



The Langdale Owners' Club
Financial Statements
for the year ended
30th April 2021

Agenda and Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 39th ANNUAL GENERAL MEETING of the Langdale Owners' Club will be held on Sunday 7th November 2021 at 12 midday at North West Auctions, Junction 36, Rural Auction Centre, Crooklands, Milnthorpe, Cumbria, LA7 7FP.

Agenda

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 held on 1st November 2020.

C. Matters arising from the minutes of the last Annual General Meeting held on 1st November 2020.

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 2021 together with the Report of the Committee and Auditors.
- 3.) To re-appoint Scott & Wilkinson LLP as Auditors of the Club and to authorise the Committee to fix their remuneration.

F. To consider and if thought fit, to pass the following ordinary Resolution:-

- 4.) To re-elect Ian Hamilton as a member of the committee of the Club who has offered himself for re-election in accordance with the Owners' Club Constitution and has agreed to stand.

G. To transact such other business as may be properly transacted at an Annual General Meeting.

On behalf of the Committee

W I R Hamilton



Chairman

6th September 2021

Notes

1. Each member shall be entitled to one vote for each Holiday Certificate held subject to a maximum of 25 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: FAO Anne Durnall
 Langdale Owners' Club
 The Langdale Estate
 Great Langdale
 Nr Ambleside
 Cumbria
 LA22 9JD

Committee Report

The Committee presents its formal report and the audited accounts for the year ended 30th April 2021.

Elected Members: W I R Hamilton
C J E Bird
P Gorst

In accordance with the Constitution, Langdale Owners PLC nominated the following Committee members as at 30th April 2021:

M Coletta
I Murray

Statement of Committee Members' Responsibilities

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 Committee members are aware:

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

W I R Hamilton is a Director of Langdale Owners PLC. The Management Company is a division of Langdale Leisure Ltd which is a wholly owned subsidiary of Langdale Owners PLC.

M Coletta is a Director of Langdale Owners PLC. I Murray is a Senior Manager of Langdale Leisure Ltd.

Auditors

Scott & Wilkinson LLP act as auditors

INTRODUCTION

The year on which we are reporting was dominated by the continuing Covid-19 pandemic. Due to government restrictions the estate was closed (totally or partially) for 33 weeks between March 2020 and April 2021. Altogether the closures affected around two-thirds of timeshare Owners, with many losing more than one week, either due to multiple-week ownerships or losing the same weeks in 2020 and 2021.

In June 2021 your Committee and the Management Company published a comprehensive summary of the effects of the pandemic on Langdale, its staff and guests, and the management response. This includes a full explanation of the policy on Management Fee credits, the financial details of which are given later in this Report and Accounts.

The summary is available on the Owners' Club website;

<https://loc.langdaleownersclub.org.uk/langdale-covid-19/#> with paper copies available on request. We are therefore not going to give a detailed account of the pandemic's impact on Langdale in this Report, though there are a couple of points we would like to record here.

Firstly, our thanks: to all the team at Langdale who have endured the uncertainties of the last 15 months and have ensured that the estate was looked after when it was closed, and operated safely when it could open. We are lucky to have such a committed and resourceful team and we are pleased to be able to report that, following some anxious times during which staff had to be furloughed, all our staff have been retained and no jobs have been lost.

Thanks also to you, our Owners, the vast majority of whom have been very understanding and continued to support the Club by paying Management Fees despite not being able to enjoy their weeks at Langdale.

Secondly, the continuing effects of the pandemic as we came to the end of the financial year. Timeshare operations largely re-opened on 12th April 2021, though due to continuing government restrictions it was unfortunately not possible to re-open the Chapel Stile apartments until a few weeks later. A number of measures remained in place to ensure the safety of the team and guests, and while we are hopeful that these will be removed during the 2021-22 financial year – and that there will be no further closures – your Committee continue to take a cautious approach to safeguard the financial stability of the Club.

Beyond Covid-19 the other significant external impact on the estate was the discovery in October 2020 of the presence of *Phytophthora ramorum* on the main estate. This fungal-like organism infects larch trees and rhododendrons and we were served with a statutory notice from the Forestry Commission to remove a considerable amount of both. The affected areas were replanted over the winter with native trees and shrubs and we hope that before too long they will begin to fill the areas which had to be cleared.

