

REGISTRAR

Company Registration No. 00354363 (England and Wales)

BAILEY CARAVANS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



BAILEY CARAVANS LIMITED

COMPANY INFORMATION

Directors	Mr S P Howard Mr N G Howard Mr S R Howard Mr C Harvey Mr A J Rowles Mr J A Tanner Mr I Rawlings
Secretary	Mr C Harvey
Company number	00354363
Registered office	22/24 South Liberty Lane Bristol Avon BS3 2SS
Auditor	Whitley Stimpson Limited Penrose House 67 Hightown Road Banbury Oxon OX16 9BE
Business address	22/24 South Liberty Lane Bristol Avon BS3 2SS

BAILEY CARAVANS LIMITED

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BAILEY CARAVANS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015.

These financial statements for the year ended 31 December 2015 are the first financial statements of Bailey Caravans Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26. Under FRS 102 financial derivatives, currency forward exchange contracts that the company enters into, are now accounted for and included in the financial statements.

Review of the business

The company specialises in the manufacture of caravans and motorhomes.

In the middle of 2014 Bailey started the change program, Aurora. The key part to the project was giving a new perspective to design and manufacturing to enable the company to make the best use of its resources. A new senior management team has been brought in at the operational level and a considerable investment has been made in developing their teams. This year's performance has shown a marked improvement on 2014, the order book is very strong and Bailey is looking to build on its success with new products and new business opportunities.

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.

Development and performance

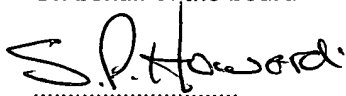
The results for the year and the financial position at the year end were considered satisfactory by the directors.

Key performance indicators

Gross profit margin:	19.35%	(2014 – 15.93%)
Profit for the period after tax:	£3,452,834	(2014 – £2,922,349)

The directors expect continued growth in the foreseeable future.

On behalf of the board


.....
Mr S P Howard
Director
26/09/16

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report for the year ended 31 December 2015.

Principal activities

The principal activity of the company continues to be the manufacture of caravans and motorhomes. Bailey Caravans Limited continues to be the largest single brand of touring caravans in the UK.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S P Howard
Mr N G Howard
Mr S R Howard
Mr C Harvey
Mr A J Rowles
Mr J A Tanner
Mr A G Linklater
Mr I Rawlings

(Resigned 22 May 2015)

Results and dividends

The results for the year are set out on page 7.

An interim ordinary dividend amounting to £1,100,000 was paid for the year ended 31 December 2015. The directors recommend that no final dividend be paid on the ordinary shares.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities.

In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with the company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

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.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Future developments

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

Auditor

The auditor, Whitley Stimpson Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

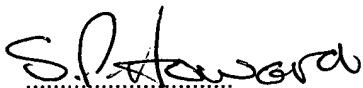
Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board


Mr S P Howard
Director
26/09/16

BAILEY CARAVANS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the annual 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.

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILEY CARAVANS LIMITED

We have audited the financial statements of Bailey Caravans Limited for the year ended 31 December 2015 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

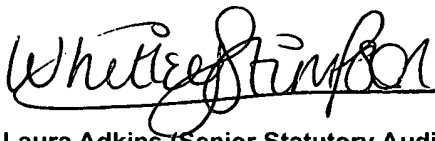
BAILEY CARAVANS LIMITED

INDEPENDENT AUDITOR'S 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.



Laura Adkins (Senior Statutory Auditor)
for and on behalf of Whitley Stimpson Limited
Chartered Accountants
Statutory Auditor
Penrose House
67 Hightown Road
Banbury
Oxon
OX16 9BE

Date: 26/09/16

BAILEY CARAVANS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

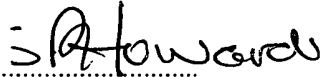
	Notes	2015 £	2014 £
Turnover	3	104,749,408	92,863,153
Cost of sales		(84,479,778)	(78,071,048)
Gross profit		20,269,630	14,792,105
Distribution costs		(1,341,933)	(1,196,580)
Administrative expenses		(15,250,390)	(10,660,838)
Other operating income		57,163	153,385
Operating profit	4	3,734,470	3,088,072
Interest receivable and similar income	8	35,630	26,190
Changes in fair value of financial instruments	9	375,238	173,618
Profit before taxation		4,145,338	3,287,880
Taxation	10	(692,504)	(365,531)
Profit for the financial year	20	3,452,834	2,922,349


