

# **BOURNE LEISURE HOLDINGS LIMITED**

## **Report and Financial Statements**

**31 December 2014**

MONDAY



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14/09/2015

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COMPANIES HOUSE

**DIRECTORS**

G I Cooper (Chairman)\*  
C D R Allen\*  
J E Bentall  
R J Cook\*  
J P Dunford  
P E W Harris\*  
T J Hemmings \*  
D F King

\* Non-Executive Directors

**SECRETARY**

D F King

**AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**BANKERS**

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

**SOLICITORS**

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY

**REGISTERED OFFICE**

1 Park Lane  
Hemel Hempstead  
Hertfordshire HP2 4YL

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

## REVIEW OF THE BUSINESS

The group's principal activity during the year continued to be the operation of holiday centres. The company provides management services for the group and acts as the holding company for the group.

The group's key financial and other performance indicators during the year were as follows:

	2014 £000	2013 £000	Change %
Turnover	895,517	862,158	3.9
EBITDA	202,200	194,351	4.0
Group operating profit	144,214	128,011	12.7
Interest payable (net)	(10,385)	(18,221)	(43.0)
Loan renegotiation costs	-	(3,250)	-
Profit after tax	101,781	82,344	23.6
Equity shareholders' funds	294,172	235,250	25.0
Capital expenditure	116,523	106,596	9.3
Average number of employees	12,562	12,525	0.3

Group turnover increased by 3.9% during the year. Group operating profit increased by 12.7% due to the increased turnover, and an exceptional credit from HMRC of £11.1 million relating to overpaid VAT.

Net interest payable of £10.4 million was £7.8 million lower than the previous year due to an exceptional credit of £5.4 million from HMRC relating to interest on overpaid VAT, and reduced interest rates, commitment fees and net borrowings in 2014. Loan renegotiation costs were £3.3 million in 2013 following a renegotiation of the group's debt in December 2013.

Profit after tax in 2014 was £101.8 million (2013 - £82.3 million). The increase of 23.6% was a result of the increased operating profit and reduced interest, which in total included £16.5 million relating to exceptional credits for overpaid VAT.

The average number of employees was approximately the same in 2014 as in the previous year.

Guest loyalty and repeat business underpins the long term growth of the group. All group companies continue to sustain high guest satisfaction ratings.

Capital expenditure was £116.5 million in 2014. The 2014 expenditure included continued investment in hire fleet, pitches, entertainment complexes and swimming pools at the Caravan Parks and expenditure on improving the guest experience and accommodation at Warner hotels and Butlins. 2014 saw the completion of a £12 million development at one of the Warner hotels, Alvaston Hall, and the start of an £18 million development of a 21<sup>st</sup> century chalet village at Butlins Minehead, due for completion in 2015.

The group continues to put environmental responsibilities high on the agenda and 32 of its Caravan Parks have achieved a Gold David Bellamy Conservation Award. All of the group's Caravan Parks are members of the prestigious Green Tourism Business Scheme. As part of the drive to develop the environmental efforts, 'Green Teams' have been created across the group. Working together to tackle the management of the business in a sustainable way, ultimately contributes to the long term success of the group.

## PRINCIPAL RISKS AND UNCERTAINTIES

The group recognises a variety of financial and market based risks, including exposure to fluctuating interest risks, changing economic conditions, technological and industry based risks, the competitive environment and regulatory changes. These either singularly or collectively, may affect revenue, cost structure or the value of assets within the business, and are all difficult to quantify.

The main risks arising from the group's financial instruments are interest rate, liquidity and cash flow risk and credit risk. Policies with respect to these risks are described below. There is no currency exposure as all material transactions and financial instruments are in sterling.

- Interest rate risk

The group borrows at floating rates of interest, currently 2.00% above LIBOR. The directors regularly review the need for any financial instruments to cover the risk posed by fluctuating interest rates, thereby minimising the group's exposure to significant changes in interest rates.

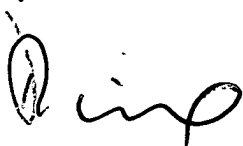
- Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and exposure to variability in cash flows. The group aims to mitigate liquidity and cash flow risk by managing cash generation by its operations. The group also manages liquidity and cash flow risk via revolving credit facilities and long term debt. The group's long term debt is not repayable until 25 May 2019.

- Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

By order of the Board



D F King  
Secretary

29 April 2015

**DIRECTORS' REPORT**

The directors present their report for the year ended 31 December 2014.

**DIRECTORS**

The present directors are listed on page 1. P W Harris resigned on 1 January 2014 and R Seaton resigned on 31 March 2014.

**DIVIDENDS**

Ordinary dividends of £0.1186 (2013 - £0.1525) per 'A' and 'B' ordinary share, amounting to £41,707,827, were paid during the year (2013 - £54,580,784). Dividends paid during the year on the 'E' non-voting ordinary shares amounted to £4,303,435 (2013 - £4,303,435).

Subsequent to the 2014 year end, the company paid a dividend on the A and B shares of £30,770,952 and the 'E' non-voting ordinary shares of £2,151,718. In accordance with FRS 21, this dividend has not been recognised as a liability in the consolidated financial statements at 31 December 2014.

**GOING CONCERN**

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit, liquidity and cash flow risk are set out in the Strategic Report above.

The group has considerable financial resources from its established operations. The group also has substantial long-term committed financing arrangements. Taking this and all other factors into account, the directors believe that the group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies which have resulted in the group's substantial growth in recent years. They anticipate that 2015 will show further growth in sales and profits from continuing operations.

**EMPLOYEES**

Employees are kept informed of the performance and objectives of the group through established methods of briefing and consultations.

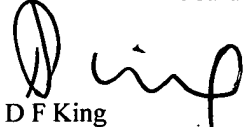
The group gives disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees.

In March 2015, Bourne Leisure was voted by its employees as seventh best big company to work for in the UK, according to the 'Sunday Times'.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



D F King  
Secretary  
29 April 2015

## CORPORATE GOVERNANCE STATEMENT

Although private companies are not required to report on compliance with the provisions of the Combined Code on Corporate Governance ('Combined Code'), the directors wish to apply good governance principles. Accordingly, set out below are the disclosures of the directors' application of those aspects of the Combined Code which have been adopted at Bourne Leisure Holdings Limited.

### THE WORKINGS OF THE BOARD AND ITS COMMITTEES

#### *The Board*

The Board currently comprises the chairman and seven other directors (three executive directors and four non-executive directors). They demonstrate a range of experience and sufficient calibre to make decisions on issues of strategy, performance, resources and standards of conduct, which is vital to the success of the group. The Board is responsible to shareholders for the proper management of the group. A statement of the directors' responsibilities in respect of the financial statements is set out on page 7.

The Board has a formal schedule of matters specifically reserved to it for decision. All directors have access to the advice and services of the company secretary, D F King, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the company secretary ensures that the directors receive appropriate training as necessary. The appointment and removal of the company secretary is a matter for the Board as a whole.

The Board meets eight times per annum without the non-executive directors and four times per annum with the non-executive directors, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining major acquisition possibilities and reporting to shareholders. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors receive appropriate and timely information. The company secretary distributes briefing papers to all directors in advance of Board meetings. The chairman ensures that the directors take independent professional advice as required.

#### *Audit and Risk Committee*

The purpose of the Audit and Risk Committee is to ensure the Company maintains effective controls and arrangements to mitigate risks and exercise responsible stewardship of its assets and liabilities. The committee is chaired by P E W Harris, includes two other non executive directors, and is scheduled to meet twice per annum. The committee provides a forum for reporting by the group's external auditors. Meetings are also attended, by invitation, by other executive directors as appropriate.

The Audit and Risk Committee is responsible for reviewing a wide range of matters including the annual financial statements before their submission to the Board and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Audit and Risk Committee advises the Board on the appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The audit committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

#### *Remuneration Committee*

The purpose of the Remuneration Committee is to determine the remuneration, including variable pay, of the executive directors and senior management. The committee is chaired by R J Cook, includes two other non executive directors, and is scheduled to meet twice per annum. Meetings are also attended, by invitation, by other executive directors as appropriate.

### RELATIONS WITH SHAREHOLDERS

Communications with shareholders are given high priority. The Board uses the Annual General Meeting to communicate with shareholders and welcomes their participation.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

**INTERNAL CONTROL**

The directors acknowledge that they are responsible for the group's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the group's strategic objectives and can only provide reasonable not absolute assurance against material misstatement or loss.

