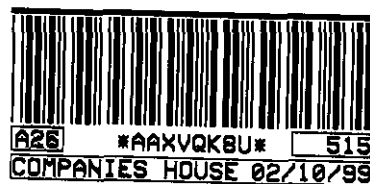


REGISTRAR

Company Registration No. 354363 (England and Wales)

**BAILEY CARAVANS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**



# BAILEY CARAVANS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P.N. Howard N.P. Mattfield S.P. Howard Mrs P.E. Howard M.J. Bye M.C. Davies J.S. Parker
<b>Secretary</b>	M.J. Bye
<b>Company number</b>	354363
<b>Registered office</b>	22/24 South Liberty Lane Bristol Avon BS3 2SS
<b>Auditors</b>	Whitley, Stimpson and Partners Penrose House 67 Hightown Road Banbury, Oxon. OX16 9BE
<b>Business address</b>	22/24 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 1998

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The directors present their report and financial statements for the year ended 31 December 1998.

### Principal activities and review of the business

The principal activity of the company during the year was caravan manufacturing.

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.

Year 2000

We are in the process of assessing the risks to the business in detail. We are considering not only our own systems but also those of our major suppliers and customers. Once our assessment is complete we will develop detailed plans to deal with any such risks as are identified.

### Results and dividends

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

An interim ordinary dividend was paid amounting to £500,000. The directors do not recommend payment of a final dividend.

### Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

### Directors

The following directors have held office since 1 January 1998:

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

In accordance with the company's Articles of Association, S.P. Howard and J.S. Parker 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 of £1 each	
	31 December 1998	1 January 1998
P.N. Howard	-	-
S.P. Howard	-	-
Mrs P.E. Howard	-	-
M.J. Bye	-	-
N.P. Mattfield	-	-
M.C. Davies	-	-
J.S. Parker	-	-

# BAILEY CARAVANS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

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 and J.S. Parker 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 And Partners 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

29.4.99

  
.....  
M.J. Bye

Secretary

# BAILEY CARAVANS LIMITED

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

We have audited the financial statements on pages 4 to 12 which have been prepared, under the historical cost convention and the accounting policies set out on page 6.

### 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.

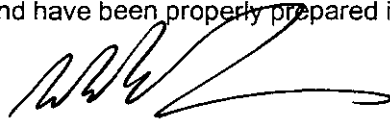
### Basis of opinion

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

29-4-99

# BAILEY CARAVANS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	23,259,812	22,306,532
Cost of sales		(19,103,982)	(17,924,119)
<b>Gross profit</b>		4,155,830	4,382,413
Distribution costs		(115,047)	(123,564)
Administrative expenses		(3,178,932)	(3,056,768)
Other operating income		(7,698)	15,680
<b>Operating profit</b>	3	854,153	1,217,761
Other interest receivable and similar income	4	67,233	378,335
Interest payable and similar charges	5	(51)	(1,747)
<b>Profit on ordinary activities before taxation</b>		921,335	1,594,349
Tax on profit on ordinary activities	6	(273,564)	(505,454)
<b>Profit on ordinary activities after taxation</b>		647,771	1,088,895
Dividends	7	(500,000)	(450,000)
<b>Retained profit for the year</b>	15	147,771	638,895

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 1998

	Notes	1998 £	£	1997 £	£
<b>Fixed assets</b>					
Tangible assets	8		722,658		335,955
<b>Current assets</b>					
Stocks	9	1,419,068		1,370,108	
Debtors	10	5,663,098		879,004	
Cash at bank and in hand		1,489,050		6,810,887	
		<u>8,571,216</u>		<u>9,059,999</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,891,141)</u>		<u>(7,140,992)</u>	
<b>Net current assets</b>			<u>1,680,075</u>		<u>1,919,007</u>
<b>Total assets less current liabilities</b>			<u>2,402,733</u>		<u>2,254,962</u>
<b>Capital and reserves</b>					
Called up share capital	14		10,000		10,000
Profit and loss account	15		2,392,733		2,244,962
<b>Shareholders' funds - equity interests</b>	16		<u>2,402,733</u>		<u>2,254,962</u>

The financial statements were approved by the board on 29 April 1999

  
P.N. Howard  
Director



# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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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 accounts have been 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.

