

Company registration number 00354363 (England and Wales)

BAILEY CARAVANS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2022

BAILEY CARAVANS LIMITED

COMPANY INFORMATION

Directors	Mr J R Aisbitt (Chairman)	
	Mr N G Howard	
	Mr S R Howard	
	Mr I M Rawlings	
	Mr S P Trossell	
	Ms C Woods	
	Mr M Cutter	
	Ms N Kirkwood	(Appointed 1 April 2022)
	Mr S J Bruce	(Appointed 1 January 2023)
Company number	00354363	
Registered office	22/24 South Liberty Lane Bristol Avon BS3 2SS	
Auditor	Whitley Stimpson Limited Penrose House 67 Hightown Road Banbury Oxfordshire OX16 9BE	
Business address	22/24 South Liberty Lane Bristol Avon BS3 2SS	

BAILEY CARAVANS LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15 - 30

BAILEY CARAVANS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2022

The directors present the strategic report for the period ended 30 December 2022.

The company specialises in the manufacture and distribution of caravans and motorhomes. Distribution is, primarily, via a network of third party owned and operated caravan and motorhome dealers.

Review of the business

Key performance indicators:

- Turnover of £131.0m increased by £32.9m (34%); (2021 - £97.2m)
- Gross profit of £23.4m increased by £7.7m (49%); (2021 - £15.7m)
- Gross profit margin of 17.8% vs 16.1% in prior year
- Operating profit of £3.6m compared to £0.05m from continuing operations in 2021
- Profit after tax of £3.1m compared to £0.36m from continuing operations in 2021
- Circa 5,100 caravans and circa 600 motorhomes despatched in the year

After two years which had been heavily impacted by the Covid-19 pandemic and its associated restrictions, the company was looking to 2022 as a year which could be characterised by an increased level of predictability and stability.

Throughout 2021 the market demand for our caravans and motorhomes was robust and this continued into 2022 with waiting times for our motorhomes at all-time highs, and limited stock of caravans and motorhomes on the retailer forecourts, meaning our consumers had very little opportunity to view the full range of Bailey products. Despite this the end consumer retail levels were strong through the first half of the year. The first national show for two years took place at the Birmingham NEC in February with each day being "sold out" in terms of advanced ticket sales. Bailey's retail market share during this show held up and gave the company its first true bellwether of the levels of demand in the marketplace. It validated our decision to split the manufacturing lines into two distinct lines - a motorhome production line and a caravan production line – in order to satisfy the requirements of the order book. The October NEC show was similar and produced outstanding retail sales of both caravans and motorhomes. As the year closed, stock of caravans at retailer forecourts was returning to a somewhat "normal" level, which allows our retailers to show a more representative suite of products, however motorhome stock levels are still very low with on average about one demonstrator model per retailer. This highlights the demand levels as retailers are "handing over" motorhomes to customers as soon as they are received, rather than building their demonstrator fleets – this helps to sustain and justify our manufacturing plans in 2023. The retail order book heading into 2023 was pleasing, however the business was acutely aware of the widely reported "cost of living" crisis with its impacts on retail levels (in particular caravans) unknown.

Given the market strength the new product launch programme was slimmed back somewhat in comparison to a normal year with an updated Alicanto Grande caravan range launched and two new Adamo motorhome models added to the offering. This allowed Bailey to focus on delivering volume required to satisfy the consumer demand, and to give the supply chain a greater level of certainty around our demands on them, thereby reducing pressure on them.

Whilst the demand side of the business was strong, the supply side has seen a number of hindrances through the course of the year. As reported in last year's strategic report, the business entered 2022 with high finished goods stock levels, primarily due to a number of key suppliers' inability to supply on time and in full (and drove our requirement to secure additional funding from HSBC in January 2022). The supply chain issues eased somewhat in the first quarter but a number of issues reappeared in the second quarter and meant our "almost finished" good stock levels rose again, reducing through quarters 3 and 4. Whilst these pressures eased through quarters 3 and 4, we experienced sporadic spikes in supply chain difficulties, however none were significant "line-stoppers". We were not immune to the microchip shortages impacting the automotive industry and some chassis cab orders were cancelled by the manufacturers. Given our pre-Covid strategy of dual sourcing of cabs we were able to amend our production plans, limiting the impact to a certain extent.

From an operational perspective the business set up a separate motorhome line in quarter 1 which required recruitment and training of a (largely) new team. Whilst the line achieved the required output in the second half of the year, the familiarisation and training process took longer than anticipated and therefore our motorhome despatch volume was lower than we had hoped for the full year. The motorhome line is achieving the required volumes in early 2023, giving us confidence in our production targets for that market segment.

