

BAILEY CARAVANS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



BAILEY CARAVANS LIMITED

COMPANY INFORMATION

Directors

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

Secretary

M.J. Bye

Company number

354363

Registered office

22/24 South Liberty Lane,
Bristol,
Avon.
BS3 2SS

Auditors

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

Business address

22/24 South Liberty Lane,
Bristol,
Avon.
BS3 2SS

BAILEY CARAVANS LIMITED

CONTENTS

| | Page |
|--|-------------|
| Directors' report | 1 - 2 |
| Auditors' report | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Cash flow statement | 6 |
| Notes to the cash flow statement | 7 |
| Notes to the financial statements | 8 - 14 |
| Detailed trading and profit and loss account | 15 |
| Schedule of distribution costs and administrative expenses | 16 |

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

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.

Interim ordinary dividends were paid amounting to £500,000. The directors do not recommend payment of a final dividend.

Research and development

The company continues to carry out research into caravan building techniques. Expenditure of £26,227 (1999 - £18,600) has been written off to the profit and loss account.

Directors

The following directors have held office since 1 January 2000:

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

In accordance with the company's Articles of Association, Mrs P.E. Howard and N.P. Mattfield retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests

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

| | Ordinary shares of of £1 each | |
|-----------------|-------------------------------|----------------|
| | 31 December 2000 | 1 January 2000 |
| P.N. Howard | - | - |
| S.P. Howard | - | - |
| Mrs P.E. Howard | - | - |
| M.J. Bye | - | - |
| N.P. Mattfield | - | - |
| M.C. Davies | - | - |
| J.S. Parker | - | - |
| N.G. Howard | - | - |

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. M.J. Bye, N.P. Mattfield, M.C. Davies, N.G. Howard and J.S. Parker have no interest in the share capital of the company.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

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.

By order of the board

17 April 2001



M.J. Bye
Director

BAILEY CARAVANS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF BAILEY CARAVANS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

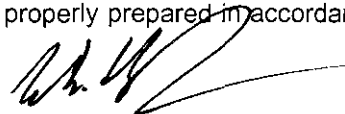
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

17 April 2001



Whitley Stimpson
Chartered Accountants
Registered Auditor
Penrose House,
67 Hightown Road,
Banbury, Oxon.
OX16 9BE

BAILEY CARAVANS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

| | Notes | 2000 £ | 1999 £ |
|--|-----------|--------------|--------------|
| Turnover | 2 | 27,712,046 | 26,410,673 |
| Cost of sales | | (22,735,705) | (21,837,615) |
| Gross profit | | 4,976,341 | 4,573,058 |
| Distribution costs | | (93,257) | (76,941) |
| Administrative expenses | | (3,705,466) | (3,347,946) |
| Other operating income | | 11,014 | 18,342 |
| Operating profit | 3 | 1,188,632 | 1,166,513 |
| Other interest receivable and similar income | | 25,251 | 40,291 |
| Profit on ordinary activities before taxation | | 1,213,883 | 1,206,804 |
| Tax on profit on ordinary activities | 4 | (394,412) | (340,743) |
| Profit on ordinary activities after taxation | | 819,471 | 866,061 |
| Dividends | 5 | (500,000) | (500,000) |
| Retained profit for the year | 13 | 319,471 | 366,061 |

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 2000

| | Notes | £ | 2000 £ | £ | 1999 £ |
|---|-------|-------------|-----------|-------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 954,589 | | 1,050,279 |
| Current assets | | | | | |
| Stocks | 7 | 1,705,823 | | 1,360,955 | |
| Debtors | 8 | 6,548,939 | | 7,874,587 | |
| Cash at bank and in hand | | 2,106,457 | | 601,262 | |
| | | | | | |
| | | 10,361,219 | | 9,836,804 | |
| Creditors: amounts falling due within one year | 9 | (8,227,546) | | (8,118,292) | |
| Net current assets | | | 2,133,673 | | 1,718,512 |
| Total assets less current liabilities | | | 3,088,262 | | 2,768,791 |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 10,000 | | 10,000 |
| Profit and loss account | 13 | | 3,078,262 | | 2,758,791 |
| Shareholders' funds - equity interests | 14 | | 3,088,262 | | 2,768,791 |

The financial statements were approved by the Board on 17 April 2001



P.N. Howard
Director

BAILEY CARAVANS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

| | 2000 £ | 1999 £ |
|---|-----------|-----------|
| Net cash inflow from operating activities | 2,352,476 | 1,168,336 |
| Returns on investments and servicing of finance | | |
| Interest received | 25,251 | 40,291 |
| Net cash inflow for returns on investments and servicing of finance | 25,251 | 40,291 |
| Taxation | (299,877) | (392,976) |
| Capital expenditure | | |
| Payments to acquire tangible assets | (125,538) | (510,120) |
| Receipts from sales of tangible assets | 43,956 | 8,065 |
| Net cash outflow for capital expenditure | (81,582) | (502,055) |
| Equity dividends paid | (500,000) | (500,000) |
| Net cash inflow/(outflow) before management of liquid resources and financing | 1,496,268 | (186,404) |
| Increase/(decrease) in cash in the year | 1,496,268 | (186,404) |