The group's key risk management processes and system of internal control procedures include the following:

- *Management structure:* Authority to operate the various brands is delegated to an executive Board director within limits set by the whole Board. The appointment of executives to the most senior positions within the group requires the approval of the Board. Functional, operating and financial reporting standards are established by head office management for application across the whole group.
- *Information and financial reporting systems:* The group's comprehensive planning and financial reporting procedures include detailed operational budgets for the year ahead and a rolling plan that is updated on a regular basis. The Board reviews and approves them. Performance is monitored and relevant action taken throughout the year through the weekly reporting of key performance indicators, updated forecasts for the year together with information on the key risk areas.
- *Investment appraisal:* A budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Reviews are carried out after the acquisition is complete and, for some projects, during the acquisition period, to monitor expenditure; major overruns are investigated. Commercial, legal and financial due diligence work is carried out if a business is to be acquired.
- *Audit and Risk Committee:* The audit and risk committee monitors the controls which are in force and any perceived gaps in the control environment. The audit and risk committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNE LEISURE HOLDINGS LIMITED

We have audited the financial statements of Bourne Leisure Holdings Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 27. 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 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors 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 and express an opinion on 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 group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

### **Matters on which we are required to report by exception**

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 by the parent company, or returns adequate for our audit have not yet been received from branches not visited by us; or
- the parent company 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.

*Ernst & Young LLP.*

Iain Wilkie (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
29 April 2015

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
<b>TURNOVER</b>	2	895,517	862,158
Cost of sales		<u>(641,572)</u>	<u>(629,120)</u>
<b>GROSS PROFIT</b>		253,945	233,038
Administrative expenses		(120,801)	(105,027)
Exceptional other operating income	4	<u>11,070</u>	<u>-</u>
<b>GROUP OPERATING PROFIT</b>	3	144,214	128,011
Interest receivable	7	75	222
Exceptional interest receivable	4, 7	5,442	-
Interest payable	7	<u>(15,902)</u>	<u>(18,443)</u>
Write off of loan renegotiation costs	7	<u>-</u>	<u>(3,250)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		133,829	106,540
Tax charge on profit on ordinary activities	8	<u>(32,048)</u>	<u>(24,196)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>101,781</u></u>	<u><u>82,344</u></u>

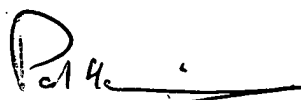
All of the group's activities are regarded as continuing.

There were no recognised gains or losses in either year other than those recognised in the profit and loss account.

**GROUP BALANCE SHEET**  
at 31 December 2014

		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<b>£000</b>	<b>£000</b>
<b>FIXED ASSETS</b>			
Tangible assets	11	1,098,126	1,062,455
<b>CURRENT ASSETS</b>			
Stocks	13	26,309	22,472
Debtors: amounts falling due within one year	14	58,627	56,440
Debtors: amounts falling due after one year	14	28,302	28,508
Cash at bank and in hand	15	50,480	8,269
		163,718	115,689
<b>CREDITORS: amounts falling due within one year</b>	16	(162,945)	(156,071)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		773	(40,382)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,098,899	1,022,073
<b>CREDITORS: amounts falling due after more than one year</b>			
Secured senior loans	17	(600,000)	(600,000)
Other secured bank loan	17	(11,350)	-
Other creditors	17	-	(6,100)
		(611,350)	(606,100)
<b>PROVISIONS FOR LIABILITIES</b>	18	(35,655)	(35,556)
<b>DEFERRED INCOME</b>	19	(157,722)	(145,167)
		294,172	235,250
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	59,332	59,332
Share premium account	21	9,952	9,952
Capital redemption reserve	21	105,068	105,068
Reserve for own shares	21	(5,593)	(7,855)
Profit and loss account	21	125,413	68,753
<b>EQUITY SHAREHOLDERS' FUNDS</b>		294,172	235,250

Approved by the Board and signed on its behalf by



P E W Harris  
Director



J E Bentall  
Director

29 April 2015

COMPANY BALANCE SHEET  
at 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
<b>FIXED ASSETS</b>			
Investment in subsidiaries	12	234,080	234,080
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	14	127,016	83,217
<b>CREDITORS: amounts falling due within one year</b>	16	(8)	(5)
<b>NET CURRENT ASSETS</b>		127,008	83,212
		<u>361,088</u>	<u>317,292</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	59,332	59,332
Share premium account	21	9,952	9,952
Capital redemption reserve	21	105,068	105,068
Reserve for own shares	21	(5,593)	(7,855)
Profit and loss account	21	192,329	150,795
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>361,088</u>	<u>317,292</u>

