

REGISTRAR

Company Registration No. 354363 (England and Wales)

**BAILEY CARAVANS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**



# BAILEY CARAVANS LIMITED

## COMPANY INFORMATION

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Directors	P.N. Howard N.P. Mattfield S.P. Howard Mrs P.E. Howard M.C. Davies J.S. Parker N.G. Howard S.R. Howard C.C. Harvey (Appointed 25 May 2004)
Secretary	C.C. Harvey
Company number	354363
Registered office	South Liberty Lane, Bristol, Avon. BS3 2SS
Auditors	Whitley Stimpson, Penrose House, 67 Hightown Road, Banbury, Oxon. OX16 9BE
Business address	South Liberty Lane, Bristol, Avon. BS3 2SS

# BAILEY CARAVANS LIMITED

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# BAILEY CARAVANS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

### Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture of caravans.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

### Research and development

The company carries out research into caravan building techniques. Expenditure of £3,235 (2003 - £nil) has been written off to the profit and loss account.

### Directors

The following directors have held office since 1 January 2004:

P.N. Howard  
N.P. Mattfield  
S.P. Howard  
Mrs P.E. Howard  
M.C. Davies  
J.S. Parker  
N.G. Howard  
S.R. Howard  
C.C. Harvey

(Appointed 25 May 2004)

In accordance with the company's Articles of Association, M.C. Davies, J.S. Parker and S.R. Howard retire by rotation and, being eligible, offer themselves for re-election.

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of of £ 1 each	
	31 December 2004	1 January 2004
P.N. Howard	-	-
S.P. Howard	-	-
Mrs P.E. Howard	-	-
N.P. Mattfield	-	-
M.C. Davies	-	-
J.S. Parker	-	-
N.G. Howard	-	-
S.R. Howard	-	-
C.C. Harvey	-	-

# BAILEY CARAVANS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

P.N. Howard, S.P. Howard and Mrs P.E. Howard are directors of the holding company, Keenwork Limited, and accordingly their interest in the share capital of Keenwork Limited, and its subsidiary, are disclosed in the directors' report of the holding company. N.G. Howard and S.R. Howard each own 6 ordinary shares in Keenwork Limited. N.P. Mattfield, M.C. Davies, J.S. Parker and C.C. Harvey have no interest in the share capital of the company.

### Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Whitley Stimpson be reappointed as auditors of the company will be put to the Annual General Meeting.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



S.P. Howard  
Director

9 March 2005

# BAILEY CARAVANS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BAILEY CARAVANS LIMITED

We have audited the financial statements of Bailey Caravans Limited on pages 4 to 15 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

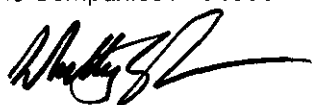
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Whitley Stimpson,**  
Chartered Accountants  
Registered Auditor

9 March 2005

Penrose House,  
67 Hightown Road,  
Banbury, Oxon.  
OX16 9BE

# BAILEY CARAVANS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	54,444,121	44,233,132
Cost of sales		(44,111,115)	(35,449,307)
<b>Gross profit</b>		10,333,006	8,783,825
Distribution costs		(124,373)	(94,660)
Administrative expenses		(6,755,139)	(5,453,790)
Other operating income		25,721	(29,417)
<b>Operating profit</b>	3	3,479,215	3,205,958
Other interest receivable and similar income		63,150	43,234
Interest payable and similar charges	4	(409)	-
<b>Profit on ordinary activities before taxation</b>		3,541,956	3,249,192
Tax on profit on ordinary activities	5	(864,526)	(1,186,096)
<b>Profit on ordinary activities after taxation</b>		2,677,430	2,063,096
Dividends	6	-	(340,000)
<b>Retained profit for the year</b>	14	2,677,430	1,723,096

The profit and loss account has been prepared on the basis that all operations are continuing operations.

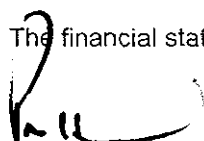
There are no recognised gains and losses other than those passing through the profit and loss account.

