

Company Registration No. 02060782 (England and Wales)

# **LANGDALE LEISURE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2019**

## LANGDALE LEISURE LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Mr D E Watler Mr N O Lancaster
<b>Secretary</b>	Mrs A L Durnall
<b>Company number</b>	02060782
<b>Registered office</b>	The Langdale Estate Great Langdale Ambleside LA22 9JD
<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

## LANGDALE LEISURE LIMITED

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## LANGDALE LEISURE LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 30 APRIL 2019

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The directors present the strategic report for the year ended 30 April 2019.

#### Summary

For the first half year business substantially outperformed the previous year, then around October 2018 the Brexit effect arrived. Confidence in the economy fell away as uncertainty over Brexit took hold. Customer spending became more cautious, so it was a challenge to maintain income levels in all departments. Additionally, several other Lakeland hotels opened their new suites or upgraded rooms in an attempt to match our standards. One estimate suggests that over the year 55 rooms intended to match Brimstone and 242 rooms to match Langdale hotel were added to the Lakeland market. The competition is trying to catch up, but we must stay ahead in all aspects of the business.

#### Financial

In the year to 30th April 2019 the company made its highest profit before taxation for some years. At £268,270 it was up a little on the previous year £264,754. However, this small increase in profitability was after writing off upkeep of the car park costing approximately £24,000. Turnover for the year increased by nearly 1% to £8,916,595, cost of sales was well controlled and reduced by 1.6% to £5,618,601, overheads were up 5.7% to £2,868,100 largely on items beyond our control such as increases in rates and minimum wage levels.

Our total shareholders' funds increased by 3.8% breaking the five million barrier to £5,082,715. Cash funds substantially increased from £902,514 to £1,710,435, this large increase, unlikely to be repeated, was helped by low capital expenditure of £385,102 and high depreciation of fixed assets of £766,677. Our bank borrowing continues to fall reducing from £4,896,180 to £4,606,285. So, essentially our net indebtedness is now under £3m, an excellent achievement by the management team after we invested around £7m a few years ago.

#### Principal Risks and Uncertainties

Risk	Potential Impact	Mitigation
Financing	The company currently has bank borrowing with Barclays, used to fund capital spending projects from previous years. Changes in borrowing facilities could affect the company's ability to continue its improvement of facilities on the estate	The business renewed its loan relating to the Brimstone Hotel in 2018 for another 5 years at a fixed interest rate of 3.55%. The business maintains good relations with Barclays bank.
Advancements in Technology	The company must keep up with changes in technology to ensure it reaches its customers across all digital platforms to maintain bookings and ultimately high occupancy levels	Direct web bookings continue to increase and the company's online presence across platforms is carefully managed.
Environmental Issues	The company won the award for green hotel of the year in 2013 and therefore has a reputation to maintain. It is also important given increasing utility costs that the company continues its green practices to control such costs	The company continues to update its working practices wherever it is able and introduces new ones which are greener.

## LANGDALE LEISURE LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

#### Principal Risks and Uncertainties (continued)

Risk	Potential Impact	Mitigation
People	The business could be impacted by the loss of key individuals and not being able to recruit quality members of staff	The company currently provides staff accommodation and is planning on providing additional staff accommodation behind Wainwrights, which should help with recruitment. Improvements were made to existing staff accommodation and the canteen in addition to, improved safety features and fire prevention upgrades in the Woodside and Ghyllside blocks. This followed the annual independent Fire Risk Assessment across the Estate.

#### Future

The company was set up and designed to maintain a strong position coupled with a wonderfully balanced Lodge Owners' Club Constitution. Some Owners may feel too much attention has been given to the hotel and spa operations but let me assure you that looking after those is for the benefit of Owners in the long run. The development of Stove and Brimstone Spa make your timeshare week more desirable. The company has to successfully compete in the marketplace and must move with and be ahead of the times. Only by doing that successfully does it provide a secure platform for timeshare to thrive.