Approved by the Board and signed on its behalf by



P E W Harris  
Director

29 April 2015



J E Bentall  
Director

**GROUP CASH FLOW STATEMENT**  
**for the year ended 31 December 2014**

	<i>Notes</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>27</b>	<b>230,595</b>	<b>205,329</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		(16,894)	(18,195)
Interest received		75	41
Interest received – exceptional item		3,848	-
Loan renegotiation costs paid		(3,154)	(101)
		<u>(16,125)</u>	<u>(18,255)</u>
<b>TAXATION</b>			
Corporation tax paid		(28,950)	(28,660)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible assets		(109,110)	(105,538)
Receipts from sales of tangible assets		11,796	13,069
		<u>(97,314)</u>	<u>(92,469)</u>
<b>EQUITY DIVIDENDS PAID</b>		<u>(45,599)</u>	<u>(58,128)</u>
<b>NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<u>42,607</u>	<u>7,817</u>
<b>FINANCING</b>			
(Decrease) / increase in borrowings		(2,400)	19,750
Purchase of own shares		-	(18,868)
Sale of own shares		2,740	3,246
		<u>340</u>	<u>4,128</u>
<b>INCREASE IN CASH</b>		<u><u>42,947</u></u>	<u><u>11,945</u></u>

**GROUP CASH FLOW STATEMENT (CONTINUED)**  
for the year ended 31 December 2014

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Increase in cash	42,947	11,945
Cash outflow / (inflow) from decrease / (increase) in loans	2,400	(19,750)
Movement in net debt	45,347	(7,805)
Net debt at 1 January	(606,277)	(598,472)
Net debt at 31 December	(560,930)	(606,277)
Analysis of net debt:		
	<i>At 1</i>	<i>At 31</i>
	<i>January</i>	<i>December</i>
	<i>2014</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	8,269	50,480
Bank overdraft	(796)	(60)
	7,473	50,420
Debt due within one year (2014 year end, after one year)	(13,750)	(11,350)
Debt due after one year	(600,000)	(600,000)
Total	(606,277)	(560,930)

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**1. ACCOUNTING POLICIES**

***Accounting convention***

The financial statements of Bourne Leisure Holdings Limited were approved for issue by the Board of Directors on 29 April 2015.

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

***Basis of consolidation***

The group financial statements consolidate the financial statements of Bourne Leisure Holdings Limited and all its subsidiary undertakings drawn up to 31 December 2014. No profit and loss account is presented for Bourne Leisure Holdings Limited as permitted by section 408 of the Companies Act 2006.

***Depreciation***

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives by equal annual instalments, principally at the following rates:

Freehold and long leasehold land and buildings	– Between 20 years and 125 years
Short leasehold land and buildings	– Over the term of the lease
Long life plant and machinery	– 10 years
Vehicles	– 4 years
Fixtures and fittings	– 6 years
Computer equipment	– 3 years

Caravans for hire are depreciated on a straight-line basis to their estimated value at the date on which they are due for replacement.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

***Stocks***

Stocks of caravans and other goods for resale are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs on disposal.

***Deferred income***

Income invoiced or cash received for site fees, holidays and other goods and services relating to future periods is included within deferred income.

***Pension costs***

Pension contributions are made to defined contribution schemes for certain directors and employees. These contributions are charged to the profit and loss account as they are incurred.

***Revenue recognition***

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of VAT.

***Advertising and promotional activities***

Expenditure is recognised as an expense when the group receives the service.

***Leasing commitments***

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

***Hire purchase contracts***

Amounts receivable under hire purchase contracts are included within debtors and represent the total amount outstanding under hire purchase agreements less earned income. Hire purchase income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included within turnover.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

# 1. ACCOUNTING POLICIES (CONTINUED)

## *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## *Onerous leasehold contracts*

Financial Reporting Standard 12 'Provisions, contingent liabilities and contingent assets' requires provision for all onerous contracts, where unavoidable costs exceed anticipated income. Accordingly, the group's accounting policy in respect of surplus properties is to record a provision for the expected deficit between future rentals receivable and payable.

# 2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

The group operates in one principal area of activity, being the operation of holiday centres within the United Kingdom only.