# BAILEY CARAVANS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	7	2,668,432		1,976,442	
<b>Current assets</b>					
Stocks	8	2,068,270		1,841,824	
Debtors	9	16,437,822		12,948,543	
Cash at bank and in hand		1,110,958		963,139	
		<u>19,617,050</u>		<u>15,753,506</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(11,898,055)</u>		<u>(10,101,061)</u>	
<b>Net current assets</b>		<u>7,718,995</u>		<u>5,652,445</u>	
<b>Total assets less current liabilities</b>		<u>10,387,427</u>		<u>7,628,887</u>	
<b>Provisions for liabilities and charges</b>	11	(1,302,648)		(1,094,540)	
Deferred tax liability	11	<u>(160,720)</u>		<u>(287,718)</u>	
		<u>8,924,059</u>		<u>6,246,629</u>	
<b>Capital and reserves</b>					
Called up share capital	13	10,000		10,000	
Profit and loss account	14	<u>8,914,059</u>		<u>6,236,629</u>	
<b>Shareholders' funds - equity interests</b>	15	<u>8,924,059</u>		<u>6,246,629</u>	

The financial statements were approved by the Board on 9 March 2005



P.N. Howard  
Director



# BAILEY CARAVANS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
£	£	£
Net cash inflow from operating activities	1,931,729	2,267,871
Returns on investments and servicing of finance		
Interest received	63,150	43,234
Interest paid	(409)	-
Net cash inflow for returns on investments and servicing of finance	62,741	43,234
Taxation	(677,323)	(1,514,125)
Capital expenditure		
Payments to acquire tangible assets	(1,218,943)	(1,062,450)
Receipts from sales of tangible assets	49,615	11,300
Net cash outflow for capital expenditure	(1,169,328)	(1,051,150)
Equity dividends paid	-	(340,000)
Net cash inflow/(outflow) before management of liquid resources and financing	147,819	(594,170)
Increase/(decrease) in cash in the year	147,819	(594,170)

# BAILEY CARAVANS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

1	Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
		£	£
	Operating profit	3,479,215	3,205,958
	Depreciation of tangible assets	514,653	302,946
	(Profit)/loss on disposal of tangible assets	(37,315)	8,300
	Increase in stocks	(226,446)	(235,254)
	Increase in debtors	(3,511,957)	(2,662,233)
	Increase in creditors within one year	1,505,471	1,390,574
	Increase in warranty reserve	208,108	257,580
	<b>Net cash inflow from operating activities</b>	<b>1,931,729</b>	<b>2,267,871</b>

2	Analysis of net funds	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	963,139	147,819	-	1,110,958
		<u>963,139</u>	<u>147,819</u>	<u>-</u>	<u>1,110,958</u>
	Net funds	<u>963,139</u>	<u>147,819</u>	<u>-</u>	<u>1,110,958</u>

3	Reconciliation of net cash flow to movement in net funds	2004	2003
		£	£
	Increase/(decrease) in cash in the year	147,819	(594,170)
	<b>Movement in net funds in the year</b>	<b>147,819</b>	<b>(594,170)</b>
	Opening net funds	963,139	1,557,309
	<b>Closing net funds</b>	<b>1,110,958</b>	<b>963,139</b>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% - 33% Straight line
Fixtures, fittings & equipment	10% - 33% Straight line
Motor vehicles	25% Straight line

#### 1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents all direct costs and attributable overheads incurred in bringing the stocks to their present state and location.

#### 1.8 Pensions

The company does not have any defined benefit pension arrangements and therefore the changes in accounting policies required by FRS17 do not affect the financial statements. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### 1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 1 Accounting policies

(continued)

#### 1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Keenwork Limited, a company incorporated in England, and is included in the consolidated financial statements of that company.

### 2 Turnover

#### Geographical market

	Turnover	
	2004	2003
	£	£
United Kingdom	54,207,800	43,938,909
Europe	236,321	294,223
	<u>54,444,121</u>	<u>44,233,132</u>

### 3 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	514,653	302,946
Loss on disposal of tangible assets	-	8,300
Loss on foreign exchange transactions	-	29,417
Research and development	3,235	-
Operating lease rentals	369,200	315,200
Auditors' remuneration	9,965	16,400
Remuneration of auditors for non-audit work	2,800	6,600
<i>and after crediting:</i>		
Profit on disposal of tangible assets	(37,315)	-
Profit on foreign exchange transactions	(25,721)	-
	<u></u>	<u></u>

### 4 Interest payable

	2004	2003
	£	£
On bank loans and overdrafts	409	-
	<u></u>	<u></u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