Our bank borrowing must continue to reduce before further major developments can be planned. The only development in progress is the additional staff accommodation units. The current year continues in the vein that the last ended – an uncertain environment and a lack of consumer confidence due to impending political decisions is not helpful. Coupled with ever increasing costs often forced on businesses by government it is a challenging time. From April 2019, like all businesses, we had to withstand an increase of almost 5% in the National Minimum wage, this forces up other pay levels to maintain differentials and an increase in employers pension contributions. So, at the end of the first quarter the company is behind the previous year with profits of £80,000 compared to £120,000 last year. Increasingly we are letting lodge weeks on behalf of owners, in the first quarter of the current year 18 lodges were let on average each week at an average gross rental of £1,400. These figures are up on the previous year of 17 and £1,170. This caution in the market is likely to continue until there is certainty over Brexit one way or another, so perhaps the sooner the issue is resolved the better. If we leave without a deal at least that is certainty and hopefully the market will begin to firm up. However, I do believe the current year will be difficult; profits may be less than last year.

On behalf of the board

**Mr N O Lancaster**

**Director**

16 September 2019

## **LANGDALE LEISURE LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 30 APRIL 2019**

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The directors present their annual report and financial statements for the year ended 30 April 2019.

#### **Principal activities**

The principal activity of the company continues to be the operation and management of the Langdale resort, which includes a hotel and timeshare development.

A detailed review of the business is included in the financial statements of the parent company, Langdale Owners Plc, a copy of which can be obtained from Companies House.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D E Waller  
Mr N O Lancaster

#### **Results and dividends**

The results for the year are set out on page 8.

The directors have not recommended a dividend.

#### **Financial instruments**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- to finance its operations;
- to manage its exposure to interest and currency risks arising from its operations and from its sources of finance and;
- for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

#### **Auditor**

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

**Mr N O Lancaster**  
**Director**  
16 September 2019

## **LANGDALE LEISURE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 APRIL 2019**

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The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 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.

## LANGDALE LEISURE LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF LANGDALE LEISURE LIMITED

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##### Opinion

We have audited the financial statements of Langdale Leisure Limited (the 'company') for the year ended 30 April 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 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 30 April 2019 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 *Auditor's 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 UK, including the FRC'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 auditor's 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 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.

##### Opinions on other matters prescribed by the Companies Act 2006

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



## **LANGDALE LEISURE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LANGDALE LEISURE LIMITED**

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#### **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 and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

#### **Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **LANGDALE LEISURE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LANGDALE LEISURE LIMITED**

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#### **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 auditor's 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.

**Jenny McCabe (Senior Statutory Auditor)  
for and on behalf of MHA Moore and Smalley  
Chartered Accountants  
Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

23 September 2019

# **LANGDALE LEISURE LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 30 APRIL 2019**

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	8,916,595	8,857,804
Cost of sales		(5,618,601)	(5,712,469)
<b>Gross profit</b>		<u>3,297,994</u>	<u>3,145,335</u>
Administrative expenses		(2,868,100)	(2,711,585)
<b>Operating profit</b>	<b>4</b>	<u>429,894</u>	<u>433,750</u>
Interest receivable and similar income	<b>7</b>	2,196	208
Interest payable and similar expenses	<b>8</b>	(163,820)	(169,204)
<b>Profit before taxation</b>		<u>268,270</u>	<u>264,754</u>
Tax on profit	<b>9</b>	(80,849)	(73,678)
<b>Profit for the financial year</b>		<u><u>187,421</u></u>	<u><u>191,076</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **LANGDALE LEISURE LIMITED**