On 31st December 2020 the transition period came to an end marking the completion of the UK's exit process from the European Union. It is still too early for us to assess the full effects of Brexit on Langdale, though it is already clear that the costs of employing staff from EU countries (other than Ireland) will be significantly higher than before. We cannot yet be sure what impact this will have on the hospitality sector in general and Langdale in particular.

Your Committee's principal on-site activities this year focused on accommodation service delivery, bedroom refurbishment, replacement of balconies, the provision of new TVs and general maintenance (including substantial rewiring work in a number of lodges). We have continued our sponsorship of the Aspiring Leaders Programme and the Our Man at the Top project, as described in earlier reports. We thank you for your continuing support of both these causes through your donations.

FINANCE

The total income from Management Fees, net of VAT, was £3,295,952, an increase of 2.3% over the previous year. Of this, £1,590,243 was managed by your Committee, together with the Reserve Fund, and this is the subject of the formal accounts presented with this report.

The Management Company spent £1,494,473 on Property Management Costs, which include services to owners and timeshare units, a decrease of 28%, due to the Covid-19 closure of the estate. The Management Company fee was £211,236 in accordance with the current agreement.

Club Funds

The Club Fund income totalled £659,871 and the Club Fund balance of £188,140, brought forward at 1st May 2020, meant that funds of £848,011 were available for the year.

A total of £767,864 was spent on refurbishment, replacement and maintenance. Club operating costs and other charges brought total expenditure to £788,426.

The Covid-19 emergency closure of the Langdale Estate resulted in a budget underspend on Property Management costs, and after Management Fee credits to owners affected by the Estate closures left a Club Fund balance to be carried forward at the year-end of £59,588.

Covid-19 Impacts and Adjustments

The Covid-19 emergency and the resulting legal requirement to close the Langdale Timeshare Estate resulted in a direct impact on costs. The provision of government support with furlough payments, rates relief and specific Covid-19 support grants has helped to reduce the financial impact of the closure periods.

The club has in this financial year refunded to members the cost saving of £1,105,020. The savings made were related to disbursements, payroll and other operational costs. The disbursements cost savings by their nature can only be refunded to the person who made the payment, as the funds are provided for a specific purpose, e.g. rates.

LOC was not able to apply for loans under the Coronavirus Business Interruption Loan Scheme, nor was it eligible for the temporary VAT reduction which was made available to certain sectors.

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 Appendix 1 to this report. In addition Appendix 2 shows the average management fee with historic comparison.

Management Fees

The total Management Fees budget excluding VAT, for 2020 - 2021 increased by 2.3% over the previous year. The Covid-19 emergency has impacted operational costs in that there were savings as a result of receiving government support and reduced spend due to estate closures. However, there were additional costs incurred related to bio-security measures, the reserve fund expenditure this year has been adjusted to meet these exceptional costs in the year.

Management Company Fee

The Committee have agreed with the Management Company to continue the current Management Company Fee agreement, until 2024.

REFURBISHMENT AND MAINTENANCE

During what has been an unprecedented year it is incredible to see what the excellent maintenance and grounds teams have achieved. In addition to the maintenance and refurbishment programme the team have managed the unexpected challenge of the presence of Phytophthora ramorum on

the main estate. We would like to extend special thanks from your Committee and on behalf of the owners to Ian Murray, Andy Dawson and their teams for the work they have undertaken throughout these challenging times.

In October 2020 we were served with a statutory notice from the Forestry Commission to fell 36 larch trees and to remove large areas of rhododendrons because of the disease *Phytophthora ramorum*. Following this huge piece of work a great deal of replanting has taken place to enhance the estate, which is now significantly more open, and to maintain the privacy the rhododendrons provided. This has provided an opportunity to further develop the Estate's biodiversity strategy by replanting the affected areas with five different species.

This has been the largest grounds project ever undertaken on the estate and considering the constraints of furlough the huge amount of work completed is a credit to Andy Dawson (Grounds Manager) and his team. There has been an overall positive response from owners and the final planting will be completed before March 2022.

The second and third bedroom refurbishment programme continued with a further 44 being completed this year. There are now only 9 remaining to be refurbished.

14 balconies have been replaced despite a particular issue with the supply of glazing which delayed the project. The same problem also affected the replacement window schedule for Chapel Stile. However, all work was completed before the Estate reopened on 12th April 2021.

The purchase and installation of Smart TVs in accommodation across the Estate has also taken place, (Brackens and Becks side units TV solutions are currently being reviewed). This was done during a period of closure thus causing no disruption to owners. However, two fitters were brought back in to the business for a week to carry out this work. Also substantial rewiring work was undertaken in 31 lodges to maintain the provision of emergency lighting and to fire proof installations.

