

Company Registration No. 02060782 (England and Wales)

LANGDALE LEISURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

LANGDALE LEISURE LIMITED

COMPANY INFORMATION

Directors	Mr J Longmuir Mr M Coletta (Appointed 1 August 2020)
Secretary	Mrs A L Durnall
Company number	02060782
Registered office	The Langdale Estate Great Langdale Ambleside LA22 9JD
Auditor	MHA Moore and Smalley Priory Close St Marys Gate Lancaster LA1 1XB

LANGDALE LEISURE LIMITED

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LANGDALE LEISURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

Summary

In the last year, the COVID-19 pandemic has thoroughly distorted trading and operations in all areas of our business. Hospitality and travel have been the most negatively impacted industries and for large parts of the year our business was unable to trade. As a result, financially it has been a year of significant setback.

Financial Headlines

The Pandemic closed the business for 7 months of the financial year and resulted in a decline in turnover of £4,250,350 (51.9%) to £3,944,274. The mix of revenues produced a net gross loss of £392,394, down from the previous gross profit level of £2,484,081 and there was a loss before taxation of £883,050 a significant fall from last year's loss before tax of £206,760.

Total shareholder funds declined sharply by 17.3% from the previous year's level to £3,982,042. Cash funds at year end were £2,689,101 and is 76.8% higher than last year because of advance hotel bookings and gift vouchers, demonstrating the potential of a strong bounce back when restrictions ease and this is reinforced by the increase in our creditors due within 1 year, with our accruals and deferred income increasing by 84.4%.

Trading Review and Outlook

Despite this setback there is reason for optimism. Evidence of the potential for swift trading recovery was seen immediately upon re-opening last summer, following the first lockdown.

When we were able to open doors to customers, all areas of the business permitted to open bounced back strongly, despite having to operate under stringent restrictions. A trend we are again witnessing now as the most recent restrictions ease.

Demand for all types of accommodation was extremely high, though social distancing guidelines reduced the number of rooms available to let by twelve (which continues to be the case), when the business did open, we witnessed exceptional occupancy and average rate performance for hotel rooms and exceedingly high demand for timeshare property rental.

Food and beverage operations were also limited by the guidelines and table availability for timeshare guests has been restricted for most of the time. This is not a desirable situation and one which we hope will be resolved at the earliest opportunity.

Fitness and Leisure also had significant restrictions throughout the year, greatly reducing the number of guests able to use the facilities. As a result, we did prioritise timeshare and hotel guests, suspending all external club membership, which had a significant negative financial impact on this area.

The Spa facilities and treatment rooms were closed for most of the year. Staff from these areas were retained and redeployed when necessary.

Government COVID support measures for business were again utilised. The furlough scheme allowed for the retention of all staff unable to work, as a result, redundancies have been avoided.

Operating costs have increased as a result of enhanced hygiene measures and cost increases brought on by short supply of products at times.

Despite the difficulties faced last year, we are budgeting to return to profitability in the 2021/22 fiscal year, on the assumption there will be a continued return to normalised conditions in the country.

LANGDALE LEISURE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Trading Review and Outlook (continued)

Demand for hotel and lodge rental accommodation is again at an exceptionally high level, as is demand for our other services and facilities.

Since the beginning of the pandemic timeshare re-sales has been at unprecedented levels, with 147 in the last financial year a growth of 63% with an increase in average sale price of 26%. This is driven by the growing popularity of staycation and a desire to secure a future, guaranteed holiday week at a high-quality venue. Owners and the company are seeing the benefit of a shift in mindset brought on by the pandemic and the benefit of refurbishment of the properties by the Owners' Club and investment in the on-site facilities by the company in recent years.

The recently well publicised issue of the lack of availability of labour and job applicants is having a significant impact on our capacity, particularly in food and beverage areas. This is hopefully short term, and we will see the situation improve as this year goes on.

Other than the risks of the pandemic itself, the shortage of applicants for vacancies and the limiting impact this has on the operation is the greatest risk to the business at this time. We will also have to live with increased operational costs from both the pandemic and Brexit for at least the next year.

Pressure on costs will continue with price inflation and shortage of materials and the increased operating costs brought on by the COVID pandemic and Brexit. We will continue to look at ways to reduce the impact of these on the business, though inevitably we will have to pass some of this cost on to our customers.

Capital expenditure has largely been on hold. However, during the most recent lockdown the opportunity was taken to completely renew the kitchen facilities at Wainwrights. This was much needed to improve the working conditions of our team. It has also increased capacity to serve more customers, once fully operational.