## **BALANCE SHEET**

**AS AT 30 APRIL 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	10	11,432,507		11,814,082	
<b>Current assets</b>					
Stocks	11	75,255		73,082	
Debtors	12	1,129,076		1,206,796	
Cash at bank and in hand		1,710,435		894,505	
		<u>2,914,766</u>		<u>2,174,383</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,387,170)</u>		<u>(3,934,403)</u>	
<b>Net current liabilities</b>		<u>(1,472,404)</u>		<u>(1,760,020)</u>	
<b>Total assets less current liabilities</b>		9,960,103		10,054,062	
<b>Creditors: amounts falling due after more than one year</b>	14	(4,292,773)		(4,589,969)	
<b>Provisions for liabilities</b>	17	(584,615)		(568,799)	
<b>Net assets</b>		<u>5,082,715</u>		<u>4,895,294</u>	
<b>Capital and reserves</b>					
Called up share capital	20	3,685,000		3,685,000	
Profit and loss reserves		<u>1,397,715</u>		<u>1,210,294</u>	
<b>Total equity</b>		<u>5,082,715</u>		<u>4,895,294</u>	

The financial statements were approved by the board of directors and authorised for issue on 16 September 2019 and are signed on its behalf by:

**Mr D E Watler**  
Director

**Mr N O Lancaster**  
Director

**Company Registration No. 02060782**

**LANGDALE LEISURE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2019**

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 May 2017</b>	3,685,000	1,019,218	4,704,218
<b>Year ended 30 April 2018:</b>			
Profit and total comprehensive income for the year	-	191,076	191,076
<b>Balance at 30 April 2018</b>	3,685,000	1,210,294	4,895,294
<b>Year ended 30 April 2019:</b>			
Profit and total comprehensive income for the year	-	187,421	187,421
<b>Balance at 30 April 2019</b>	3,685,000	1,397,715	5,082,715

# LANGDALE LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2019

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#### 1 Accounting policies

##### Company information

Langdale Leisure Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Langdale Estate, Great Langdale, Ambleside, LA22 9JD.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

As a qualifying entity, the company has taken advantage of the reduced disclosure exemptions permitted under FRS 102 as follows:

- The requirements of Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17(d).
- The requirements of Section 11 'Basic Financial Instruments' paragraphs 11.29 to 11.28A and Section 12 'Other Financial Instrument Issues' paragraphs 12.26 to 12.29A.
- Section 33 'Related Party Disclosures' paragraph 33.7

Langdale Leisure Limited is a wholly owned subsidiary of Langdale Owners PLC and the results of Langdale Leisure Limited are included in the consolidated financial statements of Langdale Owners PLC which are available from Companies House, Cardiff.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Timeshare resales income relates to the commission receivable on any timeshares sold on behalf of the owners during the year. This is recognised when the invoice is raised.

Timeshare commission sales are the commissions receivable on sub-lets managed on behalf of the timeshare holders during the period. These are recognised when the week stay occurs.

Timeshare management fees are the annual fees paid by the lodge owners for the costs incurred by the company for the upkeep of the lodges. These are recognised in the profit and loss account when the service is provided to the lodge owner. Any amounts invoiced in advance of the customers stay are held in deferred income.

Income received from all other sources are recognised when the service is provided to the customer.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

## LANGDALE LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 APRIL 2019

#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2-10% per annum
Plant and machinery	5-50% per annum
Fixtures & fittings	5-33% per annum
Motor vehicles	20% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

## LANGDALE LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.



## LANGDALE LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement in respect of employees whom served during the year is fully accrued in the period.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.12 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

##### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## LANGDALE LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### ***Depreciation***

In determining the appropriate depreciation rates for the Company's assets, management reviews the operating policies of the business and makes judgements as to the applicable useful economic lives of the assets, considering residual values.

##### ***Classification of finance and operating leases***

At the inception of each lease, management undertake an assessment of the terms of the lease including payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***The residual value and estimated useful life of freehold property***

At the acquisition date of the property, management made an assessment of the useful life of the property. They have used their knowledge of the business, geographical area and the property itself in reaching a decision of a useful life of 50 years.

Management have also assessed the estimated residual value of the property at the end of its 50 year useful life. Using the factors noted above they have reached an appropriate residual value which has been applied in the depreciation calculation.