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 2 Turnover

#### Geographical market

	Turnover	
	1998	1997
	£	£
United Kingdom	23,034,083	21,588,161
Europe	225,729	718,371
	<u>23,259,812</u>	<u>22,306,532</u>

### 3 Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	137,883	93,663
Research and development	17,204	-
Operating lease rentals	250,000	121,571
Auditors' remuneration	14,000	14,000
Remuneration of auditors for non-audit work	3,000	4,900
	<u></u>	<u></u>

### 4 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	67,233	378,335
	<u></u>	<u></u>

### 5 Interest payable

	1998	1997
	£	£
On bank loans and overdrafts	51	1,747
	<u></u>	<u></u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

6	Taxation	1998 £	1997 £
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 31% (1997 - 33%)	273,564	512,294
	Deferred taxation	-	(7,590)
		<u>273,564</u>	<u>504,704</u>
	<b>Prior years</b>		
	U.K. Corporation tax	-	750
		<u>273,564</u>	<u>505,454</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 increase by £59,926 (1997 - £28,067).

7	Dividends	1998 £	1997 £
	Ordinary interim paid 31 December 1998	<u>500,000</u>	<u>450,000</u>

8	Tangible fixed assets	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
	<b>Cost</b>				
	At 1 January 1998	1,007,558	167,603	63,700	1,238,861
	Additions	472,797	46,343	13,500	532,640
	Disposals	-	-	(13,810)	(13,810)
		<u>1,480,355</u>	<u>213,946</u>	<u>63,390</u>	<u>1,757,691</u>
	<b>Depreciation</b>				
	At 1 January 1998	744,784	126,473	31,647	902,904
	On disposals	-	-	(5,754)	(5,754)
	Charge for the year	105,412	19,097	13,374	137,883
		<u>850,196</u>	<u>145,570</u>	<u>39,267</u>	<u>1,035,033</u>
	<b>Net book value</b>				
	At 31 December 1998	<u>630,159</u>	<u>68,376</u>	<u>24,123</u>	<u>722,658</u>
	At 31 December 1997	<u>262,774</u>	<u>41,129</u>	<u>32,052</u>	<u>335,955</u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

9	Stocks and work in progress	1998 £	1997 £
	Raw materials and consumables	989,490	985,898
	Work in progress	205,801	123,810
	Finished goods and goods for resale	223,777	260,400
		<u>1,419,068</u>	<u>1,370,108</u>

10	Debtors	1998 £	1997 £
	Trade debtors	73,773	142,521
	Amounts owed by parent and fellow subsidiary undertakings	5,410,454	529,342
	Other debtors	7,972	29,561
	Prepayments and accrued income	170,899	177,580
		<u>5,663,098</u>	<u>879,004</u>

11	Creditors: amounts falling due within one year	1998 £	1997 £
	Bank loans and overdrafts	701,384	-
	Trade creditors	4,628,125	5,274,588
	Corporation tax	273,216	515,829
	Other taxes and social security costs	254,276	348,114
	Other creditors	24,357	23,405
	Accruals and deferred income	1,009,783	979,056
		<u>6,891,141</u>	<u>7,140,992</u>

## 12 Provisions for liabilities and charges

Deferred tax is provided at 31% (1997 - 33%) analysed over the following timing differences:

	Not provided		Provided	
	1998 £	1997 £	1998 £	1997 £
Accelerated capital allowances	<u>59,926</u>	<u>28,067</u>	<u>-</u>	<u>-</u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 13 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 £141,581 (1997 - £135,045). Contributions totalling £24,315 (1997 - £23,406) were payable to the fund at the year end and are included in creditors.

14 Share capital	1998 £	1997 £
<b>Authorised</b>		
10,000 Ordinary of £1 each	10,000	10,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary of £1 each	10,000	10,000
	<u>          </u>	<u>          </u>

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

	Profit and loss account £
Balance at 1 January 1998	2,244,962
Retained profit for the year	147,771
	<u>          </u>
Balance at 31 December 1998	2,392,733
	<u>          </u>

16 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the financial year	647,771	1,088,895
Dividends	(500,000)	(450,000)
	<u>          </u>	<u>          </u>
Net addition to shareholders' funds	147,771	638,895
Opening shareholders' funds	2,254,962	1,616,067
	<u>          </u>	<u>          </u>
Closing shareholders' funds	2,402,733	2,254,962
	<u>          </u>	<u>          </u>

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 17 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1998	1997
	£	£
Expiry date:		
In over five years	250,000	120,000

### 18 Directors' emoluments

	1998	1997
	£	£
Emoluments for qualifying services	237,260	193,515

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (1997 - 6).

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

Emoluments for qualifying services	70,329	63,017
Company pension contributions to money purchase schemes	8,322	7,119

# BAILEY CARAVANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 19 Employees

#### Number of employees

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

	1998 Number	1997 Number
Sales	10	10
Production	117	117
Administration	8	8
	<u>135</u>	<u>135</u>

#### Employment costs

	£	£
Wages and salaries	3,344,855	2,714,650
Social security costs	284,493	257,160
Other pension costs	141,581	135,045
	<u>3,770,929</u>	<u>3,106,855</u>

### 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.