

PINELODGE HOLIDAYS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 OCTOBER 2023

PINELODGE HOLIDAYS LIMITED

COMPANY INFORMATION

Directors 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

Company secretary Mark Randall BA (Hons) FCA

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
S40 4AA

Bankers Lloyds Bank plc
116 Wellington Street
Leeds
West Yorkshire
LS1 4LT

Solicitors Knights plc
Commercial House
14 Commercial Street
Sheffield
South Yorkshire
S1 2AT

PINELODGE HOLIDAYS LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 29 OCTOBER 2023**

Introduction

The directors present their strategic report on the Company for the year ended 29 October 2023.

Business review

The results for the Company are set out in the profit and loss account on page 9 and they show a profit before tax of £2,968,000 (2022: £3,350,000) for the year and turnover of £11,051,000 (2022: £11,363,000).

We are delighted that both Pinelodge Holidays' parks retained the Visit England 5 Star Holiday Park standard and were also awarded the Gold award. The parks also retained the prestigious Green Key accreditation for our environmental commitments. Both parks continue to receive excellent Trip Advisor reviews and Feefo scores. Darwin Forest's high Feefo scores alongside its low customer complaints ratio was also recognised by our booking agent Hoseasons at their recent Diamond Awards who named Darwin Forest the 'Best in Britain' in the large parks category.

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, Darwin Forest and 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.

Principal risks and uncertainties

The key business risks affecting the Company in the post COVID-19 pandemic world are the Cost of Living Crisis as well as the appetite for consumers to take UK vacations. Price inflation has been dramatic for certain commodities, and we have been subjected to 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 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 29 October 2023 are as follows:

- Turnover fell by 2.7% to £11.1m;
- Operating profit fell to £2.9m from £3.4m;
- EBITDA (earnings before interest, tax, depreciation and amortisation) fell to £3.7m from £4.2m.

This report was approved by the board on 11 March 2024 and signed on its behalf.

Mark Randall

Company Secretary

PINELODGE HOLIDAYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 OCTOBER 2023

The directors present their report and the financial statements for the year ended 29 October 2023.

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 and 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 £2,235,000 (2022 - £2,188,000).

During the year a final dividend of £650,000 (2022: £250,000) was approved and paid in respect of the year ended 29 October 2023.

Directors

The directors who served during the year were:

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 OCTOBER 2023

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.

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.

PINELODGE HOLIDAYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 OCTOBER 2023**

This report was approved by the board on 11 March 2024 and signed on its behalf.

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Mark Randall
Company Secretary

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 2023, 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 29 October 2023 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.

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

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.

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.

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 regulations.

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;
- reading the minutes of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the Company's legal advisor.

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

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. 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. 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 March 2024

PINELODGE HOLIDAYS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 29 OCTOBER 2023

	Note	2023 £000	2022 £000
Turnover		11,051	11,363
Other operating income		-	2
Raw materials and consumables		(668)	(628)
Other external charges		(3,782)	(3,804)
Staff costs		(2,857)	(2,661)
Depreciation and amortisation		(858)	(844)
Other operating expenses		(7)	(25)
Operating profit		2,879	3,403
Interest receivable/(payable)	7	89	(53)
Profit before tax		2,968	3,350
Tax on profit	8	(733)	(1,162)
Profit after tax		2,235	2,188
Retained earnings at the beginning of the year		10,149	8,211
Profit for the year		2,235	2,188
Dividends declared and paid		(650)	(250)
Retained earnings at the end of the year		11,734	10,149

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

PINELODGE HOLIDAYS LIMITED
REGISTERED NUMBER: 01966828

BALANCE SHEET
AS AT 29 OCTOBER 2023

	Note	29 October 2023 £000	30 October 2022 £000
Fixed assets			
Tangible assets	10	12,899	13,082
Current assets			
Stocks	11	941	843
Debtors: amounts falling due within one year	12	284	168
Cash at bank and in hand		4,584	2,067
		<u>5,809</u>	<u>3,078</u>
Creditors: amounts falling due within one year	13	<u>(4,079)</u>	<u>(3,213)</u>
Net current assets/(liabilities)		1,730	(135)
Total assets less current liabilities		<u>14,629</u>	<u>12,947</u>
Provisions for liabilities			
Deferred taxation		(2,145)	(2,048)
Net assets		<u><u>12,484</u></u>	<u><u>10,899</u></u>
Capital and reserves			
Called up share capital	15	750	750
Profit and loss account		11,734	10,149
		<u><u>12,484</u></u>	<u><u>10,899</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 March 2024.

Nicholas M H Grayson
Executive Chairman and Joint Managing Director

Mark Randall
Director

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023**

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);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pinelodge Group Limited as at 29 October 2023 and these financial statements may be obtained from the registered office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

2. Accounting policies (continued)

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.

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.

2.4 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 Interest income

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

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

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 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.