The in-house team carried out a huge amount of redecoration, bathroom maintenance and re-tiling in addition to general maintenance commitments as advantage was taken of the accommodation being empty. All statutory maintenance was completed but these scheduled works were heavily affected by issues around labour and material supply as a direct result of the pandemic.

It is easy to underestimate the challenges Ian Murray, Andy Dawson and their teams faced in order to achieve the huge amount of work that has been completed this year. It is a credit to all concerned and we are confident owners will be impressed by what has been achieved.

MANAGEMENT COMPANY SERVICES

Covid-19 has made this the hardest year in the history of the Club, and this has had a direct impact on the Management Company who have had to adapt to constantly changing government guidance in relation to operating a safe and secure working environment. This has resulted in restricted services for Owners and for those who have been lucky enough to visit Langdale in the last 12 months they have had quite a different experience to that which they have become accustomed.

The rolling closures that have been experienced have had an adverse impact on everyone and the team at Langdale have done their very best to minimise this, but it has been an emotionally challenging time for all. The reopening of the Estate on 12 April 2021 was not as fraught as the previous 2, possibly because everyone had a better understanding of the virus and as it was a partial opening (the hotels, leisure facilities, spa and indoor food and beverage services remaining closed), perhaps there was more of a feel of easing back into the operation. However, restrictions continue to influence working practices and guest services and it would appear that this will be the case for some time to come.

The Management Company review your survey feedback daily and will liaise with Owners on any concerns. Your Committee also receive sight of these surveys and are kept informed of any challenges that the Management Company may experience in resolving matters. Outside of Covid related matters, formal complaints to your Committee continue to be very rare but when they do occur your Committee will work closely with the Management Company to ensure a swift resolution.

If you experience a problem or have a need to make comment on the delivery of the services from the Management Company, please make your comments during your stay, as early reporting helps the Management Team with problem resolution - Gary Dixon will be pleased to assist you.

Your Committee would like to acknowledge the contribution that all team members of the Management Company make to ensuring that the service and standards at Langdale are maintained and improved. The significant commitment shown every day is something that we feel is unique and special to the Langdale Estate, to every member of the Langdale team thank you.

COMMITTEE MATTERS

Committee election and nomination

Paula Gorst was elected to the Committee at the 2020 AGM to fill a vacancy following Jill Walker standing down.

Ian Hamilton's 3 year term on the Committee ends at the 2021 AGM. Ian has registered his nomination for re-election, for a further 3 year term.

Surrender scheme

At the 2019 AGM and in the Spring/Summer 2020 edition of Views your Committee presented initial proposals to make available an option for Owners to surrender or relinquish their timeshare week(s) when certain circumstances allow. Progress on the scheme since then has been slower than hoped due to efforts having to be focused on the impacts of the pandemic, however in conjunction with the Management Company a trial scheme has now been agreed and will run for an initial period of one year from 9th July 2021.

Eligibility criteria for the scheme are as follows;

1. In the event of the death of an Owner, the surviving owner can request to surrender their timeshare.
2. In the event of the death of a sole Owner their heirs or personal representatives can request to surrender their timeshare.
3. A timeshare Owner who has been declared bankrupt or a corporation that has become insolvent can request to surrender their timeshare week.
4. In the event that a sole Owner or either of the joint Owners is suffering from a long-term illness that prevents them from visiting Langdale they can request to surrender their timeshare week (supported by medical evidence).
5. The applicant must be fully paid up on their management fees.
6. The applicant will be offering all weeks in which they have sole or joint ownership.

For criteria 1-3 applications must be made within 12 months of the death, bankruptcy, or insolvency.

In addition to eligibility, applicants are required to pay on surrender an additional year's management fees (at the rate payable for the year that the submission is approved) plus the third-party legal administration fee for transfers. Any Langdale Owners Plc shares attached to surrendered weeks will be transferred to LOP and cancelled.

The surrender process will be managed by Langdale Leisure Limited on behalf of LOC. Although surrendered weeks will become the property of LOC, LLL will manage them for rental and, where appropriate, sale. Rather than their usual commission (20% + VAT) LLL have agreed to charge a flat administrative fee for each week that is put up for rent of £50, with an additional £50 if the week is successfully rented out.