BAILEY CARAVANS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

| | | | |
|---|---|-----------|-------------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2000 | 1999 |
| | | £ | £ |
| | Operating profit | 1,188,632 | 1,166,513 |
| | Depreciation of tangible assets | 213,450 | 182,496 |
| | Profit on disposal of tangible assets | (36,178) | (8,065) |
| | (Increase)/decrease in stocks | (344,868) | 58,113 |
| | Decrease/(increase) in debtors | 1,325,648 | (2,211,489) |
| | Increase in creditors within one year | 5,792 | 1,980,768 |
| | Net cash inflow from operating activities | 2,352,476 | 1,168,336 |

| | | | | | |
|---|--------------------------|----------------|-----------|------------------------|------------------|
| 2 | Analysis of net funds | 1 January 2000 | Cash flow | Other non-cash changes | 31 December 2000 |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 601,262 | 1,505,195 | - | 2,106,457 |
| | Bank overdrafts | - | (8,927) | - | (8,927) |
| | | 601,262 | 1,496,268 | - | 2,097,530 |
| | Net funds | 601,262 | 1,496,268 | - | 2,097,530 |

| | | | |
|---|--|-----------|-----------|
| 3 | Reconciliation of net cash flow to movement in net funds | 2000 | 1999 |
| | | £ | £ |
| | Increase/(decrease) in cash in the year | 1,496,268 | (186,404) |
| | Movement in net funds in the year | 1,496,268 | (186,404) |
| | Opening net funds | 601,262 | 787,666 |
| | Closing net funds | 2,097,530 | 601,262 |

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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% - 20% Straight line |
| Fixtures, fittings & equipment | 10% - 20% 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. Cost represents all direct costs and attributable overheads incurred in bringing the stocks to their present state and location.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 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 accounts 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 accounts of that company.

1.11 Foreign currencies

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 2000

2 Turnover

Geographical market

| | Turnover 2000 £ | 1999 £ |
|----------------|-----------------------|-------------------|
| United Kingdom | 27,712,046 | 26,179,022 |
| Europe | - | 231,651 |
| | <u>27,712,046</u> | <u>26,410,673</u> |

3 Operating profit

| | 2000 £ | 1999 £ |
|---|-------------------|-------------------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 213,450 | 182,496 |
| Research and development | 26,227 | 18,600 |
| Operating lease rentals | 300,000 | 250,000 |
| Auditors' remuneration | 16,975 | 20,200 |
| Remuneration of auditors for non-audit work | 2,769 | 5,500 |
| | <u>27,712,046</u> | <u>26,410,673</u> |

4 Taxation

| | 2000 £ | 1999 £ |
|---|----------------|----------------|
| U.K. current year taxation | | |
| U.K. corporation tax at 30% (1999- 31%) | 394,035 | 340,743 |
| Prior years | | |
| U.K. corporation tax | 377 | - |
| | <u>394,412</u> | <u>340,743</u> |

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would decrease by £36,883 (1999- increase by £61,343).

5 Dividends

| | 2000 £ | 1999 £ |
|--|----------------|----------------|
| Ordinary interim paid 31 December 1999 | - | 500,000 |
| Ordinary interim paid 31 December 2000 | 500,000 | - |
| | <u>500,000</u> | <u>500,000</u> |

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

6 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|------------------------|--------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2000 | 1,921,134 | 248,644 | 79,868 | 2,249,646 |
| Additions | 69,587 | 43,456 | 12,495 | 125,538 |
| Disposals | (228,138) | - | (14,500) | (242,638) |
| At 31 December 2000 | 1,762,583 | 292,100 | 77,863 | 2,132,546 |
| Depreciation | | | | |
| At 1 January 2000 | 991,448 | 171,430 | 36,489 | 1,199,367 |
| On disposals | (223,985) | - | (10,875) | (234,860) |
| Charge for the year | 164,569 | 31,129 | 17,752 | 213,450 |
| At 31 December 2000 | 932,032 | 202,559 | 43,366 | 1,177,957 |
| Net book value | | | | |
| At 31 December 2000 | 830,551 | 89,541 | 34,497 | 954,589 |
| At 31 December 1999 | 929,686 | 77,214 | 43,379 | 1,050,279 |

7 Stocks and work in progress

| | 2000 £ | 1999 £ |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables | 1,314,835 | 980,868 |
| Work in progress | 196,158 | 230,211 |
| Finished goods and goods for resale | 194,830 | 149,876 |
| | <u>1,705,823</u> | <u>1,360,955</u> |

8 Debtors

| | 2000 £ | 1999 £ |
|---|------------------|------------------|
| Trade debtors | 288,560 | 113,408 |
| Amounts owed by parent and fellow subsidiary undertakings | 6,057,506 | 7,590,443 |
| Other debtors | 20,938 | 17,090 |
| Prepayments and accrued income | 181,935 | 153,646 |
| | <u>6,548,939</u> | <u>7,874,587</u> |

