



**The Langdale Owners' Club**  
**Financial Statements**  
for the year ended  
30th April 2011

## Agenda and Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 29th ANNUAL GENERAL MEETING of the Langdale Owners' Club will be held on Sunday 4th December 2011 at 2.00 pm at the Langdale Hotel, the Langdale Estate, Great Langdale, Ambleside, Cumbria, LA22 9JD.

### Agenda

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- A. Introduction
- B. To consider, and if thought fit, to pass the following ordinary Resolution:-
  - 1.) To approve the minutes of the last Annual General Meeting.
- C. Matters arising from the minutes of the last Annual General Meeting.
- D. Report of the Committee
- E. To consider, and if thought fit, to pass the following ordinary Resolutions:-
  - 2.) To receive, approve and adopt the Financial Statements for the year ended 30th April 2011, together with the Reports of the Committee and Auditors thereon.
  - 3.) To re-appoint Scott & Wilkinson LLP as Auditors of the Club and to authorise the Committee to fix their remuneration.
  - 4.) To re-elect Andrew Collier as a member of the Committee of the Club
- F. To transact such other business as may be properly transacted at an Annual General Meeting.
  - 5.) To confirm the action of the Committee in suspending the provisions contained in Clause 10 of the Management Agreement dated 4th January 1982 for a period of 5 years from 1st May 2011 on the basis of an agreement dated 4th February 2011 which provides for the Management Company's fee to be agreed annually between the Langdale Owners' Club Committee and the Management Company. A copy of the letter of 4th February 2011 is enclosed within this notice at Appendix 4.

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On behalf of the Committee



F O Crouch  
Chairman  
20th August 2011

### Notes

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- 1. Each member shall be entitled to one vote for each Holiday Certificate held subject to a maximum of twenty five Holiday Certificates. Where a Holiday Certificate is owned jointly the vote of the first named joint owner of the Holiday Certificate only shall be counted.
- 2. Members are entitled to appoint a proxy to vote, on a poll, in their stead. A proxy need not be a member of the Club. The instrument appointing the proxy must be signed by the appointor, or his or her attorney duly authorised in writing, or if the appointor is a company, it must be sealed or signed by a duly authorised officer or attorney. The instrument appointing the proxy shall be deposited at the office of the Club not less than 48 hours before the time appointed for holding the meeting and in default the instrument of proxy shall not be treated as valid. A proxy shall be valid for this Annual General Meeting or any adjournment thereof.
- 3. Address of Club c/o F O Crouch  
Langdale Owners' Club  
The Langdale Estate  
Great Langdale  
Nr Ambleside Cumbria LA22 9JD

The Langdale Owners' Club

## Committee Report

The Committee presents its formal report and the audited accounts for the year ended 30th April 2011.

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### Committee

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**Elected Members:** F O Crouch  
W I R Hamilton  
A J Collier

In accordance with the Constitution, Langdale Owners PLC has nominated the following Committee members as at 30th April 2011:

J Longmuir  
N Lancaster

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### Statement of Committee Members' Responsibilities

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The Committee is responsible for the management of the business and affairs of the Club and is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Club and of the results for that period. In preparing those financial statements, the Committee is expected to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Club will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Club. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Club and to prevent and detect fraud and other irregularities.

In so far as the members of the Committee are aware:

- there is no relevant audit information of which the company's auditors are unaware; and,
- the members of the Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

F O Crouch, W I R Hamilton and J Longmuir are Directors of Langdale Owners PLC. The Management Company is a division of Langdale Leisure Ltd which is a wholly owned subsidiary of Langdale Owners PLC.

J Longmuir is also a Director of Langdale Leisure Ltd and Nick Lancaster is a Senior Manager of Langdale Leisure Ltd.

