

BAILEY CARAVANS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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BAILEY CARAVANS LIMITED

COMPANY INFORMATION

Directors

P N Howard
N G Howard
S P Howard
Mrs P E Howard
J S Parker
C C Harvey
S R Howard
A J Rowles
J A Tanner
A G Linklater

Secretary

C C Harvey

Company number

354363

Registered office

South Liberty Lane,
Bristol, Avon
BS3 2SS

Auditors

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

Business address

South Liberty Lane,
Bristol, Avon
BS3 2SS

BAILEY CARAVANS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

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

Bailey Caravans Limited continues to be the largest single brand of touring caravans in the UK. At the start of 2009 orders were at their lowest level for a generation, but new product development allied with increased promotional activity resulted in the first half of the year having the most successful retail performance ever. However, the fragility of the supply side of the industry caused problems as the recession developed and trade insurance indemnifiers continued to be a brake on improving performance. The poor performance of Sterling in relation to the Euro gave additional cost pressures.

The second half of 2009 saw the launch of Pegasus, featuring the new Alu-Tech body shell. Taking two years to develop, this caravan has a timber-free body shell and is the first UK caravan to achieve the Grade III Classification of Thermal Insulation for EN1645-1, keeping you warm in winter and cool in the summer. Pegasus was well received by the caravan press and customers and it enabled Bailey to build on the success of the first half of 2009. The next phase of Alu-Tech development has already started and additional models will be introduced in 2010.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The directors expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £1,000,000. The directors recommend that no final dividend be paid on the ordinary shares.

Principal risks and uncertainties

Economic conditions - Bailey Caravans Limited is succeeding in the current market for touring caravans, but monitors its position in relation to general market conditions and consumer demand.

Location - Bailey Caravans Limited operates at a single site in Bristol and the directors have noted the possible risks that arise from this.

International trade - Bailey Caravans Limited purchases large quantities of raw materials from Europe and are exposed to logistical issues and exchange rate risk. Purchasing policies look to mitigate these risks where possible, and the company protects itself from falls in the value of sterling by using forward exchange contracts.

Key performance indicators

Gross profit margin	16.73% (2008 - 14.97%)
Profit for the period after taxation	£3,052,231 (2008 - £2,726,860)
Return on capital employed	45.19% (2008 - 57.99%)

Future developments

The directors intend for the company to continue operating its existing activities, whilst taking advantage of opportunities as they arise.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

Financial risk management

The company operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate cost and as such, no hedge accounting is applied. The directors are responsible for monitoring the financial risk management. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. The cost of managing exposure to price risk exceeds any potential benefits. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company maintains a mixture of long-term and short term debt finance that is designed to ensure the company has sufficient available funds for present and planned future operations.

Directors

The following directors have held office since 1 January 2009

P N Howard
N G Howard
S P Howard
Mrs P E Howard
J S Parker
C C Harvey
S R Howard
A J Rowles
J A Tanner
A G Linklater

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

Whitley Stimpson LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of directors' responsibilities

The directors are responsible for preparing 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

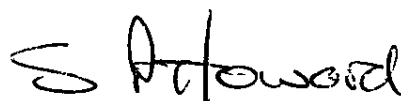
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S P Howard
Director

13 April 2010

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAILEY CARAVANS LIMITED

We have audited the financial statements of Bailey Caravans Limited for the year ended 31 December 2009 set out on pages 6 to 16. 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 auditors' 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 3, 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 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 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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BAILEY CARAVANS LIMITED

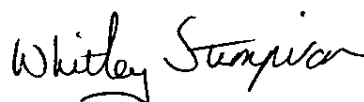
INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF BAILEY CARAVANS LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

13 April 2010



V. A. Buzzard (Senior Statutory Auditor)
for and on behalf of Whitley Stimpson LLP
Chartered Accountants
Statutory Auditor
Penrose House,
67 Hightown Road,
Banbury, Oxon
OX16 9BE