# **LANGDALE LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 APRIL 2019**

### **3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Hotel Accommodation	3,217,490	3,138,843
Food and Beverages	2,811,897	2,830,418
Timeshare Management Fees	1,458,928	1,404,063
Spa and Leisure	839,793	869,037
Services	264,782	294,948
Timeshare Commissions	219,772	213,776
Timeshare Sales	103,933	106,719
	<u>8,916,595</u>	<u>8,857,804</u>

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Other significant revenue</b>		
Interest income	2,196	208
	<u>2,196</u>	<u>208</u>

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,916,595	8,857,804
	<u>8,916,595</u>	<u>8,857,804</u>

### **4 Operating profit**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,500	7,934
Depreciation of owned tangible fixed assets	760,511	728,967
Depreciation of tangible fixed assets held under finance leases	6,166	2,055
(Profit)/loss on disposal of tangible fixed assets	(4,800)	2,221
Cost of stocks recognised as an expense	1,624,325	1,647,529
	<u>1,624,325</u>	<u>1,647,529</u>

**LANGDALE LEISURE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2019****5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2019 Number</b>	<b>2018 Number</b>
Part time	14	14
Full time	170	170
	<u>184</u>	<u>184</u>

Their aggregate remuneration comprised:

	<b>2019 £</b>	<b>2018 £</b>
Wages and salaries	3,334,572	3,418,830
Social security costs	227,288	257,761
Pension costs	77,285	67,008
	<u>3,639,145</u>	<u>3,743,599</u>

**6 Directors' remuneration**

	<b>2019 £</b>	<b>2018 £</b>
Remuneration for qualifying services	81,994	82,260
Company pension contributions to defined contribution schemes	7,956	8,354
	<u>89,950</u>	<u>90,614</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

**7 Interest receivable and similar income**

	<b>2019 £</b>	<b>2018 £</b>
<b>Interest income</b>		
Interest on bank deposits	2,196	208
	<u>2,196</u>	<u>208</u>

# **LANGDALE LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

### **8 Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	163,613	166,266
Interest on finance leases and hire purchase contracts	207	2,938
	<u>163,820</u>	<u>169,204</u>

### **9 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	65,033	13,304
	<u>65,033</u>	<u>13,304</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,816	60,374
	<u>15,816</u>	<u>60,374</u>
<b>Total tax charge</b>	<u>80,849</u>	<u>73,678</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit before taxation	268,270	264,754
	<u>268,270</u>	<u>264,754</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	50,971	50,303
Tax effect of expenses that are not deductible in determining taxable profit	68	67
Group relief	(129)	(736)
Depreciation on assets not qualifying for tax allowances	31,788	31,157
Other permanent differences	(1,859)	(7,104)
Deferred tax adjustments in respect of prior years	10	(9)
	<u>80,849</u>	<u>73,678</u>
<b>Taxation charge for the year</b>	<u>80,849</u>	<u>73,678</u>

### **Factors affecting future tax and charges**

In his budget speech on 16 March 2016, the UK Chancellor of the Exchequer announced changes which have an effect on the company's future tax position. He announced a reduction in the rate of UK corporation tax to 17% from 1 April 2020. A reduction in the rate of UK corporation tax from 20% to 19% from 1 April 2017 had previously been announced.

As at the balance sheet date, the reductions in the rate of corporation tax had been substantively enacted and therefore any deferred tax has been provided at these rates.

# **LANGDALE LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

### **10 Tangible fixed assets**

	Freehold land and buildings £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 May 2018	8,891,582	6,040,777	3,973,971	75,100	18,981,430
Additions	17,453	170,518	180,536	16,595	385,102
Disposals	(94,500)	(197,502)	(419,882)	(14,093)	(725,977)
At 30 April 2019	8,814,535	6,013,793	3,734,625	77,602	18,640,555
<b>Depreciation and impairment</b>					
At 1 May 2018	1,568,815	2,531,513	3,024,455	42,565	7,167,348
Depreciation charged in the year	167,304	356,745	226,116	16,512	766,677
Eliminated in respect of disposals	(94,500)	(197,502)	(419,882)	(14,093)	(725,977)
At 30 April 2019	1,641,619	2,690,756	2,830,689	44,984	7,208,048
<b>Carrying amount</b>					
At 30 April 2019	7,172,916	3,323,037	903,936	32,618	11,432,507
At 30 April 2018	7,322,767	3,509,264	949,515	32,536	11,814,082