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### Auditors

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Messrs Scott & Wilkinson act as auditors

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## **INTRODUCTION**

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The year ended 30 April 2011 marked the second year of the proposed five-year plan for the refurbishment of the lodges on the main Estate. Steady progress was maintained, with lessons learned from the feedback of owners in year one being taken on board to improve specifications and to control costs. As reported at the AGM last November, the reconstruction of the weir was completed, as was the infrastructure scheme for television, telephone and broadband distribution to all timeshare units. The Committee continues to monitor implementation of such projects and to support and encourage the Management Company in delivering the programme. This is alongside the regular day-to-day business of good housekeeping, but is increasingly looking to the longer term needs of the fabric of the units and improving the holiday experience of all timeshare owners.

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## **FINANCE**

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The total income from Management Fees, net of VAT, was £2,486,238, an increase of 2% over the previous year. Of this, £702,897 (Club Funds) was managed by the Committee, together with the Reserve Fund, and this is the subject of the formal accounts presented with this report.

The Management Company spent £1,608,344 (Management Company Budget) on Property Management Costs (that is to say, services to Owners and timeshare units), an increase of 2.6% over the previous year, but £4,340 below budget. The Management Company fee was again fixed at £175,000, and the in-year savings of £4,340 were transferred to the Club's Reserve Fund.

### **Club Funds**

The Club fund income totalled £702,897, and the Reserve Fund balance of £4,479, brought forward at 1 May 2010, meant that funds of £707,376 were available for the year.

The Committee and Management Company adopted a cautious approach to spending in the second year of lodge refurbishment. This allowed for adjustments to specifications and some advantageous changes in contractors and suppliers. A total of £633,459 was spent on refurbishment and regular maintenance. The Club operating costs brought total expenditure to £681,843, leaving a balance to be carried forward at the year end of £25,596. Club operating costs showed an increase of £19,651 due to the costs associated with the change in the Trustee and legal advice on the amendment to the Management Agreement.

### **Management Company Budget**

The accounts for the Management Company are recorded in the accounts for Langdale Leisure Limited, but a breakdown of expenditure and income is given for information in Appendices 1 and 2 to this report. A copy of a letter from Langdale Leisure Limited's auditors appears at Appendix 3.

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## **REFURBISHMENT AND MAINTENANCE**

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During the year the Management Company installed new lounge furniture in 9 lodges 18 new bathrooms and 10 new kitchens, all in accordance with the development plan. When we were looking ahead last autumn to years 3, 4, and 5, of the refurbishment programme, it became apparent that adjustments to the specifications and the revised estimates, would mean an increase in the cost of the refurbishment. Consequently, we had to review our options. We could either achieve fully our plans within the five year timetable we had set, which would necessitate a considerable increase in the management fee, or lengthen the timetable. As reported at the AGM, the Committee took the view that an adjustment to the timetable was preferable, with the result that while bathroom refurbishment is planned to be completed within the original five year period, kitchen/living room refurbishment will extend into a sixth year. We shall continue to keep any increases in management fees to a minimum concomitant with pressing ahead with the refurbishment programme. However, there are outside, upward inflationary pressures on costs which are beyond the Committee's control. Details of the plan are published on the website [www.langdaleownersclub.org.uk](http://www.langdaleownersclub.org.uk). Minor changes may be made from time to time in the light of operational factors: any future major changes will of course be reported to owners.

The annual maintenance programme was completed very successfully, thanks to Ian Murray and his team. Increasingly, the opportunity is taken to tackle maintenance problems as they arise, rather than waiting for the annual programme; this leads to problems being “nipped in the bud” and reduced costs overall.

A particular challenge this year was the need for major underpinning of lodge 67 which was in danger of sliding down a slope. Working with consultants, the in-house team produced a very satisfactory result.

It may be thought that the reconstruction of the weir, the new bore hole, and other initiatives mark the end of the story so far as the waterways are concerned. This is far from the case, as the Management Company has seen that what has already been done has created a further opportunity to manage and maintain the waterways across the site more comprehensively to make the best of our water environment.

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## MANAGEMENT COMPANY SERVICES

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The Committee receive regular reports on the performance of the Management Company Services for timeshare owners and are consulted on changes to specifications. For example, duvets, bed linen and laundry arrangements have all been changed in the last year, to maintain the standards that owners rightly expect.