After costs (including Management Fees for the surrendered weeks), any surpluses or deficits from the scheme will be divided equally between LOC and LLL. LLL have requested that for the time being their share of deficits must not exceed £20,000 in any financial year; whilst it is not anticipated that the scheme will generate deficits of this magnitude, to ensure this requirement is met the number of weeks taken into the scheme will be limited to 20 each year, though the LOC Committee will keep this target under review.

As stated earlier, this is an initial trial for one year; LLL will be reporting on progress to LOC on a quarterly basis and it is expected that the first few months' results will be shared at the 2021 AGM. A report on the progress of the scheme – including financial details – will be included in future LOC Financial Statements.

RULE CHANGES

In late 2019 your Committee became aware of an anomaly with the Club Rules relating to the Club's ability to seek recompense from Owners for any damage etc. caused to their accommodation during their period of occupation.

The Rules prevented the Club seeking recompense where the damage was covered by an insured risk under the Club's insurance policy. In certain circumstances – for example due to insurance excesses - the Club might be unable to claim on its insurance despite the basis for the claim being under an "insured risk". This would lead to cases where the club could neither claim on its insurance nor seek recompense from Owners. Your Committee therefore decided to reword the Rules so that recompense could be sought from Owners in cases where an insurance claim could not be made (rather than just in cases of uninsured risks).

The revised Rule – which came into effect on 23rd April 2021 – maintains the principle that the Club cannot seek recompense from an Owner if it has the option of claiming on the Club's insurance.

The full text of the reworded Rule (Part A Rule 1(d)) is below, with the amended section in bold.

"to keep and maintain the interior of the Unit to which his Holiday Certificate relates and all of its contents in a reasonable state and condition during the period to which his Holiday Certificate relates and to pay for or indemnify the Club against any damage, destruction, deterioration or dilapidation (over and above fair wear and tear) **which in the reasonable opinion of the Committee or the Management Company, as applicable, occurred during the period to which his Holiday Certificate relates. Any liability of the Member arising pursuant to this Rule 1(d) shall be reduced if and to the fullest extent that the Club is actually entitled to recover the relevant loss under any insurance policy held by or for the benefit of the Club at the relevant time less any excess payable by the Club in respect of such claim. Any determination of the Committee as to whether any damage, destruction, deterioration or dilapidation occurred during the period to which a Member's Holiday Certificate relates shall be final and binding on the Member;**"

IN CONCLUSION

The Langdale team were pleased to welcome back Owners to the estate which reopened in early summer. It is clear that the pandemic has increased awareness of the unique environment that the Langdale Estate provides. The Lake District has also been busier than it has been for many years, with new visitors and those returning to much loved walks and places of interest.

Your Committee and the team at Langdale continue to be committed to providing a holiday experience that you can enjoy and share with family and friends. The operational restrictions created by the Covid-19 emergency and the impact of the restrictions on the whole estate has been and continues to be a significant challenge.

The financial and operational pressures created as a result of the Covid-19 emergency has required exceptional action to be taken to comply with Government guidance and instructions. Our aim during this period of emergency has been to ensure your safety, maintain communication and ensure that following the events related to Covid-19 that you can continue to visit and enjoy your time at Langdale in the future.

On behalf of the Owners' Club Committee I thank you for your continued understanding and support.



Ian Hamilton
Chairman
26th July 2021

THE LANGDALE OWNERS' CLUB
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE LANGDALE OWNERS' CLUB
FOR THE YEAR ENDED 30 APRIL 2021

Opinion

We have audited the financial statements of The Langdale Owners' Club for the year ended 30 April 2021 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) including the accounting policies set out on page 8.

In our opinion the financial statements:

- give a true and fair view of the state of the Club's affairs as at 30 April 2021 and of its deficit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 Club 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.

The impact of Covid-19 and related macro-economic uncertainties on our audit

Due to the Covid-19 regulations in place at the time of the audit, we were unable to physically attend the premises of the Club this year to undertake our audit work. However, through the use of remote access of the Club's accounting software, and the assistance of the Finance Team (in particular Sarah Spencer) with the electronic provision of many documents, we have been able to conclude the audit work to our satisfaction.

Conclusions relating to going concern

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

The Club has been affected by the Covid-19 pandemic. However, due to government assistance, particularly through the Coronavirus Job Retention Scheme and South Lakeland District Council grants, and as the Club has healthy cash reserves, there are no concerns over the ability to trade. 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 Club'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 committee members with respect to going concern are described in the relevant sections of this report.

Other information

The committee members are responsible for the other information. The other information comprises the information included in the Committee 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.