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

| 9 Creditors: amounts falling due within one year | 2000 £ | 1999 £ |
|--|------------------|------------------|
| Bank loans and overdrafts | 8,927 | - |
| Trade creditors | 5,876,694 | 6,111,197 |
| Corporation tax | 315,518 | 220,983 |
| Other taxes and social security costs | 563,622 | 406,223 |
| Other creditors | 133,746 | 25,552 |
| Accruals and deferred income | 1,329,039 | 1,354,337 |
| | <u>8,227,546</u> | <u>8,118,292</u> |

10 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

| | 2000 £ | Not provided 1999 £ | 2000 £ | Provided 1999 £ |
|--------------------------------|---------------|---------------------------|-----------|-----------------------|
| Accelerated capital allowances | <u>84,386</u> | <u>121,269</u> | <u>-</u> | <u>-</u> |

11 Pension costs

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 and amounted to £294,963 (1999-£147,532). Contributions totalling £134,341 (1999-£26,248) were payable to the fund at the year end and are included in creditors.

| 12 Share capital | 2000 £ | 1999 £ |
|---|---------------|---------------|
| Authorised | | |
| 10,000 Ordinary shares of of £1 each | <u>10,000</u> | <u>10,000</u> |
| Allotted, called up and fully paid | | |
| 10,000 Ordinary shares of of £1 each | <u>10,000</u> | <u>10,000</u> |

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

13 Statement of movements on profit and loss account

| | Profit and loss account £ |
|------------------------------|---------------------------------|
| Balance at 1 January 2000 | 2,758,791 |
| Retained profit for the year | 319,471 |
| | <hr/> |
| Balance at 31 December 2000 | 3,078,262 |
| | <hr/> |

14 Reconciliation of movements in shareholders' funds

| | 2000 £ | 1999 £ |
|-------------------------------------|-----------|-----------|
| Profit for the financial year | 819,471 | 866,061 |
| Dividends | (500,000) | (500,000) |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 319,471 | 366,061 |
| Opening shareholders' funds | 2,768,791 | 2,402,730 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 3,088,262 | 2,768,791 |
| | <hr/> | <hr/> |

15 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 2000 £ | 1999 £ |
|--------------------|---------------------------------|-----------|
| Expiry date: | | |
| In over five years | 300,000 | 300,000 |
| | <hr/> | <hr/> |

16 Capital commitments

| | 2000 £ | 1999 £ |
|---|-----------|-----------|
| At 31 December 2000 the company had capital commitments as follows: | | |
| Contracted for but not provided in the financial statements | 37,916 | - |
| | <hr/> | <hr/> |

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

| 17 Directors' emoluments | 2000 £ | 1999 £ |
|------------------------------------|----------------|----------------|
| Emoluments for qualifying services | <u>316,983</u> | <u>265,994</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (1999- 5).

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

| | | |
|---|---------------|--------------|
| Emoluments for qualifying services | 87,468 | 73,003 |
| Company pension contributions to money purchase schemes | <u>58,814</u> | <u>8,873</u> |

18 Employees

Number of employees

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

| | 2000 Number | 1999 Number |
|----------------|----------------|----------------|
| Sales | 10 | 10 |
| Production | 140 | 135 |
| Administration | 8 | 8 |
| | <u>158</u> | <u>153</u> |

Employment costs

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,227,349 | 3,793,181 |
| Social security costs | 378,255 | 329,938 |
| Other pension costs | <u>294,963</u> | <u>147,532</u> |
| | <u>4,900,567</u> | <u>4,270,651</u> |

19 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.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

20 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.

BAILEY CARAVANS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

| | 2000 | | 1999 | |
|---|------------|---------------------|------------|---------------------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Sales | | 27,712,046 | | 26,410,673 |
| Cost of sales | | | | |
| Purchases | 19,045,791 | | 18,435,595 | |
| Discounts allowed | 515,566 | | 454,758 | |
| Wages and salaries | 2,894,955 | | 2,700,851 | |
| Employer's N.I. contributions | 279,393 | | 246,411 | |
| | | <u>(22,735,705)</u> | | <u>(21,837,615)</u> |
| Gross profit | | 4,976,341 | | 4,573,058 |
| Distribution costs | 93,257 | | 76,941 | |
| Administrative expenses | 3,705,466 | | 3,347,946 | |
| | | <u>(3,798,723)</u> | | <u>(3,424,887)</u> |
| | | 1,177,618 | | 1,148,171 |
| Other operating income | | | | |
| Exchange gains | | 11,014 | | 18,342 |
| Operating profit | | 1,188,632 | | 1,166,513 |
| Other interest receivable and similar income | | | | |
| Bank interest received | | 25,251 | | 40,291 |
| Profit before taxation | | <u>1,213,883</u> | | <u>1,206,804</u> |