It is pleasing to note that complaints reaching the Committee remain low, with the vast majority being dealt with quickly by immediate reference to Adam Sharrock, Owner Relations Manager. Both the Management Company and the Committee believe Adam is providing an excellent service to owners; he is available on change-over days and at the Monday evening lodge residents’ receptions.

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## COMMITTEE MATTERS

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Subject to ratification at this AGM the Committee have entered into a five-year agreement with the Management Company to vary the terms of the Management Agreement. Instead of being based on costs plus 15%, the Company’s fee for providing services has been fixed at £175,000 with an annual increase at 1st April equivalent to the percentage increase in the Consumer Prices Index (CPI) at the preceding September. The Management Company’s annual budget is agreed with the Committee, and monitored throughout the year. Any under-spend at the end of the year will be credited to the Reserve Fund, and any overspend will be a charge against the Reserve Fund. The new agreement provides a fair reward for services rendered, is clear and objective, and is in fact close to recent actual practice. The fee for 2011-12 represents 6.7% of budgeted costs.

The five year agreement will end on 30th April 2016 after which the original agreement will apply unless the parties decide otherwise. However, this form of Management Agreement, that is to say fixing the Company’s fee early, is very helpful.

In April, the Committee held a joint workshop, with the Board of LOP, for owners who had expressed interest in the work of the Board and/or the Committee. A number of those attending have expressed interest in further work and a plan is in the course of preparation to move this forward.

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## FINALE

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We would again like to thank the whole team at Langdale for their help and interest – it is good to find so many of the employees who are just as passionate about Langdale as we are. The senior management team, under Joe Longmuir’s leadership, continue to provide the Committee with the facts and figures we need as well as being sympathetic to our views.



**On behalf of the Committee**  
**Fred Crouch**  
**Chairman**



The Langdale Owners' Club

## The Independent Auditors Report

to the members of The Langdale Owners' Club

For the year ended 30th April 2011

We have audited the financial statements of The Langdale Owners' Club for the year ended 30 April 2011 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Club's members. Our audit work has been undertaken so that we might state to the Club'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 Club and the Club's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Committee Members and Auditor

The committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Club's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by committee members; and the overall presentation of the financial statements.

### Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Club's affairs as at 30 April 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Opinion on Other Matters

In our opinion the information given in the Committee's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where we are required 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 committee member's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Dalton House  
9 Dalton Square  
LANCASTER  
LA1 1WD  
1 September 2011



T M Preece FCCA  
(Senior Statutory Auditor)  
For and on behalf of  
Scott & Wilkinson LLP  
Chartered Accountants  
and Statutory Auditor

The Langdale Owners' Club

## Income and Expenditure Account

for the year ended 30th April 2011

<b>INCOME</b>	<b>NOTE</b>	<b>2011 £</b>	<b>2010 £</b>
Club Fund Contributions	<b>3</b>	<b>702,897</b>	694,893
Interest on cash deposits		<b>63</b>	0
Untraced Cancelled members			9,379
		<u><b>702,960</b></u>	<u>704,272</u>
<b>EXPENDITURE</b>			
Reserve Fund Replacements	<b>5</b>	<b>633,459</b>	1,000,790
Club Operating costs	<b>6</b>	<b>48,299</b>	28,648
Unrecovered costs on cancelled member		-	571
Tax on cash deposits		<b>13</b>	-
Bank charges		<b>72</b>	109
		<u><b>681,843</b></u>	<u>1,030,118</u>
<b>Increase/(Decrease) in reserve funds</b>		<u><b>21,117</b></u>	<u>(325,846)</u>


The Langdale Owners' Club

## Balance Sheet

30th April 2011

	NOTE	2011 £	2010 £
<b>Assets</b>			
Cash deposits		34,960	58,969
Stock	7	18,889	21,532
Lodge Assets	8	1	1
		<u>53,850</u>	<u>80,502</u>
<b>Liabilities</b>			
Due to Langdale Leisure Ltd	9	28,241	76,023
Provisions for taxation		13	-
		<u>28,254</u>	<u>76,023</u>
<b>Net Assets</b>		<u>25,596</u>	<u>4,479</u>
<b>Club Fund</b>			
Balance b/f 1 May 2010		4,479	330,325
Increase/(Decrease) in funds		21,117	(325,846)
		<u>25,596</u>	<u>4,479</u>

Signed on behalf of the Committee



Fred Crouch - Chairman  
20th August 2011

The Langdale Owners' Club  
**Notes to the Accounts**  
For the year ended 30th April 2011

## **1. Accounting Policies**

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### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and are in accordance with applicable accounting standards.