THE LANGDALE OWNERS' CLUB
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LANGDALE OWNERS' CLUB (continued)**
FOR THE YEAR ENDED 30 APRIL 2021

Opinion on Other Matters

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

- the information given in the Committee Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Committee Report has been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Committee Report.

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.

Responsibilities of committee members

The committee members 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 committee members 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 committee members are responsible for assessing the Club'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 committee members either intend 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 are made of management as to whether there is any knowledge of actual, suspected, or alleged fraud, whether there is any known non-compliance with laws or regulations, and whether the Club has been subject to any litigation or any legal claims.
- minutes of meetings of those charged with governance (ie, the committee members) are reviewed.
- audit work over the risk of management override of controls is undertaken. This includes testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- analytical reviews are performed on the financial statements at all stages of the audit by comparison to prior years, budgets and expectations to ensure the reasonableness of the figures therein.
- third party confirmation is obtained from the Club's bankers to confirm bank balances, loan facilities and security held.
- detailed audit testing is undertaken in specific areas to ensure that income and expenditure is correctly recorded and is a genuine income or expense of the Club.

THE LANGDALE OWNERS' CLUB
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE LANGDALE OWNERS' CLUB (continued)**
FOR THE YEAR ENDED 30 APRIL 2021

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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.

Dalton House
9 Dalton Square
LANCASTER
LA1 1WD

28 July 2021



Tim Preece F.C.C.A.
(Senior Statutory Auditor)
For and on behalf of
Scott & Wilkinson LLP
Chartered Accountants
and Statutory Auditor

The Langdale Owners' Club
Balance Sheet
For the year 30th April 2021

	NOTE	2021 £	2020 £
Assets			
Cash deposits		99,856	73,481
Stock	7	14,910	12,305
Due from SLDC		42,000	-
Due from Langdale Leisure Ltd	9	-	203,134
Timeshare Accommodation Assets	8	1	1
		<u>156,767</u>	<u>288,921</u>
Liabilities			
Due to Langdale Leisure Ltd	9	97,179	-
Management Fee Credits Week 12-17		-	100,778
Provisions for Taxation		-	3
		<u>97,179</u>	<u>100,781</u>
Net Assets		<u>59,588</u>	<u>188,140</u>
Club Fund			
Balance b/f 30 April 2020		188,140	71,002
(Decrease) / Increase in Funds		(128,552)	117,138
		<u>59,588</u>	<u>188,140</u>

Signed on behalf of the Committee



Ian Hamilton
Chairman
26th July 2021

The Langdale Owners' Club
Income and Expenditure Account
For the year ended 30th April 2021

INCOME	2021	2020
	£	£
Club Fund Contributions	1,590,243	938,742
Credits due Week 12-17 2020	-	(100,778)
Credits for weeks 18-26 2020	(446,962)	-
Credits for weeks 44-48 2020	(171,280)	-
Credits for Weeks 1-17 2021	(486,779)	-
Cancelled Member Fees	-	6,041
Bank interest	-	17
SLDC grants	142,750	-
Insurance Claim	30,000	-
Donated Refunds from club members	1,899	-
	<u>659,871</u>	<u>844,022</u>
 EXPENDITURE		
Reserve Fund Replacements	767,864	693,577
Club Operating Costs	15,477	32,903
Unrecovered Costs on Cancelled Members	5,080	367
Bank Charges	5	34
	<u>788,426</u>	<u>726,881</u>
Corporation Tax	(3)	3
(Decrease) / Increase in Reserve Funds	<u><u>(128,552)</u></u>	<u><u>117,138</u></u>

The Langdale Owners' Club

Notes to the Accounts

For the year ended 30th April 2021

1. Accounting Policies

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 timeshare accommodation unit.

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.

2. Principal Object of the Club

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 timeshare accommodation 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

The Club Fund is made up of; a Reserve Fund created for the replacement of timeshare accommodation 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 48.2% 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

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 timeshare accommodation units 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%. A resolution was passed at the 2011 AGM to suspend the provisions contained in Clause 10 of the Management Agreement dated 4th January 1982 for a period of five 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

This agreement has been further extended to April 2024

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 2021

5. Amounts replaced from reserve Fund

The figure of £770,469 shown on the Income and Expenditure as amounts replaced from Reserve Fund is comprised of the following:

	2021	2020
	£	£
Reserve Fund Expenditure:		
TV & HiFi's and other electrical (irons etc.)	47,063	10,806
Kitchen electrical	2,471	3,078
Kitchen & Bathroom sundries (cutlery, utensils etc.) 14,810	25,187	-
Crockery	7,589	6,309
Bedrooms	352,547	195,187
Carpets	11,224	2,486
Living room furniture	818	1,848
Soft furnishing (throws, cushions etc.)	992	906
Bathrooms	4,080	1,839
Linen	4,938	2,570
Others	3,997	21,880
Design Fees	1,123	3,355
Balconies (inc furniture)	58,390	136,314
Chapel Stile Project	-	21,784
Timeshare Accommodation maintenance	224,891	151,642
Painting	23,120	5,186
Alarms	12,415	5,223
Waterways	-	92,410
Fire Regulations/safety work	-	5,567
	<u>770,469</u>	<u>693,577</u>
Stock at 30th April 2020	12,305	12,305
Less: Stock	(14,910)	(12,305)
	<u>767,864</u>	<u>693,577</u>

6. Club Operating Costs

Specific costs incurred by the Langdale Owners' Club:

	2021	2020
	£	£
Trustee Company Fee	3,500	3,500
Auditors' Remuneration	2,856	2,892
Legal Fees	1,380	1,470
Annual General Meeting Expenses	3,567	10,388
Committee Meeting Expenses	170	8,788
Printing	2,489	2,138
Newsletter Costs	59	890
Insurance	891	650
Shared cost Review	-	1,806
Sundries	565	381
	<u>15,477</u>	<u>32,903</u>

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 (2020 5 meetings)

In addition to the 4 formal committee meetings a number of other discussions and meetings were held during the year, the conclusions of which were ratified at formal meetings

The Langdale Owners' Club
Notes to the Accounts
For the year ended 30th April 2021

7. Stock

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

8. Timeshare Accomodation Assets

On completion of each timeshare unit, the fittings, equipment, furnishings and utensils became the property of the Club. As these assets are subject to the rights of occupation until 30th April 2062, a nominal value of £1 is attributed to them.

9. Langdale Leisure Limited

This is an amount due to Langdale Leisure Limited.

	2021	2020
	£	£
Balance at 30th April 2020	203,134	(14,799)
Club Fund Contributions	1,590,243	938,742
Refunds Processed	(1,205,798)	-
Donated Refunds from Club Members	1,899	-
SLDC Grant	21,750	-
Insurance Claim	30,000	-
	<u>641,228</u>	<u>923,943</u>
Less: Reserve Fund Expenditure	(770,469)	(693,577)
Owners' Club costs and taxation paid by Langdale Leisure	(15,477)	(32,903)
Transfer Of Funds	52,619	-
Unrecovered Cancelled member fees	(5,080)	5,674
Corporation tax paid	-	(3)
Balance	<u><u>(97,179)</u></u>	<u><u>203,134</u></u>

The following pages do not form part of the audited accounts

The Langdale Owners' Club

Appendix 1

For the year ended 30th April 2021

	Notes	2021 £			2020 £		
Personnel Costs							
Housekeeping	a	382,447			546,070		
Reception and ancillary		53,196			69,021		
Repairs and maintenance		183,071			224,857		
Administration and management		143,568			151,462		
Accounts and finance		52,232			52,765		
Staff Transportation		<u>79,834</u>	894,348	27.1%	<u>92,879</u>	1,137,054	35.3%
Rates							
		<u>6,227</u>	6,227	0.2%	<u>268,667</u>	268,667	8.3%
Maintenance & Grounds							
Repairs and maintenance - buildings		768			1,349		
Repairs and maintenance - general costs		73,183			99,208		
Grounds		<u>133,497</u>	207,448	6.3%	<u>147,325</u>	247,882	7.7%
Administration							
Administration and management - general costs		166,243			185,456		
Legal and professional		<u>1,928</u>	168,171	5.1%	<u>2,764</u>	188,220	5.8%
Laundry, Linen & Cleaning Supplies							
Unit Cleaning - supplies and contract cleaning		72,500			92,100		
Laundry		<u>24,424</u>	96,924	2.9%	<u>32,155</u>	124,255	3.9%
Utilities							
Lighting, water and waste disposal		105,197	105,197	3.2%	90,385	90,385	2.8%
Insurance							
		<u>16,158</u>	16,158	0.5%	<u>20,360</u>	20,360	0.6%
Total Property Management Costs			<u>1,494,473</u>			<u>2,076,823</u>	
Club Fund Contributions		<u>1,590,243</u>	1,590,243	48.2%	<u>938,742</u>	938,742	29.1%
Management Company Fee		<u>211,236</u>	211,236	6.5%	<u>207,708</u>	207,708	6.5%
Total Management Fees Excluding Vat		<u>3,295,952</u>	<u>3,295,952</u>	<u>100%</u>	<u>3,223,273</u>	<u>3,223,273</u>	<u>100%</u>