# 3. GROUP OPERATING PROFIT

This is stated after charging:

		2014 £000	2013 £000
Depreciation of tangible fixed assets		69,056	66,340
Auditor's remuneration	- audit of the financial statements	329	329
	- statutory audits for subsidiaries	39	39
	- audit of group pension scheme	9	9
	- taxation services	374	156
	- other services	88	47
Operating lease rentals	- land and buildings	4,398	4,258
	- plant and machinery	1,811	1,840
		<u>          </u>	<u>          </u>



NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**4. EXCEPTIONAL ITEMS**

Exceptional items relating to continuing operations:

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
VAT refunds net of associated costs	11,070	-
Interest receivable	5,442	-
Taxation	(3,550)	-
	<u>12,962</u>	<u>-</u>

During the year the Group recognised as income £11,070,000 in overpaid VAT from HMRC, together with associated interest of £5,442,000.

This mainly covered VAT paid on caravan contents between 1997 and 2014.

**5. DIRECTORS' EMOLUMENTS**

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Aggregate remuneration in respect of qualifying services	6,064	4,763
Group contributions paid to money purchase pension schemes	2	2
	<u>6,066</u>	<u>4,765</u>

The amounts in respect of the highest paid director were as follows:

Aggregate remuneration	<u>2,082</u>	<u>1,660</u>
------------------------	--------------	--------------

	<i>2014</i> <i>No.</i>	<i>2013</i> <i>No.</i>
Number of directors accruing benefits under money purchase pension schemes	<u>1</u>	<u>3</u>

**6. STAFF COSTS**

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Wages and salaries	197,567	184,002
Social security costs	14,778	12,763
Other pension costs	1,762	1,393
	<u>214,107</u>	<u>198,158</u>

The average monthly number of employees was made up as follows:

	<i>2014</i> <i>No.</i>	<i>2013</i> <i>No.</i>
Operations	12,314	12,304
Administration	248	221

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

## 7. INTEREST

	2014 £000	2013 £000
Interest receivable:		
Short-term deposits	75	40
Other interest receivable	-	182
Exceptional interest receivable (note 4)	5,442	-
	<u>5,517</u>	<u>222</u>
Interest payable:		
Bank loans and overdrafts	16,787	17,558
Other interest payable	(885)	885
	<u>15,902</u>	<u>18,443</u>
Write off of loan renegotiation costs	-	3,250

## 8. TAX

## (a) Tax on profit on ordinary activities

	2014 £000	2013 £000
<i>Current tax</i>		
Corporation tax at 21.5% (2013 – 23.25%) on the profit for the year	31,250	29,000
Adjustment in respect of previous years	-	898
Current tax	<u>31,250</u>	<u>29,898</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 18)	798	(5,702)
Tax charge on profit on ordinary activities	<u>32,048</u>	<u>24,196</u>

## (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2013 – higher) than the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are reconciled below:

	2014 %	2013 %
UK corporation tax rate	21.5	23.3
Permanent differences – disallowed expenses	2.3	2.9
Decelerated capital allowances	1.1	1.9
Rollover relief on disposal of fixed assets	(1.3)	(2.4)
Adjustment in respect of previous years	-	0.8
Others	(0.3)	1.5
Effective tax rate	<u>23.3</u>	<u>28.0</u>

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**9. DIVIDENDS**

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Paid in April at £nil (2013 - £0.04) per share on 'A' and 'B' shares in relation to 2012	-	14,405
Paid in June at £0.0786 (2013 - £0.0725) per share on 'A' and 'B' shares in relation to 2013 / (2012)	27,641	26,109
Paid in October at £0.04 (2013 - £0.04) per share on 'A' and 'B' shares in relation to 2014 / (2013)	14,067	14,067
Paid in April in respect of non-voting 'E' ordinary shares	2,152	2,152
Paid in October in respect of non-voting 'E' ordinary shares	2,152	2,152
Less: dividends paid to Employee Benefit Trust	(413)	(757)
	<u>45,599</u>	<u>58,128</u>

Subsequent to the 2014 year end, the company paid a dividend on the A and B shares of £30,770,952 and the 'E' non-voting shares of £2,151,718.

**10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING**

The profit after tax dealt with in the financial statements of the parent undertaking was £86,655,000 (year ended 31 December 2013 – £85,753,000).