### **Turnover**

Turnover represents contributions receivable from owners, based on a fixed weekly amount per lodge.

### **Stock**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### **Vat**

The Langdale Owners' Club is not registered for Value Added Tax and therefore expenditure is shown inclusive of VAT.

### **Investments**

All investments are stated at Market Value.

## **2. Principal Object of the Club**

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In accordance with its Constitution, The Langdale Owners' Club is a non-profit making club whose object is to secure for members joint rights of ownership of the lodges at Langdale (including Elterwater Hall and Chapel Stile Apartments), and exclusive rights of occupation for the periods specified in the Holiday Certificates.

## **3. Club Fund**

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The Club Fund is made up of; a Reserve Fund created for the replacement of lodge fittings, equipment, furnishings and utensils (see note 5) and Club Operating Costs necessary for the running of the Club (see note 6).

Contributions to the Club Fund are based on all the weeks available for use and amount to about 28.3% of the total Management Fees.

The Income and Expenditure Account discloses The Club Fund contributions and expenditure as these form the transactions of The Club.

## **4. Operation**

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Under a Management Agreement dated 4th January 1982 with the Langdale Management Company ("the Company") (an operating division of Langdale Leisure Limited) the Club members agreed that the Company should on their behalf undertake the whole of the management and administration of the lodges and the Club.

From 1st May 1985 the Company is entitled to recover from the Club the costs it incurs under the Management Agreement plus the additional sum of 15%. For the year ended 30th April 2011 the Club and The Management Company agreed an informal arrangement for this year only which resulted in the Management Company being paid a fixed fee of £175,000 for all services.

Details of the Property Management costs incurred by the Management Company on behalf of the Club are disclosed for information only in Appendix 1.

The Langdale Owners' Club  
**Notes to the Accounts**  
For the year ended 30th April 2011

**5. Amounts replaced from Club Fund**

	2011 £	2010 £
Reserve Fund Expenditure:		
TV & HiFi's and other electrical (irons etc.)	52,660	79,235
Kitchen electrical	13,295	29,732
Kitchen sundries (cutlery, utensils etc.)	30,166	41,001
Crockery	10,126	9,364
Bedroom furniture	3,445	1,536
Carpets	19,557	3,021
Living room furniture	42,615	177,700
Soft furnishing (throws, cushions etc.)	14,307	20,288
Bathrooms	149,457	310,206
Linen	393	466
Building	29,165	70,485
Design	-	32,481
Others	18,747	27,950
Kitchens	157,510	86,808
Balconies (inc furniture)	650	1,079
Boilers	13,922	12,608
Lodge maintenance	31,200	76,871
Painting	35,547	17,939
Alarms	4,736	2,592
Curtains	3,318	4,540
	<b>630,816</b>	<b>1,005,902</b>
Stock at 1st May 2010	21,532	16,420
Less: Stock at 30th April 2011	<b>(18,889)</b>	<b>(21,532)</b>
	<b>633,459</b>	<b>1,000,790</b>

**6. Club Operating Costs**

Specific costs incurred by the Langdale Owners' Club:	2011 £	2010 £
Trustee payment - Barclays Trust Company	15,558	3,734
Auditors' Remuneration	2,526	2,507
Legal Fees	8,936	966
Annual General Meeting Expenses	8,955	8,487
Committee Meeting Expenses	5,135	4,727
Printing	3,307	4,629
Newsletter Costs	1,694	1,650
Insurance	783	750
WFR & Tatoc	936	265
Sundries	469	933
	<b>48,299</b>	<b>28,648</b>

Committee members receive a mileage allowance for travel to meetings and are provided with overnight accommodation when necessitated by the timing and duration of meetings. 4 meetings of the Owners' Club Committee were held during the year (2010 6 meetings)

The Langdale Owners' Club  
**Notes to the Accounts**  
For the year ended 30th April 2011

**7. Stock**

This represents items purchased but unused at the Balance Sheet date valued at cost.