BAILEY CARAVANS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

Environmental, social and governance items were also high on the agenda of the operating companies' boards. From an employee perspective we fully implemented a revised grading structure giving a career path for our employees, became an accredited "real living wage" employer, improved maternity and paternity pay, launched the new Bailey company values, rolled out the first company engagement survey as well as introducing long service awards and recognition schemes amongst other things; a busy year for the human resources team. Our retention has improved and employee turnover reduced – one of the key goals of the HR strategy given the tight labour market. Indeed a number of former employees have chosen to return to Bailey; a testament to the positive changes made. The business has established a charity committee (comprising of employees from across the business) which meets monthly to determine how to allocate the pot of money set aside for charitable activity.

From an environmental perspective a number of initiatives have been launched with the aim of reducing our carbon footprint, but also to reduce the cost of energy to the business; the increase in which is expected to be significant in 2023, due to the cost of wholesale gas and electricity. An energy saving forum was created in Summer 2022 to discuss actions (however small) the business could take immediately and in the short term, and energy champions (from throughout the business) have been nominated in early 2023 to drive energy saving behaviours. The company has also installed a significant Solar PV array onto the roof of its Large Panel facility in Clevedon, which is expected to generate over 50% of the power requirement for the site. Most lighting at the South Liberty Lane site was also converted to LED lights during the Summer of 2022, driving further reductions in energy consumption. The business has had its whole carbon footprint analysed (including product lifecycle) to understand the impact of its operations as well as the usage of its products. The report was received in early 2023.

Streamlined Energy and Carbon Reporting

The Keenwork Group, including Bailey Caravans Limited, is committed to reducing its carbon footprint to ensure it is a sustainable, responsible and resilient business for the future. The Group has taken the following actions during the financial year aimed at reducing energy consumption and carbon emissions:

- Worked with a sustainability consultant to produce a full Carbon Footprint Report for the group and identify the specific carbon reduction targets required to achieve a Net Zero position by 2050.
- Signed up to the Woodland Trust Woodland Carbon Scheme to reduce the environmental impact of our operations. Committed to donating to this scheme on an ongoing basis to offset our annual volume of greenhouse gas emissions. In 2022 this equated to the planting of over 2,159 native trees in the UK.
- Introduction of "Energy Champions" to focus on the reduction of energy consumption and driving energy efficient behaviours across the business.
- From 1st November 2022 all of the group's gas is supplied from renewable sources.
- From 1st November 2022 all of the group's electricity is generated from renewable sources.
- Installation of an energy efficient LED lighting system in our main South Liberty Lane caravan and motorhome production facility.
- Continuation of waste reduction initiative with our supply chain and promoting the use of reusable and returnable packaging.

Energy consumption in Bailey Caravans Limited is covered in the below table. Associated Greenhouse gases have been calculated using the 2022 Government emission conversion factors for greenhouse gas company reporting.

BAILEY CARAVANS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

SCOPE	Energy Type	UK energy use kWh		Associated Greenhouse gas emissions tCO ₂ e	
		2022	2021	2022	2021
Scope 1	Business combustion of fuel in transport	258,129	262,781	60.3	61.7
Scope 1	Combustion of fuel	986,058	1,242,425	233.6	294.3
Scope 1	Combustion of gas	518,616	664,011	66.2	121.6
	Total Scope 1	1,762,803	2,169,217	360.1	477.6
Scope 2	Purchase of renewable electricity	1,249,837	2,364,629	-	-
Scope 2	Purchase of non-renewable electricity	1,239,997	130,862	239.8	27.8
	Total Scope 2	2,489,834	2,495,491	239.8	27.8
Scope 3	Emissions from non-company owned vehicles where we purchase the fuel	5,206	3,952	1.2	0.9
	Total Scope 3	5,206	3,952	1.2	0.9
	Total across all scopes	4,257,843	4,668,660	601.2	506.3
	Intensity ratio*	742.6	1,078.5	0.10	0.12

* The intensity ratio in the above table is calculated as total UK energy use and greenhouse gas emissions, as per the above, divided by total vehicles despatched by Bailey Caravans Limited in the corresponding year.

Principal risks and uncertainties

Economic conditions

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

International trade

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

Development and performance

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

The directors were pleased with the performance in the year and the consequent strengthening of the company's balance sheet.

BAILEY CARAVANS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

Directors' statement on the performance of their duties in accordance with s172(1) Companies Act 2006.

The board of directors of Bailey Caravans Limited consider, both individually and together, that they have acted in the way they consider would be most likely to promote the success of the company for the benefit of their members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the act) during the period ended 30 December 2022. In particular, the directors draw reference to the five year plan (approved in February 2022) and budgets prepared and approved in the Autumn of 2022, which give the framework for the group's operations over the coming 5 years.