BAILEY CARAVANS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	12		4,388,444		2,979,477
Current assets					
Stocks	13	13,147,938		11,870,923	
Debtors	14	13,277,327		11,729,132	
Cash at bank and in hand		4,649,761		1,659,395	
		31,075,026		25,259,450	
Creditors: amounts falling due within one year	15	(23,273,756)		(20,415,005)	
Net current assets			7,801,270		4,844,445
Total assets less current liabilities			12,189,714		7,823,922
Provisions for liabilities					
Provisions	16	9,816,759		7,803,801	
			(9,816,759)		(7,803,801)
Net assets			2,372,955		20,121
Capital and reserves					
Called up share capital	19		10,000		10,000
Profit and loss reserves	20		2,362,955		10,121
Total equity			2,372,955		20,121

The financial statements were approved by the board of directors and authorised for issue on 26/09/16 and are signed on its behalf by:


Mr S P Howard
Director


Mr N G Howard
Director

Company Registration No. 00354363

BAILEY CARAVANS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2014		10,000	1,487,772	1,497,772
Year ended 31 December 2014:				
Profit and total comprehensive income for the year		-	2,922,349	2,922,349
Dividends	11	-	(4,400,000)	(4,400,000)
Balance at 31 December 2014		10,000	10,121	20,121
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	3,452,834	3,452,834
Dividends	11	-	(1,100,000)	(1,100,000)
Balance at 31 December 2015		10,000	2,362,955	2,372,955

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Bailey Caravans Limited is a limited company incorporated in England and Wales. The registered office is 22/24 South Liberty Lane, Bristol, Avon, BS3 2SS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These financial statements for the year ended 31 December 2015 are the first financial statements of Bailey Caravans Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Reporting exemptions:

The company has consent from its shareholders to exclude from its financial reports the following, as detailed in paragraph 1.12 of FRS 102:

- Cash flow statement
- Compensation of key management personnel
- Financial instruments disclosure in respect of value of assets and liabilities at amortised cost and the movement in any impairment of debtors

The disclosure exemptions are taken on the basis that the company is included in group accounts prepared by Keenwork Limited, which are publicly available.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts. Turnover is recognised when the goods are physically delivered to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the first in first out method.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets, which comprise trade and other debtors, short-term intercompany balances and cash and bank balances, are initially measured at transaction price (including transaction costs) and are subsequently measured at the undiscounted amount receivable.

Financial liabilities, which comprise trade creditors and other creditors, are initially measured at transaction price (including transaction costs) and are subsequently measured at the undiscounted amount payable.

Derivative financial instruments

The company uses derivative financial instruments in the form of forward exchange contracts to economically hedge risks associated with movements in exchange rates. The company does not hold or issue derivatives for trading purposes.

Such instruments are initially measured at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Financial derivatives are recognised as current and non-current based on the maturity profile of the associated cash flows.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences that have originated but not reversed at the balance sheet date and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

1.9 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Warranty provision

The company offers a six year warranty on all caravans and motorhomes. The warranty provision is made for the future estimated liability on all caravans and motorhomes still under warranty and is based on previous costs incurred and the expertise and judgement of the directors.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The only significant accounting estimates included in the financial statements are the warranty provision and the provision for bad and doubtful debts, where the directors made their best estimate at the balance sheet date. The directors' estimate of the warranty provision, is based on the number of vans produced, previous warranty spend and known issues. The directors' estimate for the bad and doubtful debt provision is based on past experience of bad debts.

There were no critical judgements apart from accounting estimates.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015 £	2014 £
Turnover		
Sale of goods	104,749,408	92,863,153
	<u> </u>	<u> </u>
 Other significant revenue		
Interest income	35,630	26,190
	<u> </u>	<u> </u>
 Turnover analysed by geographical market		
	2015 £	2014 £
United Kingdom	102,460,360	89,648,600
Europe	240	18,598
Rest of the world	2,288,808	3,195,955
	<u> </u>	<u> </u>
	104,749,408	92,863,153
	<u> </u>	<u> </u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

4 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	375,891	513,577
Depreciation of owned tangible fixed assets	1,171,519	1,053,565
(Profit)/loss on disposal of tangible fixed assets	(8,043)	20,564
Cost of stocks recognised as an expense	74,924,708	69,261,937
Operating lease charges	369,200	369,200
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2015 £	2014 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	20,000	20,000
	<u> </u>	<u> </u>
For other services		
All other non-audit services	10,000	14,034
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Sales	4	4
Production	277	248
Administration	16	15
	<u> </u>	<u> </u>
	297	267
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	12,725,792	10,259,406
Social security costs	986,346	838,939
Pension costs	508,818	628,386
	<u> </u>	<u> </u>
	14,220,956	11,726,731
	<u> </u>	<u> </u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	688,144	687,461
Company pension contributions to defined contribution schemes	68,358	321,913
Compensation for loss of office	68,335	-
	<u>824,837</u>	<u>1,009,374</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2014 - 7).