**8. Lodge Assets**

On completion of each lodge, the fittings, equipment, furnishings and utensils became the property of the Club. As these assets are subject to the rights of occupation until 31st March 2062, a nominal value of £1 is attributed to them.

**9. Langdale Leisure Limited**

This is an amount due to Langdale Leisure Limited.

	2011 £	2010 £
Balance at 1st May 2010	<b>(76,023)</b>	(30,704)
Club Fund Contributions	<b>702,897</b>	694,893
	<b>626,874</b>	664,189
Less: Reserve Fund Expenditure	<b>(630,816)</b>	(1,005,902)
Owners' Club costs	<b>(48,299)</b>	(28,648)
Transfer Of Funds	<b>24,000</b>	295,000
Unrecovered cancelled member fees	-	(571)
Corporation tax paid	-	(91)
Balance	<b>(28,241)</b>	(76,023)

The following pages do not form part of the audited accounts

The Langdale Owners' Club

## Appendix 1

For the year ended 30th April 2011

### Property Management costs

	Notes	2011 £	£	2010 £	£
<b>Personnel Costs</b>					
Housekeeping	a	421,825		365,074	
Reception and ancillary		53,507		49,374	
Repairs and maintenance		170,317		146,277	
Administration & management		87,241		90,440	
Accounts and finance		48,844		51,641	
Staff Transportation		53,529	835,263 33.6%	59,064	761,870 31.3%
<b>Rates</b>		<b>238,261</b>	<b>238,261 9.6%</b>	<b>250,747</b>	<b>250,747 10.3%</b>
<b>Maintenance &amp; Grounds</b>					
Repairs and maintenance - buildings		7,138		4,041	
Repairs and maintenance - general costs		75,855		71,202	
Grounds		112,636	195,629 7.9%	120,130	195,372 8.0%
<b>Administration</b>					
Administration and management - general costs		125,587		130,550	
Legal and professional		1,474	127,061 5.1%	3,588	134,138 5.5%
<b>Laundry, Linen &amp; Cleaning Supplies</b>					
Lodge Cleaning - supplies and contract cleaning		77,556		87,607	
Laundry		42,506	120,062 4.8%	40,892	128,500 5.3%
<b>Utilities</b>					
Lighting, water and waste disposal		75,598	75,598 3.0%	81,604	81,604 3.3%
<b>Insurance</b>					
		16,470	16,470 0.7%	15,500	15,500 0.6%
<b>Total Property Management Costs</b>			<b>1,608,344</b>		<b>1,567,731</b>
<b>Club Fund Contributions</b>		<b>702,897</b>	<b>702,897 28.3%</b>	<b>694,893</b>	<b>694,893 28.5%</b>
<b>Operating Surplus retained by Management Company</b>		<b>174,996</b>	<b>174,996 7.0%</b>	<b>174,996</b>	<b>174,996 7.2%</b>
<b>Total Management Fees Excluding VAT</b>			<b>2,486,238 100.0%</b>		<b>2,437,620 100.0%</b>

**a. Property Management Costs**

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This is the total expenditure (excluding VAT) for maintaining the lodges analysed over the principal heads of expenditure. Where costs are shared with other divisions of Langdale Leisure Limited, primarily the Langdale Hotel, only the proportion applicable to lodges is included in the accounts as expenditure.

The recharge of local authority rates, television licence fees, water rates, cleaning, staff transport and insurance charges are treated as disbursements and are not therefore subject to VAT.