The Langdale Owners' Club

Appendix 1

For the year ended 30th April 2021

a. Property Management Costs

This is the total expenditure (excluding VAT) for maintaining the timeshare accommodation 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 the timeshare accommodation is included in the accounts as expenditure.

The recharge of local authority 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 timeshare accommodation 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.

The Langdale Owners' Club

Appendix 2

Average Management Fee Historic Comparison

For the year ended 30th April 2021

Year	2021	2020	2019	2018	2017
Number of weeks	4919	4919	4919	4919	4919

Property Management Costs

Personnel Costs

Housekeeping	77.75	111.01	115.59	112.67	106.19
Reception and ancillary	10.81	14.03	14.94	13.71	13.78
Repairs and maintenance	37.22	45.71	47.18	45.81	43.39
Administration & management	29.19	30.79	29.88	26.80	23.15
Accounts and finance	10.62	10.73	11.32	11.28	10.53
Staff transportation	16.23	18.88	20.82	16.48	12.89

Rates	1.27	54.62	55.78	56.59	51.16
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Maintenance & Grounds

Repairs and maintenance - buildings	0.16	0.27	0.35	0.12	0.10
Repairs and maintenance - general costs	14.88	20.17	21.00	21.15	24.23
Grounds	27.14	29.95	31.91	31.25	26.38

Administration

Administration and management - general costs	33.80	37.70	36.53	38.78	34.29
Legal and professional	0.39	0.57	0.59	0.56	0.57

Laundry, Linen & Cleaning Supplies

Unit cleaning - supplies and contract cleaning	14.74	18.72	16.86	17.01	16.06
Laundry	4.97	6.54	7.68	7.41	7.49
Lighting, water and waste disposal	21.39	18.37	29.91	20.72	21.36

Insurance	3.28	4.14	3.44	3.22	3.55
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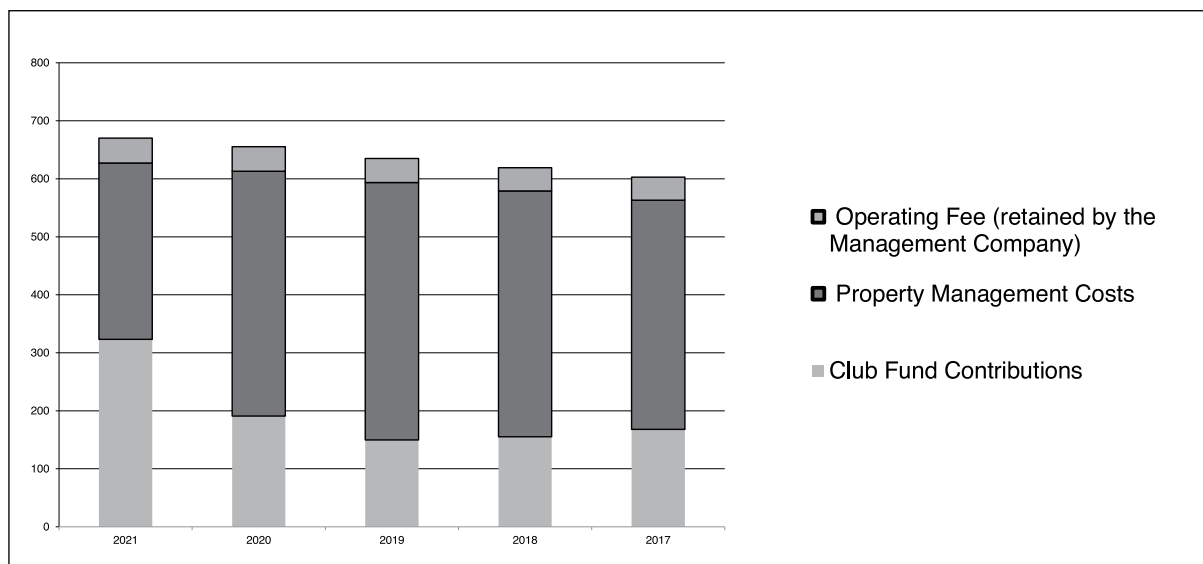
Property Management Costs	<u>303.84</u>	<u>422.20</u>	<u>443.78</u>	<u>423.56</u>	<u>395.12</u>
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Club Fund Contributions	323.28	190.84	149.87	155.38	167.92
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Operating Fee (retained by the Management Company)	42.93	42.23	41.32	40.11	39.72
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	<u><u>670.05</u></u>	<u><u>655.27*</u></u>	<u><u>634.97</u></u>	<u><u>619.05</u></u>	<u><u>602.76</u></u>
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* 2020 restated to exclude refunds