BAILEY CARAVANS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	74,658,167	78,644,600
Cost of sales		(62,167,198)	(66,873,158)
Gross profit		12,490,969	11,771,442
Distribution costs		(302,248)	(393,974)
Administrative expenses		(8,200,045)	(7,534,558)
Other operating income		111,913	162,144
Operating profit	3	4,100,589	4,005,054
Repurchase provision		134,500	(295,000)
Profit on ordinary activities before interest		4,235,089	3,710,054
Other interest receivable and similar income	4	8,106	109,306
Profit on ordinary activities before taxation		4,243,195	3,819,360
Tax on profit on ordinary activities	5	(1,190,964)	(1,092,500)
Profit for the year	14	3,052,231	2,726,860

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

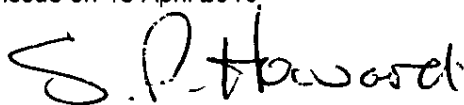
BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	7	3,293,393		2,830,630	
Current assets					
Stocks	8	4,512,437		2,715,533	
Debtors	9	13,172,024		10,331,778	
Cash at bank and in hand		2,646,090		3,981,899	
		<u>20,330,551</u>		<u>17,029,210</u>	
Creditors amounts falling due within one year	10	<u>(14,216,164)</u>		<u>(13,144,160)</u>	
Net current assets		<u>6,114,387</u>		<u>3,885,050</u>	
Total assets less current liabilities		<u>9,407,780</u>		<u>6,715,680</u>	
Provisions for liabilities	11	<u>(2,653,095)</u>		<u>(2,013,226)</u>	
		<u>6,754,685</u>		<u>4,702,454</u>	
Capital and reserves					
Called up share capital	13	10,000		10,000	
Profit and loss account	14	6,744,685		4,692,454	
Shareholders' funds	15	<u>6,754,685</u>		<u>4,702,454</u>	

Approved by the Board and authorised for issue on 13 April 2010



P N Howard
Director



S P Howard
Director

Company Registration No 354363

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

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

1.4 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 and equipment	10% - 33% straight line
Motor vehicles	25% straight line

1.5 Leasing

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

1.6 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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year

1.8 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

1.9 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 the profit and loss account

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

2 Turnover

Geographical market

	Turnover	
	2009	2008
	£	£
United Kingdom	74,342,966	77,722,210
Europe	217,415	545,918
Rest of the world	97,786	376,472
	<u>74,658,167</u>	<u>78,644,600</u>

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	951,570	872,457
Operating lease rentals	369,375	396,886
and after crediting		
Profit on disposal of tangible assets	(2,763)	(4,053)
Profit on foreign exchange transactions	(111,913)	(162,144)
	<u>(114,676)</u>	<u>(166,197)</u>

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	20,000	20,000
Statutory accounts and corporation tax	5,005	12,064
	<u>25,005</u>	<u>32,064</u>

4 Investment income

	2009	2008
	£	£
Bank interest	8,106	109,306
	<u>8,106</u>	<u>109,306</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	1,223,484	1,141,311
	Current tax charge	1,223,484	1,141,311
	Deferred tax		
	Deferred tax for the current year	(32,520)	(48,811)
		1,190,964	1,092,500
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	4,243,195	3,819,360
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.50%)	1,188,095	1,088,518
	Effects of		
	Non deductible expenses	5,890	2,946
	Depreciation add back	266,440	247,471
	Capital allowances	(235,034)	(197,342)
	Other tax adjustments	(1,907)	(282)
		35,389	52,793
	Current tax charge	1,223,484	1,141,311
6	Dividends	2009 £	2008 £
	Ordinary interim paid	1,000,000	15,000,000

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2009	5,783,119	692,563	119,914	6,595,596
Additions	1,349,351	45,919	27,250	1,422,520
Disposals	-	-	(61,298)	(61,298)
At 31 December 2009	7,132,470	738,482	85,866	7,956,818
Depreciation				
At 1 January 2009	3,311,115	377,612	76,239	3,764,966
On disposals	-	-	(53,111)	(53,111)
Charge for the year	754,763	174,684	22,123	951,570
At 31 December 2009	4,065,878	552,296	45,251	4,663,425
Net book value				
At 31 December 2009	3,066,592	186,186	40,615	3,293,393
At 31 December 2008	2,472,004	314,951	43,675	2,830,630