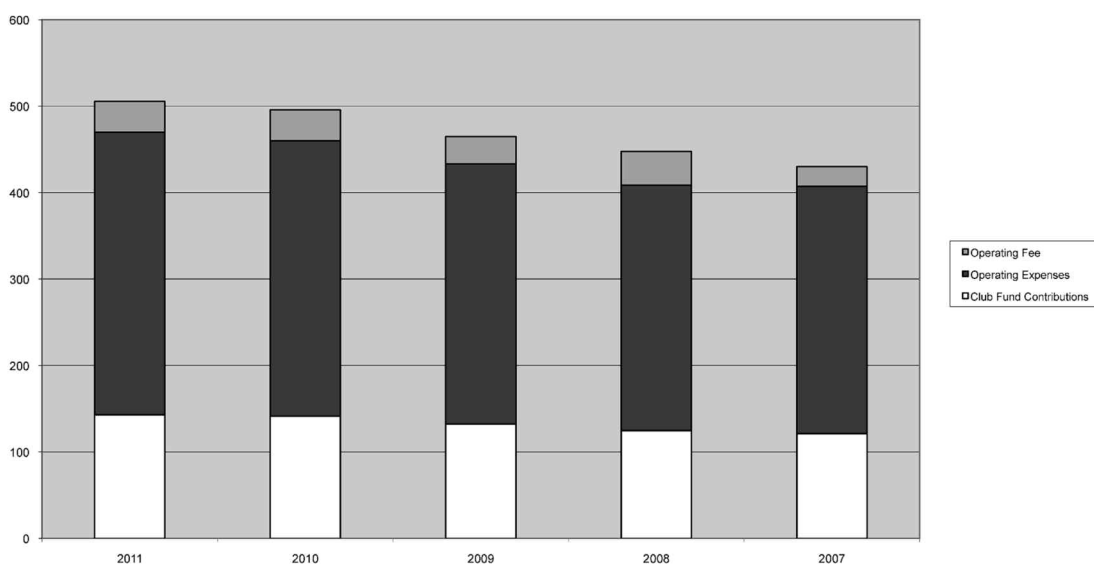
Wherever possible, expenditure is specifically allocated to lodges or other divisions of Langdale Leisure Limited. However, some items, principally elements of personnel costs, are incapable of specific allocation and are therefore apportioned with reference to agreed percentages.

## Appendix 2

### Average Management Fee Historic Comparison

for the year ended 30th April 2011

Year	2011	2010	2009	2008	2007
Number of weeks	4919	4919	4919	4919	4919
<b>Property Management Costs</b>					
<b>Personnel Costs</b>	£	£	£	£	£
Housekeeping	85.75	74.22	68.16	57.07	61.79
Reception and ancillary	10.88	10.03	9.25	8.80	9.36
Repairs and maintenance	34.62	29.74	27.49	24.54	26.65
Administration & management	17.74	18.39	16.88	17.74	18.48
Accounts and finance	9.93	10.50	8.82	7.62	7.62
Staff Transportation	10.88	12.01	8.15	5.69	5.65
<b>Rates</b>	<b>48.44</b>	<b>50.98</b>	<b>48.94</b>	<b>50.04</b>	<b>53.13</b>
<b>Maintenance &amp; Grounds</b>					
Repairs and maintenance - buildings	1.45	0.82	1.62	1.58	0.70
Repairs and maintenance - general costs	15.42	14.47	12.87	11.67	11.47
Grounds	22.90	24.42	23.09	18.46	16.55
<b>Administration</b>					
Administration and management - general costs	25.53	26.54	24.19	23.61	23.39
Legal and professional	0.30	0.73	0.57	-	-
<b>Laundry, Linen &amp; Cleaning Supplies</b>					
Lodge Cleaning - supplies and contract cleaning	15.77	17.81	16.14	21.29	17.08
Laundry	8.64	8.31	7.97	10.11	9.72
Lighting, water and waste disposal	15.37	16.59	23.49	22.45	21.41
<b>Insurance</b>	<b>3.34</b>	<b>3.15</b>	<b>3.38</b>	<b>3.20</b>	<b>3.20</b>
<b>Total Property Management Costs</b>	<b>326.96</b>	<b>318.71</b>	<b>301.01</b>	<b>283.87</b>	<b>286.20</b>
<b>Club Fund Contributions</b>	<b>142.89</b>	<b>141.27</b>	<b>132.08</b>	<b>124.54</b>	<b>121.26</b>
<b>Operating Fee retained by Management Co.</b>	<b>35.58</b>	<b>35.58</b>	<b>31.60</b>	<b>39.18</b>	<b>22.58</b>
	<b>505.43</b>	<b>495.55</b>	<b>464.69</b>	<b>447.58</b>	<b>430.04</b>