**11. TANGIBLE FIXED ASSETS**

<i>Group</i>	<i>Land and buildings</i>					<i>Asset under construction</i>	<i>Total</i>
	<i>Freehold</i>	<i>Long leasehold</i>	<i>Short leasehold</i>	<i>Plant and equipment</i>			
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:							
As at 1 January 2014	1,019,518	162,596	44,152	212,864	-	-	1,439,130
Additions	44,639	7,878	1,719	49,944	12,343	-	116,523
Disposals	-	-	-	(41,142)	-	-	(41,142)
At 31 December 2014	<u>1,064,157</u>	<u>170,474</u>	<u>45,871</u>	<u>221,666</u>	<u>12,343</u>	-	<u>1,514,511</u>
Depreciation:							
As at 1 January 2014	228,327	40,389	15,173	92,786	-	-	376,675
Provided during the year	25,688	5,286	1,126	36,956	-	-	69,056
Disposals	-	-	-	(29,346)	-	-	(29,346)
At 31 December 2014	<u>254,015</u>	<u>45,675</u>	<u>16,299</u>	<u>100,396</u>	<u>-</u>	-	<u>416,385</u>
Net book value:							
At 31 December 2014	<u>810,142</u>	<u>124,799</u>	<u>29,572</u>	<u>121,270</u>	<u>12,343</u>	-	<u>1,098,126</u>
At 31 December 2013	<u>791,191</u>	<u>122,207</u>	<u>28,979</u>	<u>120,078</u>	<u>-</u>	-	<u>1,062,455</u>

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**12. INVESTMENTS IN SUBSIDIARIES***Company*

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Foray 989 Limited	234,080	234,080

The subsidiary undertakings, all of which are wholly owned and incorporated in Great Britain, comprise the following:

*Owned directly*

Foray 989 Limited

*Activities*

Intermediate holding company

*Owned indirectly*

Bourne Leisure Limited

Colaingrove Limited

Evergreen Finance Limited

Guardian Shield Insurance Limited

(incorporated in Guernsey)

Bridge Street (Nominees) Limited

Melesey Limited

Bourne Holidays Transport Services Limited

Leisure Employment Services Limited

Berwick Holiday Centre Limited

Bourne Leisure Group Limited

Bourne Leisure (Hopton) Limited

Greenacres Holiday Park Limited

Haggerston Castle Limited

Haven Leisure Limited

Kiln Park Estates Limited

Lakeland Holiday Park Limited

Palmhall Limited

Rockley Sands (Estates) Limited

Seton Sands Holiday Centre Limited

Far Grange Park and Golf Club Limited

Bourne Holidays Limited

Butlins Skyline Limited

Butlins Development Limited

Butlins Property (Hotel) Limited

Butlins Operations Limited

Amtree Farm Development Limited

B L (British Holidays) Limited

JPB Leisure Limited

Leisure Services Agency Limited

SLC (Bourne) Limited

Warner Holidays Limited

Butlins Limited

*Activities*

Holding company

Holding company

Finance company

Insurance company

Nominee company

Administrative services

Transportation services

Employment services

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Caravan park operator

Hotel operator

Operation of holiday parks

Hotel developer

Property rental company

Hotel operator

Dormant

Dormant

Dormant

Dormant

Dormant

Dormant

Dormant

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**13. STOCKS**

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Stock	26,309	–	22,472	–

There is no significant difference between the replacement cost of stocks and the amounts at which they are stated in the balance sheet.

**14. DEBTORS**

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	35,705	–	34,136	–
Amounts due from subsidiary undertakings	–	126,917	–	82,096
Net investment in hire purchase contracts	35,263	–	35,520	–
Other debtors and prepayments	15,961	99	15,292	1,121
	86,929	127,016	84,948	83,217

Included in net investment in hire purchase contracts are amounts falling due after more than one year of £28,302,000 (2013 - £28,508,000).

The cost of assets acquired in the year and rented to third parties under hire purchase agreements was £35,288,000 (2013 - £35,538,000)

**15. CASH AT BANK AND IN HAND**

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Short-term deposits	50,480	–	8,269	–

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other secured bank loan	-	-	13,750	-
Bank overdrafts	60	-	796	-
Trade creditors	22,216	-	20,236	-
Corporation tax	21,755	8	19,455	5
Other taxes and social security costs	23,144	-	32,461	-
Accruals	77,828	-	54,600	-
Other creditors	17,942	-	14,773	-
	<u>162,945</u>	<u>8</u>	<u>156,071</u>	<u>5</u>

The total secured revolving credit facility available to the group amounted to £82 million (2013 – £82 million), all of which was undrawn at the end of 2014. Interest is currently payable on amounts drawn down under this facility at 2.00% per annum above LIBOR.