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

Remuneration for qualifying services	143,279	139,705
Company pension contributions to defined contribution schemes	15,261	15,020
	<u>158,540</u>	<u>154,725</u>

8 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	33,311	21,659
Other interest income	2,319	4,531
	<u>35,630</u>	<u>26,190</u>

9 Changes in fair value of financial instruments

	2015 £	2014 £
Fair value gains/(losses) on financial instruments		
Gain on changes in fair values of forward currency contracts	375,238	173,618
	<u>375,238</u>	<u>173,618</u>

The company is exposed to currency exchange rate risk due to a significant proportion of receivables and operating expenses being denominated in non-sterling currencies. The net exposure of each currency is monitored and managed by the use of forward exchange contracts.

As at 31 December 2015, the fair value of the forward exchange contracts amounted to an asset of £233,312 (2014 - liability of £141,926).

The company enters into foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors. As at 31 December 2015, the outstanding contracts mature within 10 months (2014 - 9 months) of the year end. The company is committed to buy €11,742,500 (2014 - €8,756,425) and to buy \$2,291,250 (2014 - \$1,535,164) and pay a fixed sterling amount.

The forward currency contracts are measured at fair value using quoted forward exchange rates.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	698,583	613,835
Adjustments in respect of prior periods	-	(213,951)
Total current tax	<u>698,583</u>	<u>399,884</u>
Deferred tax		
Origination and reversal of timing differences	<u>(6,079)</u>	<u>(34,353)</u>
Total tax charge	<u>692,504</u>	<u>365,531</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	<u>4,145,338</u>	<u>3,287,880</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	839,290	706,669
Tax effect of expenses that are not deductible in determining taxable profit	11,913	2,491
Adjustments in respect of prior years	-	(213,951)
Effect of change in corporation tax rate	2,158	89
Forward currency contracts	-	(38,196)
Other tax adjustments	<u>(160,857)</u>	<u>(91,571)</u>
Tax expense for the year	<u>692,504</u>	<u>365,531</u>

11 Dividends

	2015 £	2014 £
Interim paid	<u>1,100,000</u>	<u>4,400,000</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

12 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2015	-	11,023,588	1,301,245	144,789	12,469,622
Additions	464,166	1,728,436	412,348	-	2,604,950
Disposals	-	(13,714)	(202,172)	(52,168)	(268,054)
At 31 December 2015	464,166	12,738,310	1,511,421	92,621	14,806,518
Depreciation and impairment					
At 1 January 2015	-	8,259,550	1,169,960	60,635	9,490,145
Depreciation charged in the year	-	952,341	190,961	28,217	1,171,519
Eliminated in respect of disposals	-	(13,714)	(202,171)	(27,705)	(243,590)
At 31 December 2015	-	9,198,177	1,158,750	61,147	10,418,074
Carrying amount					
At 31 December 2015	464,166	3,540,133	352,671	31,474	4,388,444
At 31 December 2014	-	2,764,038	131,285	84,154	2,979,477

13 Stocks

	2015 £	2014 £
Raw materials and consumables	9,676,784	7,181,064
Work in progress	140,210	123,332
Finished goods and goods for resale	3,330,944	4,566,527
	13,147,938	11,870,923

14 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	304,526	297,516
Corporation tax recoverable	-	1,380
Amount due from parent undertaking	8,123,795	8,782,341
Amounts due from fellow group undertakings	3,068,032	1,994,888
Derivative financial instruments	233,312	-
Prepayments and accrued income	1,518,948	630,372
	13,248,613	11,706,497
Deferred tax asset (note 17)	28,714	22,635
	13,277,327	11,729,132

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

15 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	12,639,454	12,272,430
Corporation tax	236,780	-
Other taxation and social security	1,029,027	658,391
Derivative financial instruments	-	141,926
Other creditors	59,290	53,606
Accruals and deferred income	9,309,205	7,288,652
	<u>23,273,756</u>	<u>20,415,005</u>

16 Provisions for liabilities

	2015 £	2014 £
Warranty provision	<u>9,816,759</u>	<u>7,803,801</u>
Movements on provisions:		
		Warranty provision
		£
At 1 January 2015		7,803,801
Additional provisions in the year		<u>2,012,958</u>
At 31 December 2015		<u>9,816,759</u>

A provision of £9,816,759 has been recognised for expected warranty claims on caravans and motor homes sold during the last six to ten financial years. It is expected that the majority of this expenditure will be incurred within two years, and all will be incurred within ten years. During the year, £4,320,467 of the provision brought forward was utilised and an increase in the provision of £6,333,425 was made.