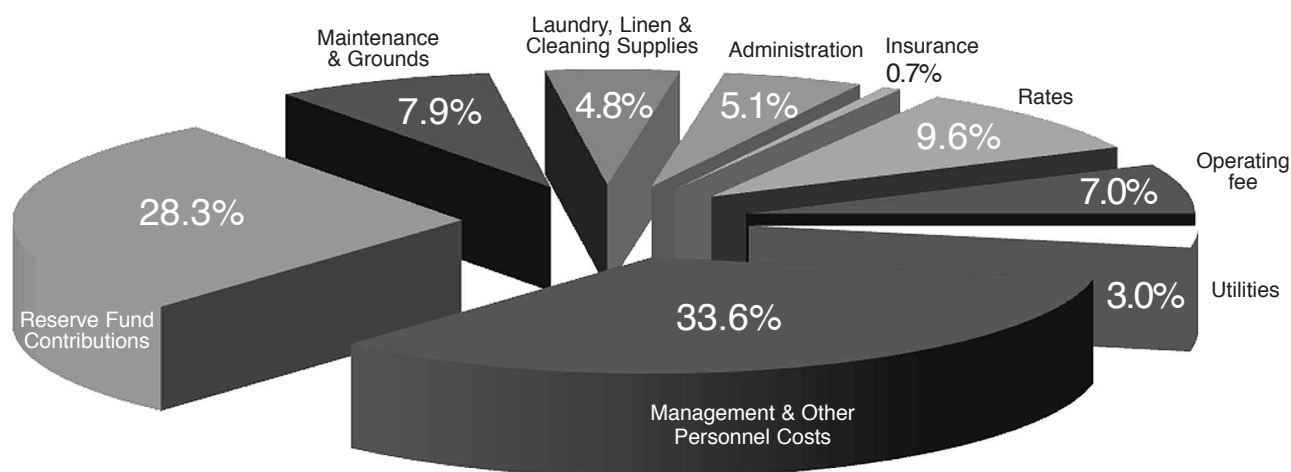


## Appendix 2

### A percentage breakdown of the Property Management Costs, Club Fund Contributions and the Management Company Fee

For the year ended 30th April 2011

Utilities	3.0%	75,598
Management & Other Personnel Costs	33.6%	835,263
Reserve Fund Contributions	28.3%	702,897
Maintenance and Grounds	7.9%	195,629
Laundry, Linen and Cleaning Supplies	4.8%	120,062
Administration	5.1%	127,061
Insurance	0.7%	16,470
Rates	9.6%	238,261
Operating Fee	7.0%	174,996
	<u>100.0%</u>	<u>2,486,237</u>



Note: These charts are not part of the accounts, but for illustrative purposes only.



Reply to: James Treadwell  
Our ref: JT/HLP/LAN641 - CR  
Your ref:



13 October 2011

Langdale Owners Club  
The Langdale Estate  
Great Langdale  
Cumbria  
LA22 9JD

Dear Sirs

**AUDIT OF MANAGEMENT COMPANY**

We have audited the financial statements of Langdale Leisure Limited which incorporates the "Management Company" as a separate cost centre. The audit report for Langdale Leisure Limited is attached. The audit report is a clean report, showing that the accounts show a true and fair view.