Significant tree and shrub removal works were also carried out, in conjunction with the Owners' Club. These were necessary due to an outbreak in the area of the larch and shrub disease *Phytophthora ramorum*. Although large areas have been cleared, a sympathetic replanting scheme is underway. Thanks must go to our grounds team for this.

All other major projects are currently on hold and under review until the trading situation is normalised, though background preparatory and planning work is still taking place.

Environment

We pride ourselves on our record on environmental matters, though recognise there is still much to do. The pandemic has restrained activity towards our goal of being carbon neutral by 2030, but activity has re-started apace this year, headed up by Dan Visser.

One initiative recently launched is the creation of an E-team in the business. The E-team is open to every employee to get as involved as they wish. The E-team will be made up of team members, without senior management, and will act as a conduit for all environmental ideas that are brought forward within the business. It is hoped that by opening the E-team to all colleagues, their engagement with the project work will develop the culture and that best environmental practices become embedded in the way that Langdale naturally operates.

LANGDALE LEISURE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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 Stove & Spa development in March 2021 for another 5 years at a fixed interest rate of 2.96%. 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 has established an environmental steering committee which will drive an environment action plan that is being prepared and will be launched in 2021. This will build upon the work carried out to date and establish a long-term environmental strategy.
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 prior to Covid had plans to build new modern facilities. This was placed on hold due to the pandemic but is being discussed again and has been identified as a priority on the capital planning.

Future

For everyone in our business this year has been a year like no other before. But we are emerging with a renewed optimism. It has brought out the best in our people. Some had to adapt their role, helping out across all areas of operation. Many have been furloughed and come back motivated and in good heart and are now doing the same. This is a time for a spirit of "all in it together" and the team are responding magnificently. We thank them all.

We have come through the most difficult of times, there is hope for a sustainable return to normality in the country and our business is strong.

Your Board and the Executive Team remain optimistic for the future.

On behalf of the board

Mr J Longmuir
Director

24 July 2021

LANGDALE LEISURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

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 J Longmuir

Mr D E Watler

Mr M Coletta

(Resigned 1 August 2020)

(Appointed 1 August 2020)

Results and dividends

The results for the year are set out on page 10.

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

LANGDALE LEISURE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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 J Longmuir

Director

24 July 2021

LANGDALE LEISURE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2021

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

Opinion

We have audited the financial statements of Langdale Leisure Limited (the 'company') for the year ended 30 April 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 2021 and of its loss 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

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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

LANGDALE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LANGDALE LEISURE LIMITED

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.

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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspect instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to future performance in light of the impact of Covid-19;
- An evaluation of the risk of management override of controls and subsequent testing, including through testing journal entries and other adjustments for appropriateness;
- An evaluation of the company's internal control environment; and
- Reviewing board minutes and resolutions.

LANGDALE LEISURE LIMITED

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

Because of the industry in which the company operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and safety, compliance with food safety and licencing regulations, employment law, and compliance with the Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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

Priory Close
St Marys Gate
Lancaster
LA1 1XB

30 July 2021

LANGDALE LEISURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 30 APRIL 2021**

	Notes	2021 £	2020 £
Turnover	3	3,944,274	8,194,624
Cost of sales		(4,336,668)	(5,710,543)
Gross (loss)/profit		(392,394)	2,484,081
Administrative expenses		(1,814,292)	(2,821,767)
Other operating income		1,494,927	276,924
Operating loss	4	(711,759)	(60,762)
Interest receivable and similar income	7	487	4,859
Interest payable and similar expenses	8	(171,778)	(150,857)
Loss before taxation		(883,050)	(206,760)
Tax on loss	9	46,593	(57,456)
Loss for the financial year		(836,457)	(264,216)

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		10,483,062		10,989,145
Current assets					
Stocks	11	39,531		53,928	
Debtors	12	1,366,001		853,180	
Cash at bank and in hand		2,689,101		1,520,682	
		<u>4,094,633</u>		<u>2,427,790</u>	
Creditors: amounts falling due within one year	13	<u>(5,126,816)</u>		<u>(2,779,268)</u>	
Net current liabilities			<u>(1,032,183)</u>		<u>(351,478)</u>
Total assets less current liabilities			9,450,879		10,637,667
Creditors: amounts falling due after more than one year	14		(4,873,359)		(5,173,313)
Provisions for liabilities					
Deferred tax liability	17	<u>595,478</u>	<u>(595,478)</u>	<u>645,855</u>	<u>(645,855)</u>
Net assets			<u>3,982,042</u>		<u>4,818,499</u>
Capital and reserves					
Called up share capital	19		3,685,000		3,685,000
Profit and loss reserves			<u>297,042</u>		<u>1,133,499</u>
Total equity			<u>3,982,042</u>		<u>4,818,499</u>