- The group and the operating companies, incorporating Bailey Caravans Limited, have an overarching board approved strategy document. This document is shared with key personnel throughout the business and is updated on an annual basis and progress against it is reviewed bi-annually. It is based on a number of key pillars, which incorporate the market, our product strategy, our manufacturing processes as well as key relationships with suppliers and customers.
- With the impacts of the Covid pandemic and its impacts on the economy in the forefront of their minds, the directors refreshed the company's five year plan in January 2022. The five year plan showed the expected financial consequence of the overarching business strategy. The first year of the five year plan provides the framework for the annual "bottom-up" budget process, against which the company is managed. Board meetings and management meetings reference back to the budgeted aims at each meeting and course correct as necessary. The company also re-forecasts several times a year to reflect recent performance. The board expects to refresh its 5 year plan later in the year.
- The requirement for staff retention was a key facet of the group's plans; a stable, engaged and skilled workforce being key to the success of the business. With this in mind, the business approved a number of key programmes: 1) a documented career path which was timebound and measurable for production staff, 2) an improved maternity and paternity pay policy, and 3), becoming an accredited Living Wage Employer in early 2022. Other programmes are outlined in the strategic report.
- Bailey engaged with the Works Council (including employee representatives) on a frequent basis during 2022 to ensure the workforce remain informed and consulted on significant changes.
- The health and safety of the workforce is discussed on a daily basis and in all operational meetings.
- We engage in regular and open dialogue with our supply base, giving them as much notice of our production plans to ensure they can plan accordingly, but equally to keep abreast of their issues. Through this dialogue we have been able to find collaborative solutions to most of the supply chain issues which were prevalent over recent years. Within a supply base of 130+ suppliers, only a small handful created materially impactful supply chain issues in 2022.

On behalf of the board

Mr N G Howard
Director
26 April 2023

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 DECEMBER 2022

The directors present their report for the period ended 30 December 2022.

Principal activities

The principal activity of the company continues to be the manufacture of caravans and motorhomes.

Results and dividends

The results for the period are set out on page 12.

There were no interim dividends paid for the period ended 30 December 2022. The directors recommend that no final dividend be paid on the ordinary shares.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows (listed alphabetically):

Mr J R Aisbitt (Chairman)	
Mr N G Howard	
Mr S R Howard	
Mr I M Rawlings	
Mr S P Trossell	
Ms C Woods	
Mr M Cutter	
Mr N P Hall	(Resigned 27 February 2022)
Ms N Kirkwood	(Appointed 1 April 2022)
Mr S J Bruce	(Appointed 1 January 2023)

Mr J R Aisbitt, Mr N P Hall, Ms N Kirkwood and Mr S P Trossell are non-executive directors.

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 and cash flow 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.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

Price risk

The company is exposed to commodity price risk as a result of its operations. The board believes that, 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 (other than its wholly owned subsidiary).

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 about 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.

Future developments

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

Auditor

In accordance with the company's articles, it is proposed that Whitley Stimpson Limited be reappointed as auditors of the company.

Energy and carbon report

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 N G Howard
Director

26 April 2023

BAILEY CARAVANS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 30 DECEMBER 2022

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 MEMBER OF BAILEY CARAVANS LIMITED

Opinion

We have audited the financial statements of Bailey Caravans Limited (the 'company') for the period ended 30 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2022 and of its profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 period 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.

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF BAILEY CARAVANS LIMITED

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to the financial reporting framework FRS102, Companies Act 2006, and tax legislation.

We assessed the risks of material misstatement in respect of fraud. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. We made enquiries with management and those charged with governance and corroborated our enquiries through review of third party documentation and correspondence where appropriate.

We identified that the principal risks related to revenue recognition being materially misstated due to fraud. We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries and management estimates into our audit approach.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above and to identify and to address material misstatements in relation to fraud. The engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations and fraud and perform these procedures effectively.