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	<b>2019</b> £	<b>2018</b> £
Fixtures & fittings	16,442	22,608

Freehold land and buildings with a carrying amount of £7,172,916 (2018 - £7,322,767) have been pledged to secure borrowings of the company.

### **11 Stocks**

	<b>2019</b> £	<b>2018</b> £
Raw materials and consumables	75,255	73,082

# **LANGDALE LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

### **12 Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	254,897	327,583
Amounts owed by group undertakings	6,689	-
Other debtors	177,470	238,138
Prepayments and accrued income	690,020	641,075
	<u>1,129,076</u>	<u>1,206,796</u>

### **13 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	<b>15</b>	317,746
Obligations under finance leases	<b>16</b>	8,213
Trade creditors		1,370,085
Amounts owed to group undertakings		-
Corporation tax		65,033
Other taxation and social security		351,048
Other creditors		58,860
Accruals and deferred income		2,216,185
		<u>4,387,170</u>
		<u>3,934,403</u>

### **14 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	<b>15</b>	4,288,542
Obligations under finance leases	<b>16</b>	4,231
		<u>4,292,773</u>
		<u>4,589,969</u>

### **15 Loans and overdrafts**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans	4,606,288	4,896,180
	<u>4,606,288</u>	<u>4,896,180</u>
Payable within one year	317,746	318,555
Payable after one year	4,288,542	4,577,625
	<u>4,606,288</u>	<u>4,896,180</u>

# **LANGDALE LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

### **15 Loans and overdrafts**

**(Continued)**

The bank borrowings are secured by a debenture and cross guarantee between the company and its parent company Langdale Owners PLC. The loans with Barclays Bank are repayable by quarterly instalments until they are due to be refinanced in February 2021 and July 2022. The interest rate is calculated at 3.51%.

### **16 Finance lease obligations**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:		
Within one year	8,213	8,213
In two to five years	4,231	12,344
	<u>12,444</u>	<u>20,557</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured over the assets to which they relate.

### **17 Provisions for liabilities**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Deferred tax liabilities	<b>18</b>	584,615	568,799
		<u>584,615</u>	<u>568,799</u>

### **18 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
Accelerated capital allowances	587,531	571,162
Short term timing differences	(2,916)	(2,363)
	<u>584,615</u>	<u>568,799</u>



## LANGDALE LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

#### 18 Deferred taxation (Continued)

<b>Movements in the year:</b>	<b>2019</b>
	<b>£</b>
Liability at 1 May 2018	568,799
Charge to profit or loss	15,816
Liability at 30 April 2019	<u>584,615</u>

As at the signing date of these financial statements, the company has not finalised its capital expenditure programme for the forthcoming year and therefore an assessment as to the likely movement of other relating timing differences cannot be made.

#### 19 Retirement benefit schemes

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>77,285</u>	<u>67,008</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 20 Share capital

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,685,000 Ordinary shares of £1 each	<u>3,685,000</u>	<u>3,685,000</u>

#### 21 Related party transactions

The company has taken advantage of the exemption permitted under Section 33 'Related Party Disclosures' paragraph 33.1A from disclosing transactions with its parent company.

At the balance sheet date the company was owed £14,798 (2018: £72,375) by an organisation under common control.

#### 22 Ultimate controlling party

At 30 April 2019, the company's ultimate parent company was Langdale Owners Plc which is a parent of both the smallest and largest groups of which the company is a member. Copies of the consolidated financial statements of Langdale Owners Plc are available from Companies House.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.