The financial statements were approved by the board of directors and authorised for issue on 24 July 2021 and are signed on its behalf by:

Mr J Longmuir
Director

Company Registration No. 02060782

LANGDALE LEISURE LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2019	3,685,000	1,397,715	5,082,715
Year ended 30 April 2020:			
Loss and total comprehensive income for the year	-	(264,216)	(264,216)
Balance at 30 April 2020	3,685,000	1,133,499	4,818,499
Year ended 30 April 2021:			
Loss and total comprehensive income for the year	-	(836,457)	(836,457)
Balance at 30 April 2021	3,685,000	297,042	3,982,042

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

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'- Compensation for key management personnel.

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

The directors consider the company to have a sufficient level of working capital to see it through the upcoming months and therefore remains wholly solvent at this time.

The onset of the pandemic resulted in management reviewing costs and overheads with cost cutting measures put in place to remove non-essential costs, while not impacting on the quality and speed of services provided and this remains to be the approach. The company also took advantage of all possible Government support schemes, including the furlough scheme, business rates exemptions, VAT reductions and deferrals and took out a Coronavirus Business Interruption Loan, which is now being repaid. A strong and consistent communication strategy with guests and suppliers has strengthened those important relationships and has resulted in higher-than-normal seasonal forward bookings and an apparent extension of the summer season. The supply chain has also responded well and continues to provide strong support partnerships. The company has adequate cash reserves and can continue to operate within the bank facilities available.

The Roadmap to Reopening issued by the UK Government has proved to be very helpful and provided the business with the room to develop strategies that will allow the operation to maximise its potential as restrictions are eased. A cautious approach to every Government announcement continues to be taken to ensure that the integrity of the business is not compromised by decisions which could result in the closure of guest services.

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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 timeshare owners for the costs incurred by the company for the upkeep of the timeshare units. These are recognised in the profit and loss account when the service is provided to the unit 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.

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 and cash equivalents

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

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

Impairment of financial assets

Financial assets 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.

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

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. 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.

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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.

1.14 Government grants

Government grants receivable represent income under the Coronavirus Job Retention Scheme (CJRS) to reimburse the company for costs incurred in retaining staff who we were furloughed due to the impact of closure due to COVID-19. CJRS grants are recognised to match the costs incurred by the company for the period claims are made.

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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 2021

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Hotel Accommodation	1,429,857	2,866,596
Food and Beverages	985,966	2,529,984
Timeshare Management Fees	801,393	1,318,078
Spa and Leisure	141,144	926,252
Services	268,129	274,512
Rental Commissions	170,456	206,943
Resale Commissions	147,329	72,259
	<u>3,944,274</u>	<u>8,194,624</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	487	4,859
Grants received	1,494,927	276,924
	<u>1,494,927</u>	<u>276,924</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	3,944,274	8,194,624
	<u>3,944,274</u>	<u>8,194,624</u>

Grants received during the year, represent income under the Coronavirus Job Retention Scheme (CJRS) to reimburse the company for costs incurred in retaining staff who we were furloughed due to the impact of closure in response to COVID-19.

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(1,494,927)	(276,924)
Fees payable to the company's auditor for the audit of the company's financial statements	8,650	8,500
Depreciation of owned tangible fixed assets	766,395	794,068
Depreciation of tangible fixed assets held under finance leases	-	6,166
Profit on disposal of tangible fixed assets	(125)	(1,567)
	<u>(125)</u>	<u>(1,567)</u>

LANGDALE LEISURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021****5 Employees**

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

	2021 Number	2020 Number
Part time	25	21
Full time	162	177
Total	<u>187</u>	<u>198</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,228,400	3,499,888
Social security costs	232,995	251,649
Pension costs	98,648	94,146
	<u>3,560,043</u>	<u>3,845,683</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	82,500	70,468
Company pension contributions to defined contribution schemes	8,250	7,047
	<u>90,750</u>	<u>77,515</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>487</u>	<u>4,859</u>

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	171,778	150,650
Interest on finance leases and hire purchase contracts	-	207
	<u>171,778</u>	<u>150,857</u>

9 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	3,784	(3,784)
	<u>3,784</u>	<u>(3,784)</u>
Deferred tax		
Origination and reversal of timing differences	(50,377)	(7,539)
Changes in tax rates	-	68,779
	<u>(50,377)</u>	<u>61,240</u>
Total deferred tax	(50,377)	61,240
	<u>(50,377)</u>	<u>61,240</u>
Total tax (credit)/charge	(46,593)	57,456
	<u>(46,593)</u>	<u>57,456</u>