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF BAILEY CARAVANS LIMITED

Audit procedures performed included:

- Discussion amongst the audit team regarding the susceptibility of the client to fraud;
- Consideration of the risk of fraud when documenting and reviewing internal controls and procedures;
- Enquiring of management how they assess the risk of fraud, and identify and respond to the risks of fraud;
- Enquiring of management whether they have any knowledge of actual or suspected frauds or non-compliance with laws and regulations;
- Review of how those charged with governance exercise oversight of management's process for identifying and responding to the risk of fraud;
- Substantive testing of revenue and debtors, including review and testing of caravan and motorhome reconciliation;
- Review of journals for unusual items;
- Review of relevant tax correspondence;
- Recalculation of warranty provision, substantive procedures, and analytical review;
- Discussion of the assumptions used when calculating the management charges with management, and analytical review;
- Review of VAT return entries and perform analytical procedures on VAT balances;
- Substantive testing on fixed assets including having sight of the assets to confirm existence;
- Verification of employees;
- Review of bank reconciliations for evidence of window dressing; and
- Review of minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF BAILEY CARAVANS LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

26 April 2023

Laura Adkins
Senior Statutory Auditor
For and on behalf of Whitley Stimpson Limited
Chartered Accountants
Statutory Auditor
Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

BAILEY CARAVANS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 DECEMBER 2022

		Continuing operations	Discontinued operations	Period ended 30 December 2022	Continuing operations	Discontinued operations	Period ended 31 December 2021
	Notes	£	£	£	£	£	£
Turnover	3	130,990,686	-	130,990,686	97,247,005	-	97,247,005
Cost of sales		(107,619,709)	-	(107,619,709)	(81,430,595)	(138,708)	(81,569,303)
Gross profit/(loss)		23,370,977	-	23,370,977	15,816,410	(138,708)	15,677,702
Distribution costs		(1,295,009)	-	(1,295,009)	(680,545)	-	(680,545)
Administrative expenses		(18,554,510)	-	(18,554,510)	(15,235,333)	(372,901)	(15,608,234)
Other operating income		120,814	-	120,814	145,142	-	145,142
Operating profit/(loss)	5	3,642,272	-	3,642,272	45,674	(511,609)	(465,935)
Interest payable and similar expenses	9	(88,185)	-	(88,185)	(105,596)	-	(105,596)
Profit/(loss) before taxation		3,554,087	-	3,554,087	(59,922)	(511,609)	(571,531)
Tax on profit/(loss)	10	(457,572)	-	(457,572)	424,520	26,355	450,875
Profit/(loss) for the financial period		3,096,515	-	3,096,515	364,598	(485,254)	(120,656)

BAILEY CARAVANS LIMITED

BALANCE SHEET AS AT 30 DECEMBER 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	13		4,156,980		5,567,815
Investments	14		100		100
			<u>4,157,080</u>		<u>5,567,915</u>
Current assets					
Stocks	17	14,453,825		14,588,212	
Debtors	18	14,708,824		13,824,093	
Cash at bank and in hand		1,017,928		51,246	
		<u>30,180,577</u>		<u>28,463,551</u>	
Creditors: amounts falling due within one year	19	(24,566,615)		(26,720,704)	
		<u></u>		<u></u>	
Net current assets			5,613,962		1,742,847
			<u></u>		<u></u>
Total assets less current liabilities			9,771,042		7,310,762
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	20		(166,667)		-
			<u></u>		<u></u>
Provisions for liabilities					
Provisions	22	3,148,790		3,923,350	
Deferred tax liability	23	230,898		259,240	
		<u></u>	(3,379,688)	<u></u>	(4,182,590)
Net assets			<u>6,224,687</u>		<u>3,128,172</u>
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	25		10,100		10,100
Profit and loss reserves	26		6,214,587		3,118,072
			<u></u>		<u></u>
Total equity			<u>6,224,687</u>		<u>3,128,172</u>
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 April 2023 and are signed on its behalf by:

Mr N G Howard
Director

Company Registration No. 00354363

BAILEY CARAVANS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 2 January 2021	10,100	3,238,728	3,248,828
Period ended 31 December 2021:			
Loss and total comprehensive income for the period	-	(120,656)	(120,656)
Balance at 31 December 2021	10,100	3,118,072	3,128,172
Period ended 30 December 2022:			
Profit and total comprehensive income for the period	-	3,096,515	3,096,515
Balance at 30 December 2022	10,100	6,214,587	6,224,687

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2022

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.

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.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Bailey Caravans Limited is a wholly owned subsidiary of Keenwork Limited and the results of Bailey Caravans Limited are included in the consolidated financial statements of Keenwork Limited which are publicly available.

Reporting exemptions:

The company has consent from its shareholder 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 the 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. The registered office of Keenwork Limited is 22/24 South Liberty Lane, Bristol, BS3 2SS.

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.

This expectation is on the basis of a review of cashflow projections and the bank facilities available to the company, and in the understanding of, and in the expectation that, any bank facilities currently in place will be renewed at expiry.

1.3 Reporting period

The financial statements are prepared on a 52 week cycle, and the year end moves in line with this. The 2022 financial year was a 52 week period ended 30 December 2022 (2021 - 52 weeks ended 31 December 2021).