5	Taxation	2004 £	2003 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	991,524	977,323
	<b>Current tax charge</b>	991,524	977,323
	<b>Deferred tax</b>		
	Deferred tax charge for the current year	76,695	208,773
	Deferred tax adjustment previous year	(203,693)	-
		(126,998)	208,773
		864,526	1,186,096
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	3,541,956	3,249,192
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	1,062,587	974,758
	Effects of:		
	Non deductible expenses	5,630	3,851
	Depreciation add back	143,201	93,374
	Capital allowances	(213,634)	(101,497)
	Other tax adjustments	(6,260)	6,837
		(71,063)	2,565
	<b>Current tax charge</b>	991,524	977,323
6	<b>Dividends</b>	2004 £	2003 £
	Ordinary interim paid 31 December 2003	-	340,000

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 7 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2004	3,361,422	423,097	88,325	3,872,844
Additions	1,165,562	29,286	24,095	1,218,943
Disposals	(78,840)	-	(25,640)	(104,480)
At 31 December 2004	4,448,144	452,383	86,780	4,987,307
<b>Depreciation</b>				
At 1 January 2004	1,556,085	288,245	52,072	1,896,402
On disposals	(77,540)	-	(14,640)	(92,180)
Charge for the year	449,907	54,624	10,122	514,653
At 31 December 2004	1,928,452	342,869	47,554	2,318,875
<b>Net book value</b>				
At 31 December 2004	2,519,692	109,514	39,226	2,668,432
At 31 December 2003	1,805,337	134,852	36,253	1,976,442

### 8 Stocks and work in progress

	2004 £	2003 £
Raw materials and consumables	1,720,790	1,289,653
Work in progress	159,885	232,457
Finished goods and goods for resale	187,595	319,714
	<u>2,068,270</u>	<u>1,841,824</u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

9 Debtors	2004 £	2003 £
Trade debtors	387,962	219,082
Amounts owed by parent undertaking	15,801,191	12,567,449
Corporation tax	-	22,678
Other debtors	2,117	3,541
Prepayments and accrued income	246,552	135,793
	<u>16,437,822</u>	<u>12,948,543</u>

10 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	9,034,679	7,707,373
Corporation tax	291,523	-
Other taxes and social security costs	999,616	720,444
Other creditors	88,810	239,570
Accruals and deferred income	1,483,427	1,433,674
	<u>11,898,055</u>	<u>10,101,061</u>

The company has an overdraft facility with Barclays Bank plc; security has been offered by the company's parent, Keenwork Limited, by way of limited guarantee of £750,000 dated 16 September 1991.

11 Provisions for liabilities and charges	Warranty reserve £	Deferred taxation £	Total £
Balance as at 1 January 2004	1,094,540	287,718	1,382,258
Profit and loss account	208,108	(126,998)	81,110
Balance as at 31 December 2004	<u>1,302,648</u>	<u>160,720</u>	<u>1,463,368</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>160,720</u>	<u>287,718</u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 12 Pension costs

#### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £26,869 (2003-£238,374) were payable to the fund at the year end and are included in creditors.

	2004 £	2003 £
Contributions payable by the company for the year	590,089	393,238

### 13 Share capital

	2004 £	2003 £
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	10,000	10,000

### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2004	6,236,629
Retained profit for the year	2,677,430
Balance at 31 December 2004	8,914,059

### 15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	2,677,430	2,063,096
Dividends	-	(340,000)
Net addition to shareholders' funds	2,677,430	1,723,096
Opening shareholders' funds	6,246,629	4,523,533
Closing shareholders' funds	8,924,059	6,246,629



# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 16 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In over five years	369,200	369,200

### 17 Capital commitments

At 31 December 2004 the company had capital commitments as follows:

	2004	2003
	£	£
Contracted for but not provided in the financial statements	4,800	945,242

### 18 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	588,984	328,814

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 8 (2003- 7).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	219,712	87,730
Company pension contributions to money purchase schemes	159,997	61,269

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Sales	5	5
Production	210	172
Administration	12	12
	<u>227</u>	<u>189</u>

#### Employment costs

	£	£
Wages and salaries	8,141,665	6,293,929
Social security costs	719,590	585,550
Other pension costs	590,089	393,238
	<u>9,451,344</u>	<u>7,272,717</u>

### 20 Control

The ultimate parent company is Keenwork Limited, a company registered in England and Wales.

Keenwork Limited prepares group financial statements and copies can be obtained from the Registrar of Companies.

### 21 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.