Yours faithfully  
for and on behalf of Moore and Smalley LLP

**James Treadwell**  
**Partner**  
james.treadwell@mooreandsmalley.co.uk

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Moore and Smalley LLP, Priory Close, St Mary's Gate, Lancaster, Lancashire LA1 1XB  
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## Appendix 4

for the year ended 30th April 2011

### Note on the Management Agreement: Paper circulated at the 2010 AGM

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1. The Langdale Owners' Club ("LOC") Committee and the Management Company ("ManCo") have been reviewing the formal Management Agreement ("the Agreement") which, together with the Constitution and Trust Deed, forms part of the essential legal framework to secure for owners rights of occupation of the timeshare units, and to regulate the collection and spending of management fee income (currently some £2.4 million a year).
2. The Agreement is a contract between LOC and ManCo (a division of Langdale Leisure Limited, which is wholly owned by Langdale Owners PLC). Under the contract ManCo collect the annual management fees from owners, and meet all timeshare property management costs.
3. The Agreement specifies that ManCo shall recover all their costs in providing services to Owners with the additional sum of 15% of those costs.
4. In practice, the full 15% has not been charged and none of those currently serving can ever recall it being charged. In recent years the practice has been that a percentage mark-up has been agreed along with the annual budget. ManCo have accepted the possibility that the result might be that if the budget was overspent, the mark-up (effectively, their fee) would be reduced, and if it was underspent then the fee increased.
5. In each of the last two financial years, by mutual and informal agreement, the ManCo fee has been fixed at £175,000. In 2009/10 that represented 7.2% of total management fee income (excluding VAT). Both parties have found the new arrangement clear, objective and more businesslike. Both would like to take the approach a stage further.
6. LOC Committee and ManCo are agreed that there is continuing advantage in the ManCo fee being agreed annually between the parties (which might include the option of a rolling five-year agreement). Both are agreed to move cautiously before making permanent change, and recognise that it is important to protect each party's position. It is therefore the intention to bring forward a formal proposal at next year's AGM to suspend the relevant clauses within the existing Management Agreement for a period of five years and to amend them temporarily to provide for the ManCo fee to be agreed annually between the parties.
7. Legal advice is being taken about the changes that are necessary in order to achieve this. In the meantime the views of owners will be welcome, and the Committee will endeavour to answer any questions.



# LANGDALE

The Directors of  
Langdale Leisure Limited  
The Langdale Estate  
Great Langdale  
Nr Ambleside  
LA22 9JD

4<sup>th</sup> February 2011

Dear Sirs

**Re: Management Fees**

We refer to the Management Agreement dated 4th January 1982 (the '82 Agreement) as varied by the Deed of Variation dated 5<sup>th</sup> October 1997.

Clause 8 of the '82 Agreement sets out the basis for the members' annual Management Charge including a fifteen per cent surcharge in your favour. This has not been strictly adhered to over the years. Clause 10 contains a mechanism for delivering an estimate of the annual Management Charge to members and at the end of any given year a statement showing a member's liability is to be issued, giving credit for any amount paid on account. Any shortfall on the account is to be paid by the member and any surplus returned.

The purpose of this letter is to record between us the terms of a temporary variation/cessation of the above provisions. This will be effective from 1<sup>st</sup> May 2011 for a period of five years after which time we shall both revert to the terms of the '82 Agreement in the absence of both parties agreeing anything to the contrary.

At an appropriate time each year your representatives will meet with our Committee to discuss and agree a budget for the Management Charge, payable by the members, for the forthcoming year. To the relevant figure will be added a sum of £175,000 per annum being your internal management fee for providing us with your services. This sum will be adjusted each year by the preceding September's published Consumer Price Index figure. The base figure for 2011/12 will be £175,000.

If in any given year it transpires that the budget set for the Management Charge to members is insufficient to discharge all of the costs actually incurred on behalf of Langdale Owner's Club (LOC), we agree to meet such deficit from the Reserve Fund and to effect payment to you promptly. Conversely, should you find there is a surplus over such costs you will make payment to LOC, into the Reserve Fund.

We anticipate you will place this letter before your Board for urgent consideration. We will do the same with our Committee. Assuming both bodies agree to proceed it is intended that the above will become legally binding on both of us.

Yours faithfully,

**Fred O Crouch**  
For and on behalf of the Committee of the Club