The other secured bank loan is secured by a fixed and floating charge over the assets of a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>
Secured senior loans	600,000	600,000
Other secured bank loan	11,350	-
Other creditors	-	6,100
	<u>611,350</u>	<u>606,100</u>
<i>Analysis of loans by maturity</i>		
Repayable as follows:		
Between two and five years	611,350	-
After more than five years	-	600,000
Current amount due on other secured bank loans	-	13,750
	<u>611,350</u>	<u>613,750</u>
Total gross borrowings	611,350	613,750
Less: included in creditors: amounts falling due within one year	-	(13,750)
	<u>611,350</u>	<u>600,000</u>
Details of loans at the year end:		
	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>
<i>Secured senior loans</i>		
Secured Senior Bank Facility Tranche A repayable on 25 May 2019	570,000	570,000
Interest is currently charged at 2.00% above LIBOR		
Secured Senior Bank Facility Tranche B repayable on 25 May 2019	30,000	30,000
Interest is currently charged at 2.00% above LIBOR		
	<u>600,000</u>	<u>600,000</u>

*Security*

All of the above senior loans are secured jointly on the group's freehold and leasehold property.

*Loan renegotiation*

On 30 December 2013, the group renegotiated its borrowings and the facilities in place at December 2012 were replaced by new facilities of £750 million, consisting of a Tranche A facility of £570 million, a Tranche B facility of £80 million and other credit facilities of £100 million. £50 million of the Tranche B facility and £100 million of the other credit facilities were undrawn at the end of December 2014. The facilities are repayable on 25 May 2019.

*Other creditors*

Other creditors falling due after more than one year of the group in 2013 relate to long term incentive payments, payable in 2015. In 2014 the relevant amount is included within creditors: amounts falling due within one year.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)***Other secured bank loan*

Details of the other loan wholly repayable within five years are as follows:

	<i>Group</i> <i>2014</i> <i>£000</i>	<i>Group</i> <i>2013</i> <i>£000</i>
Committed bank facility secured by a fixed and floating charge over the assets of a subsidiary company	11,350	13,750

The above facility is repayable on 31 May 2016.

**18. PROVISIONS FOR LIABILITIES**

	<i>Deferred tax</i> <i>£000</i>	<i>Onerous contracts</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 1 January 2014	33,457	2,099	35,556
Arising during the year	798	(111)	687
Amounts utilised	-	(588)	(588)
At 31 December 2014	34,255	1,400	35,655

The deferred tax provided at 20% (2013 – 20%) is as follows:

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Accelerated capital allowances	38,800	37,782
Other short-term timing differences	(4,545)	(4,325)
	34,255	33,457

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of assets where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the assets were sold without it being possible to claim rollover relief. The total amount unprovided for is £56,886,000 (2013 – £57,159,000).

The main rate of corporation tax will be reduced to 20% from 1 April 2015. The effect on the company of the proposed reduction in the UK main rate of corporation tax is reflected in these financial statements and deferred tax is provided at 20%.

The provision for onerous contracts relates to the cost of surplus leasehold properties, where unavoidable costs exceed anticipated income. Lease commitments are of varying durations and expenditure is expected to be charged against the provision for a number of years.



## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

**19. DEFERRED INCOME**

Deferred income comprises income invoiced or cash received for site fees, holidays and other goods and services relating to future periods.

**20. SHARE CAPITAL**

	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>Number</i>	<i>Number</i>	<i>£000</i>	<i>£000</i>
<i>Authorised</i>				
'A' ordinary shares of 1p	1,002,500	1,002,500	10	10
'B' ordinary shares of 1p	9,500,000	9,500,000	95	95
'E' non-voting ordinary shares of £1	120,074,000	120,074,000	120,074	120,074
			<u>120,179</u>	<u>120,179</u>
<i>Allotted, called up and fully paid</i>				
'A' ordinary shares of 0.02p	50,125,000	50,125,000	10	10
'B' ordinary shares of 0.02p	301,543,018	301,543,018	60	60
'E' non-voting ordinary shares of £1	59,262,007	59,262,007	59,262	59,262
			<u>59,332</u>	<u>59,332</u>

The 'A' and 'B' ordinary shares rank pari passu for dividends, voting rights and on a return of capital on a winding up but they constitute separate classes of shares.