8 Stocks and work in progress

	2009	2008
	£	£
Raw materials and consumables	2,769,958	1,679,162
Work in progress	82,223	64,762
Finished goods and goods for resale	1,660,256	971,609
	4,512,437	2,715,533

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

9 Debtors	2009	2008
	£	£
Trade debtors	718,230	369,660
Amounts owed by parent and fellow subsidiary undertakings	11,448,308	9,575,017
Other debtors	-	77,015
Prepayments and accrued income	1,005,486	310,086
	<u>13,172,024</u>	<u>10,331,778</u>
10 Creditors amounts falling due within one year	2009	2008
	£	£
Bank loans and overdrafts	176,524	192,811
Trade creditors	11,095,814	10,572,220
Corporation tax	453,064	529,357
Other taxes and social security costs	789,131	688,861
Other creditors	28,219	35,197
Accruals and deferred income	1,673,412	1,125,714
	<u>14,216,164</u>	<u>13,144,160</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

11 Provisions for liabilities and charges

	Warranty provision £	Deferred tax liability £	Other £	Total £
Balance at 1 January 2009	1,630,259	87,967	295,000	2,013,226
Profit and loss account	806,889	(32,520)	(134,500)	639,869
Balance at 31 December 2009	<u>2,437,148</u>	<u>55,447</u>	<u>160,500</u>	<u>2,653,095</u>

The deferred tax liability is made up as follows

	2009 £	2008 £
Accelerated capital allowances	<u>55,447</u>	<u>87,967</u>

A provision of £2,437,148 has been recognised for expected warranty claims on caravans sold during the last six financial years. It is expected that the majority of this expenditure will be incurred within two years, and all will be incurred within six years. During the year the provision brought forward was fully utilised and a new provision of £2,437,148 created.

A provision of £160,500 has been recognised this year for vans held with a retail customer at the year end, which will have to be repurchased by Bailey Caravans Limited if the dealer goes in to administration. This cost is expected to be incurred within the next year. During the year, £134,500 was released to the profit and loss account, representing vans sold during the year by the dealer. An assumption has been made that the dealer will go in to administration and the provision represents the directors' best estimate at the balance sheet date.

12 Pension and other post-retirement benefit commitments

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 and amounts are detailed below. Contributions totalling £28,389 (2008- £35,197) were payable to the fund at the year end and are included in creditors.

	2009 £	2008 £
Contributions payable by the company for the year	<u>277,190</u>	<u>306,319</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

13 Share capital	2009	2008
	£	£
Authorised		
10,000 Ordinary shares of of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 Ordinary shares of of £1 each	10,000	10,000
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2009		4,692,454
Profit for the year		3,052,231
Dividends paid		(1,000,000)
Balance at 31 December 2009		6,744,685
15 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	3,052,231	2,726,860
Dividends	(1,000,000)	(15,000,000)
Net addition to/(depletion in) shareholders' funds	2,052,231	(12,273,140)
Opening shareholders' funds	4,702,454	16,975,594
Closing shareholders' funds	6,754,685	4,702,454

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

16 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire		
Within one year	369,200	369,200

As at 31 December 2009, the company was committed to purchasing £4,186,264 of foreign currency under forward exchange contracts and a foreign exchange collar. They are intended to hedge exchange rate movements on anticipated future material import transactions.

17 Capital commitments

	2009	2008
	£	£
At 31 December 2009 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	537,317	-

18 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	605,262	584,013
Company pension contributions to money purchase schemes	59,331	56,793
	664,593	640,806

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 7 (2008 - 7)

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

Emoluments for qualifying services	120,057	112,679
Company pension contributions to money purchase schemes	11,769	10,958

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

19 Employees

Number of employees

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

	2009 Number	2008 Number
Sales	5	7
Production	221	234
Administration	12	13
	<u>238</u>	<u>254</u>

Employment costs

	2009 £	2008 £
Wages and salaries	7,641,006	8,491,923
Social security costs	676,496	700,509
Other pension costs	277,190	306,319
	<u>8,594,692</u>	<u>9,498,751</u>

20 Control

The immediate and 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 Number 8 from the requirement to make disclosures concerning related party transactions