt £507,000). In the opinion of the directors no loss will arise in connection with these guarantees.



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**PINELODGE HOLIDAYS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

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**17. 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 £61,000 (2020: £81,000). Contributions totalling £5,000 (2020: £5,000) were payable to the fund at the balancesheet date and are included in accruals.

**18. Commitments under operating leases**

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>31 October</b>	<i>1 November</i>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Not later than 1 year	<b>39</b>	<i>28</i>
Later than 1 year and not later than 5 years	<b>156</b>	<i>156</i>
Later than 5 years	<b>515</b>	<i>555</i>
	<hr/> <b>710</b> <hr/>	<hr/> <i>739</i> <hr/>

**19. 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 PinelodgeHolidaysLimited.

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