The holders of the 'E' non-voting ordinary shares of £1 each may receive a cumulative preferential net cash dividend at the rate of 5 per cent per annum of £1.452342 per 'E' share, payable in equal half yearly instalments on 6 April and 6 October, the payment dependent upon formal declaration by the Board.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

## 21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Reserve for own shares</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Group</i>						
At 31 December 2012	59,334	9,952	105,066	(9,536)	61,840	226,656
Profit for the year	–	–	–	–	82,344	82,344
Purchase of own shares	(2)	–	–	–	(18,866)	(18,868)
Transfer to capital redemption reserve	–	–	2	–	(2)	–
Sale of own shares	–	–	–	1,681	1,565	3,246
Dividends (Note 9)	–	–	–	–	(58,128)	(58,128)
At 31 December 2013	59,332	9,952	105,068	(7,855)	68,753	235,250
Profit for the year	–	–	–	–	101,781	101,781
Sale of own shares	–	–	–	2,262	478	2,740
Dividends (Note 9)	–	–	–	–	(45,599)	(45,599)
At 31 December 2014	59,332	9,952	105,068	(5,593)	125,413	294,172
<i>Company</i>						
At 31 December 2012	59,334	9,952	105,066	(9,536)	140,473	305,289
Profit for the year	–	–	–	–	85,753	85,753
Purchase of own shares	(2)	–	–	–	(18,866)	(18,868)
Transfer to capital redemption reserve	–	–	2	–	(2)	–
Sale of own shares	–	–	–	1,681	1,565	3,246
Dividends (Note 9)	–	–	–	–	(58,128)	(58,128)
At 31 December 2013	59,332	9,952	105,068	(7,855)	150,795	317,292
Profit for the year	–	–	–	–	86,655	86,655
Sale of own shares	–	–	–	2,262	478	2,740
Dividends (Note 9)	–	–	–	–	(45,599)	(45,599)
At 31 December 2014	59,332	9,952	105,068	(5,593)	192,329	361,088

A subsidiary undertaking of the Leisure Employment Services Employee Benefit Trust held 2,706,922 'A' ordinary shares in Bourne Leisure Holdings Limited as at 31 December 2014 (2013 – 3,872,400 'A' ordinary shares). These shares were initially acquired in 2011 and 2012 at a cost of £2.14 each and in 2010 at a cost of £1.78 each, with a nominal value of 0.02p. During 2014 the Trust sold 1,165,478 'A' shares for £2.38 each for a total consideration of £2,773,838. The shares held by the Trust represented 5.4% of the called up 'A' share capital as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS  
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**22. CAPITAL COMMITMENTS**

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts contracted but not incurred at year end	29,443	—	44,719	—

**23. PENSION COMMITMENTS**

The group operates a defined contribution pension scheme for certain directors and employees and in addition has made available to all employees a stakeholder defined contributions scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

**24. OTHER FINANCIAL COMMITMENTS***Group*

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>	<i>Plant and machinery</i>	<i>Land and Buildings</i>	<i>Plant and machinery</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Operating leases which expire:</i>				
Within one year	530	512	10	358
Between two and five years	103	1,286	393	1,427
In over five years	3,897	—	3,862	39
	4,530	1,798	4,265	1,824

*Company*

The company has no operating lease commitments.

**25. CONTINGENT LIABILITIES**

The group has a contingent liability to its bankers under a letter of credit for £3.3 million (2013 – £2.8 million).

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2014

**26. RELATED PARTY TRANSACTIONS**

The group has taken advantage of the exemption allowed by Financial Reporting Standard 8 and has not disclosed any related party transactions with entities of the group.

**27. NOTES TO THE STATEMENT OF CASH FLOWS**

Reconciliation of operating profit to net cash inflow from operating activities.

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Operating profit	144,214	128,011
Exceptional items	(11,070)	-
Operating profit before exceptional items	133,144	128,011
Depreciation	69,056	66,340
(Increase) / decrease in stocks	(3,837)	1,890
Increase in debtors	(1,981)	(883)
Increase in creditors	17,574	5,514
Increase in deferred income	12,555	5,158
Decrease in provision for onerous contracts	(699)	(701)
Cash receipts in respect of exceptional items	4,783	-
Net cash inflow from operating activities	<u>230,595</u>	<u>205,329</u>