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

	2021	2020
	£	£
Loss before taxation	(883,050)	(206,760)
	<u>(883,050)</u>	<u>(206,760)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(167,780)	(39,284)
Tax effect of expenses that are not deductible in determining taxable profit	86	73
Adjustments in respect of prior years	8,304	-
Effect of change in corporation tax rate	-	68,779
Permanent capital allowances in excess of depreciation	4,595	-
Depreciation on assets not qualifying for tax allowances	108,202	27,665
Other permanent differences	-	223
	<u>(46,593)</u>	<u>57,456</u>
Taxation (credit)/charge for the year	(46,593)	57,456
	<u>(46,593)</u>	<u>57,456</u>

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

9 Taxation

(Continued)

Factors affecting future tax and charges

The UK Finance Act 2020 received royal assent on 22 July 2020. This legislation maintained the UK corporation tax rate at the same level as the year commencing 6 April 2019 at 19% for the years commencing 6 April 2020 and 6 April 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

In the 2021 budget statement issued on 3 March 2021 the UK Government announced its intention to raise the corporation tax rate from 19% to 25% for the year commencing 6 April 2023. As this measure has not been enacted it has not been taken into account in calculating the deferred tax position at 30 April 2021.

10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2020	8,832,284	6,113,073	3,805,345	118,601	18,869,303
Additions	44,553	80,727	114,017	23,395	262,692
Disposals	-	(3,013)	(1,628)	(4,749)	(9,390)
At 30 April 2021	8,876,837	6,190,787	3,917,734	137,247	19,122,605
Depreciation and impairment					
At 1 May 2020	1,814,249	2,996,921	3,018,932	50,056	7,880,158
Depreciation charged in the year	172,855	320,911	250,631	21,998	766,395
Eliminated in respect of disposals	-	(3,014)	(1,620)	(2,376)	(7,010)
At 30 April 2021	1,987,104	3,314,818	3,267,943	69,678	8,639,543
Carrying amount					
At 30 April 2021	6,889,733	2,875,969	649,791	67,569	10,483,062
At 30 April 2020	7,018,035	3,116,152	786,413	68,545	10,989,145

Freehold land and buildings with a carrying amount of £6,889,733 (2020 - £7,018,035) have been pledged to secure borrowings of the company.

11 Stocks

	2021 £	2020 £
Raw materials and consumables	39,531	53,928

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	932,020	375,459
Corporation tax recoverable	-	3,784
Other debtors	360,412	374,384
Prepayments and accrued income	73,569	99,553
	<u>1,366,001</u>	<u>853,180</u>

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
	Notes	
Bank loans	15	309,598
Obligations under finance leases	16	-
Trade creditors		234,426
Amounts owed to group undertakings		9,713
Taxation and social security		227,750
Other creditors		200,856
Accruals and deferred income		4,144,473
		<u>5,126,816</u>
		<u>2,779,268</u>

14 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
	Notes	
Bank loans and overdrafts	15	4,873,359
		<u>5,173,313</u>
Amounts included above which fall due after five years are as follows:		
Payable by instalments		-
		<u>1,000,000</u>

15 Loans and overdrafts

	2021	2020
	£	£
Bank loans	5,182,957	5,365,647
	<u>309,598</u>	<u>192,334</u>
Payable within one year	4,873,359	5,173,313
Payable after one year	<u>4,873,359</u>	<u>5,173,313</u>

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

15 Loans and overdrafts

(Continued)

The bank borrowings are secured by a debenture and cross guarantee between Langdale Leisure Limited and Langdale Owners PLC. Two loans with Barclays Bank are repayable by quarterly instalments until they are due to be refinanced in September 2022 and March 2026. The interest rate is calculated at 3.51%. The third loan with Barclays Bank is repayable in quarterly instalments and is due to end in 6 years. Interest is being charged on this loan at 2.75%. This loan related to the £1m CBILS loan which was drawn down on 17th April 2020 to assist the business during the COVID-19 crisis.

16 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	4,231

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 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:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	678,343	649,121
Tax losses	(78,850)	-
Short term timing differences	(4,015)	(3,266)
	<u>595,478</u>	<u>645,855</u>
		2021
Movements in the year:		£
Liability at 1 May 2020		645,855
Credit to profit or loss		(50,377)
Liability at 30 April 2021		<u>595,478</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.

LANGDALE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

18 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	98,648	94,146

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.

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	3,685,000	3,685,000	3,685,000	3,685,000

20 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 owed £9,713 (2020: £213,328) to an organisation under common control. In the previous year, at the balance sheet date the company was owed £97,178 (2020: £nil) by an organisation under common control.

21 Ultimate controlling party

At 30 April 2021, 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.