2.8 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 29 OCTOBER 2023

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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 29 OCTOBER 2023

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

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

During the year, the Company obtained the following services from the Company's auditors:

	29 October 2023 £000	30 October 2022 £000
Fee payable to the Company's auditor for the audit of the Company's annual financial statements	<u>18</u>	<u>17</u>

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

PINELODGE HOLIDAYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023**

5. Employees

Staff costs were as follows:

	2023	2022
	£000	£000
Wages and salaries	2,663	2,476
Social security costs	144	137
Cost of defined contribution pension scheme	50	48
	<u>2,857</u>	<u>2,661</u>

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

	2023	2022
	No.	No.
Administration and reception	36	35
Leisure facilities	55	49
Housekeeping and maintenance	129	136
	<u>220</u>	<u>220</u>

6. Directors' remuneration

None of the directors received any remuneration from the Company during the year to 29 October 2023 (2022: £NIL).

Management charges of £388,000 (2022: £357,000) have been made from Pinelog Group Limited, which includes amounts in respect of the services of Mr N M H Grayson, Miss L F Grayson & Mr M Randall.

7. Interest receivable/(payable)

	2023	2022
	£000	£000
Interest on loans to/from group undertakings	<u>89</u>	<u>(53)</u>

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

8. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	635	672
Adjustments in respect of previous periods	1	(7)
Total current tax	636	665
Deferred tax		
Origination and reversal of timing differences	95	(1)
Changes to tax rates	-	489
Adjustments in respect of previous periods	2	9
Total deferred tax	97	497
Taxation on profit	733	1,162

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 22.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	2,968	3,349
Profit multiplied by standard rate of corporation tax in the UK of 22.5% (2022 - 19%)	668	636
Effects of:		
Adjustments to tax charge in respect of prior periods	3	2
Permanent differences leading to an increase in the tax charge	52	34
Difference in rate of tax for deferred tax	10	490
Total tax charge for the year	733	1,162

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

9. Dividends

	29 October 2023 £000	30 October 2022 £000
Dividends paid	<u>650</u>	<u>250</u>

10. Tangible fixed assets

	Freehold land and buildings £000	Pinelodges £000	Plant and equipment £000	Total £000
Cost				
At 31 October 2022	10,906	9,459	1,581	21,946
Additions	111	568	77	756
Disposals	-	(196)	(50)	(246)
At 29 October 2023	<u>11,017</u>	<u>9,831</u>	<u>1,608</u>	<u>22,456</u>
Depreciation				
At 31 October 2022	4,823	2,866	1,175	8,864
Charge for the year on owned assets	340	382	136	858
Disposals	-	(115)	(50)	(165)
At 29 October 2023	<u>5,163</u>	<u>3,133</u>	<u>1,261</u>	<u>9,557</u>
Net book value				
At 29 October 2023	<u>5,854</u>	<u>6,698</u>	<u>347</u>	<u>12,899</u>
At 30 October 2022	<u>6,083</u>	<u>6,593</u>	<u>406</u>	<u>13,082</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 2023**

11. Stocks

	29 October 2023 £000	30 October 2022 £000
Raw materials and consumables	278	198
Lodge inventories	663	645
	<u>941</u>	<u>843</u>

12. Debtors

	29 October 2023 £000	30 October 2022 £000
Other debtors	-	17
Prepayments and accrued income	284	151
	<u>284</u>	<u>168</u>

13. Creditors: Amounts falling due within one year

	29 October 2023 £000	30 October 2022 £000
Trade creditors	202	192
Amounts owed to group undertakings	134	299
Corporation tax	269	86
Other taxation and social security	475	414
Accruals and deferred income	2,999	2,222
	<u>4,079</u>	<u>3,213</u>

PINELODGE HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

14. Deferred taxation

	2023 £000	2022 £000
At beginning of year	2,048	1,550
Charged to profit or loss	97	498
At end of year	2,145	2,048

The provision for deferred taxation is made up as follows:

	29 October 2023 £000	30 October 2022 £000
Accelerated capital allowances	1,771	1,669
Short term timing differences	(13)	(8)
Revaluations	(31)	(31)
Capital gains held over	418	418
	2,145	2,048

15. Share capital

	29 October 2023 £000	30 October 2022 £000
Allotted, called up and fully paid		
750,000 (2022 - 750,000) Ordinary shares of £1.00 each	750	750

16. Contingent liabilities

The Company has given guarantees in respect of bank borrowings of certain group undertakings. At 29 October 2023 borrowings covered by these guarantees amounted to £Nil (2022: £Nil). At that date the net bank balances of all group undertakings within the group banking arrangement amounted to net cash of £6,944,000 (2022: net cash £4,509,000). In the opinion of the directors no loss will arise in connection with these guarantees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 OCTOBER 2023

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 £50,000 (2022: £48,000). Contributions totalling £9,000 (2022: £7,000) were payable to the fund at the balance sheet date and are included in accruals.

18. Commitments under operating leases

At 29 October 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	29 October 2023 £000	30 October 2022 £000
Not later than 1 year	52	39
Later than 1 year and not later than 5 years	181	156
Later than 5 years	502	476
	<u>735</u>	<u>671</u>

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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