This represents the directors' best estimate at the balance sheet date.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2015 £	Assets 2014 £
Balances:		
Accelerated capital allowances	(17,948)	53,858
Other timing differences	46,662	(31,223)
	<u>28,714</u>	<u>22,635</u>
		2015 £
Movements in the year:		
Asset at 1 January 2015		(22,635)
Credit to profit and loss		(6,079)
Asset at 31 December 2015		<u>(28,714)</u>

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £508,818 (2014 - £628,386).

19 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
10,000 ordinary shares 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 2015

20 Profit and loss reserves

	2015 £	2014 £
At the beginning of the year	10,121	1,487,772
Profit for the year	3,452,834	2,922,349
Dividends	(1,100,000)	(4,400,000)
At the end of the year	<u>2,362,955</u>	<u>10,121</u>

The profit and loss account reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

21 Financial commitments, guarantees and contingent liabilities

On 28 May 2014, the company, together with its parent, Keenwork Limited, entered into an omnibus guarantee and set off agreement with Lloyds Bank Plc. At the year end, there were no amounts outstanding to Lloyds Bank Plc.

As at 31 December 2015, the company was committed to purchasing £10,050,000 (2014 - £8,240,000) of foreign currency under forward exchange contracts. They are intended to hedge exchange rate movements on anticipated future material import transactions.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	<u>369,200</u>	<u>369,200</u>

23 Capital commitments

	2015 £	2014 £
At 31 December 2015 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	<u>2,274,481</u>	<u>-</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

24 Related party transactions

The disclosure exemption conferred by FRS 102 Section 33.1A has been taken advantage of, whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year, sales of £1,575,272 (2014 - £893,305) were made to Bailey Leisure Pty Ltd. Bailey Leisure Pty Ltd is a subsidiary of Bailey Leisure Holdings Pty. Ltd, which is an 80% (2014 - 100%) subsidiary of Keenwork Limited. As at 31 December 2015, Bailey Leisure Pty Ltd owed the company £3,068,032 (2014 - £1,994,887).

25 Controlling party

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.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets						
Tangible assets	3,241,495	-	3,241,495	2,979,477	-	2,979,477
Current assets						
Stocks	9,814,829	-	9,814,829	11,870,923	-	11,870,923
Debtors - deferred tax	R1 57,701	(57,701)	-	31,223	(31,223)	-
Debtors - other	10,021,258	-	10,021,258	11,729,132	-	11,729,132
Bank and cash	1,713,310	-	1,713,310	1,659,395	-	1,659,395
	21,607,098	(57,701)	21,549,397	25,290,673	(31,223)	25,259,450
Creditors due within one year						
Taxation	(1,433,101)	-	(1,433,101)	(658,391)	-	(658,391)
Derivatives	R1 -	(315,544)	(315,544)	-	(141,926)	(141,926)
Other creditors	(13,835,259)	-	(13,835,259)	(19,614,688)	-	(19,614,688)
	(15,268,360)	(315,544)	(15,583,904)	(20,273,079)	(141,926)	(20,415,005)
Net current assets	6,338,738	(373,245)	5,965,493	5,017,594	(173,149)	4,844,445
Total assets less current liabilities	9,580,233	(373,245)	9,206,988	7,997,071	(173,149)	7,823,922
Provisions for liabilities						
Deferred tax	R1 -	(11,718)	(11,718)	-	-	-
Other provisions	(7,697,498)	-	(7,697,498)	(7,803,801)	-	(7,803,801)
	(7,697,498)	(11,718)	(7,709,216)	(7,803,801)	-	(7,803,801)
Net assets	1,882,735	(384,963)	1,497,772	193,270	(173,149)	20,121
Capital and reserves						
Share capital	10,000	-	10,000	10,000	-	10,000
Profit and loss	R1 1,872,735	(384,963)	1,487,772	183,270	(173,149)	10,121
Total equity	1,882,735	(384,963)	1,497,772	193,270	(173,149)	20,121

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year

	Notes	Year ended 31 December 2014		
		Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		92,863,153	-	92,863,153
Cost of sales		(78,071,048)	-	(78,071,048)
Gross profit		14,792,105	-	14,792,105
Distribution costs		(1,196,580)	-	(1,196,580)
Administrative expenses		(10,660,838)	-	(10,660,838)
Other operating income		153,385	-	153,385
Operating profit		3,088,072	-	3,088,072
Interest receivable and similar income		26,190	-	26,190
Changes in fair value of financial instruments	R1	-	173,618	173,618
Profit before taxation		3,114,262	173,618	3,287,880
Taxation	R1	(403,727)	38,196	(365,531)
Profit for the financial period		2,710,535	211,814	2,922,349

Notes to reconciliations on adoption of FRS 102

R1 - Forward Contracts

Forward currency contracts had previously not been included in the accounts at fair value. The inclusion gives rise to a restatement of both the prior year balance brought forward and charge.