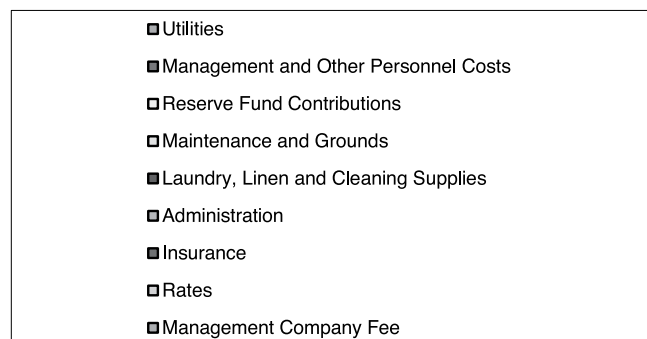
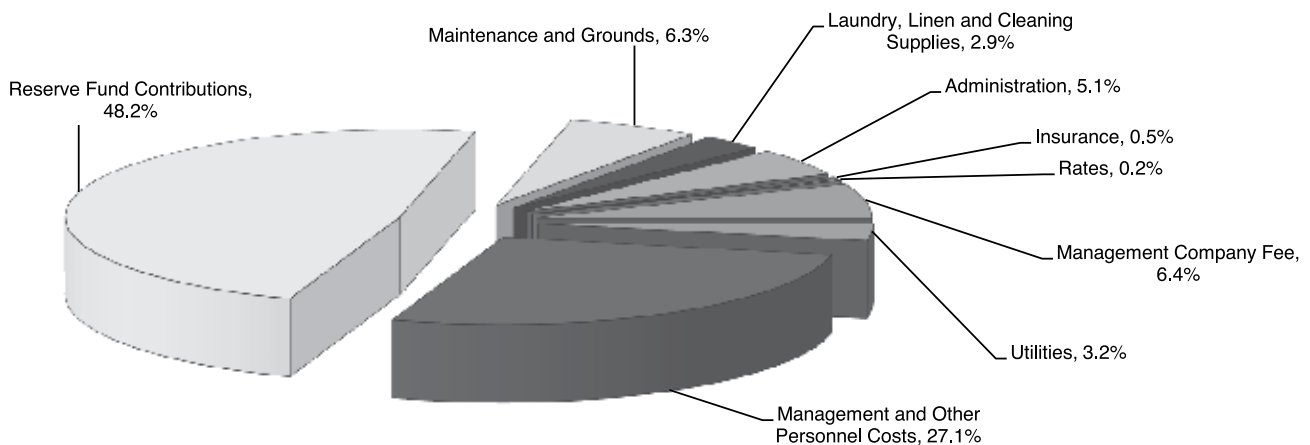


Appendix 2

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

For the year ended 30th April 2021

	%	£
Utilities	3.2%	105,197
Management and Other Personnel Costs	27.1%	894,348
Reserve Fund Contributions	48.2%	1,590,243
Maintenance and Grounds	6.3%	207,448
Laundry, Linen and Cleaning Supplies	2.9%	96,924
Administration	5.1%	168,171
Insurance	0.5%	16,158
Rates	0.2%	6,227
Management Company Fee	6.4%	211,236
	100.0%	3,295,952



The Langdale Owners' Club
Appendix 3
For the year ended 30th April 2021

AUDIT • TAX • ADVISORY

Reply to: Jenny McCabe
Our ref: LAN641/JMc/JS
Your ref:



28 July 2021

Langdale Owners Club
The Langdale Estate
Great Langdale
Nr Ambleside
LA22 9JD

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Lancaster
LA1 1XB

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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 sincerely

A handwritten signature in black ink, appearing to read 'JMcCabe'.

Jenny McCabe
Partner
jenny.mccabe@mooreandsmalley.co.uk

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