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (when goods are physically delivered to the customer), 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.

1.5 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:

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

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of fixed assets

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and 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. Bank overdrafts are shown within borrowings in current liabilities.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

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 remeasured at fair value. Financial derivatives are recognised as current and non-current based on the maturity profile of the associated cash flows.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 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 PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

An increase in the UK corporation tax rate from 19% to 25%, effective from 1 April 2023, was substantially enacted on 24 May 2021. This will increase the company's future corporation tax charges accordingly. Once a timing difference has been calculated, a deferred tax asset or liability is recognised by multiplying this difference by the enacted or substantively enacted tax rate that is expected to apply when the difference reverses.

1.14 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.

1.15 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.

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.

1.16 Retirement benefits

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

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

1 Accounting policies

(Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.19 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 in the period are included in profit or loss.

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:

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	130,990,686	97,247,005
	<u>130,990,686</u>	<u>97,247,005</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	123,141,958	92,196,313
Rest of the world	7,848,728	5,050,692
	<u>130,990,686</u>	<u>97,247,005</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Other revenue		
	Grants received	-	25,388
		<u> </u>	<u> </u>
4	Other operating income		
	Other operating income includes £nil (2021 - £25,338) in relation to government grants received in the year. The government grants received include amounts in relation to the Coronavirus Job Retention Scheme. In line with the company's accounting policy, amounts received from these grants have been recognised as income in the period to which they relate.		
5	Operating profit/(loss)	2022	2021
		£	£
	Operating profit/(loss) for the period is stated after charging/(crediting):		
	Exchange gains	(526,855)	(315,381)
	Government grants	-	(25,388)
	Depreciation of owned tangible fixed assets	1,032,485	1,257,802
	Loss on disposal of tangible fixed assets	28,855	-
	Operating lease charges	880,000	440,001
		<u> </u>	<u> </u>
6	Auditor's remuneration	2022	2021
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	68,000	42,000
		<u> </u>	<u> </u>
	For other services		
	Audit-related assurance services	-	5,000
	Other taxation services	3,000	3,000
		<u> </u>	<u> </u>
		3,000	8,000
		<u> </u>	<u> </u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

7 Employees

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

	2022 Number	2021 Number
Sales	8	8
Production	397	345
Administration	100	94
Total	505	447

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	20,006,511	17,470,254
Social security costs	1,685,466	1,393,560
Pension costs	826,401	675,866
	22,518,378	19,539,680

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	887,258	1,216,539
Company pension contributions to defined contribution schemes	69,291	52,732
	956,549	1,269,271

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 9 (2021 - 6).

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

	2022 £	2021 £
Remuneration for qualifying services	169,380	236,546
Company pension contributions to defined contribution schemes	16,824	14,136

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	247,133	82,809
Gain/(loss) on hedged item in a fair value hedge	(158,948)	22,787
	<u>88,185</u>	<u>105,596</u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	371,953	(64,122)
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	85,619	(386,753)
	<u></u>	<u></u>
Total tax charge/(credit)	<u>457,572</u>	<u>(450,875)</u>

The actual charge/(credit) for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit/(loss) before taxation	<u>3,554,087</u>	<u>(571,531)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	675,277	(108,591)
Tax effect of expenses that are not deductible in determining taxable profit	16,345	92,777
Effect of change in corporation tax rate	133,104	(93,683)
Depreciation on assets not qualifying for tax allowances	15,970	21,827
Research and development tax credit	(328,789)	(348,326)
Forward currency contracts	(30,200)	4,330
Enhanced capital allowances	(21,257)	(19,209)
Other tax adjustments	(2,878)	-
	<u></u>	<u></u>
Taxation charge/(credit) for the period	<u>457,572</u>	<u>(450,875)</u>

11 Discontinued operations

Bailey Caravans Limited manufactured and sold caravan panels to Bailey Leisure Holdings Pty Ltd. During 2019, Bailey Leisure Holdings Pty Ltd closed its manufacturing facilities in Australia and as a result, all activities with the Australian market were concluded. Therefore transactions in the prior year with the sister company Bailey Leisure Holdings Pty Ltd, have been disclosed as a discontinued operation.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

12 Covid-19 rent free period

As a result of Covid-19, a twelve month rent free period was granted by Keenwork Limited to Bailey Caravans Limited with effect from 1 July 2020. This reduced the rental expense by £nil during the period ended 30 December 2022 (2021 - £405,000).

13 Tangible fixed assets

	Leasehold improvements	Leasehold land and buildings	Plant and fixtures, fittings machinery and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	636,791	1,480,917	16,229,322	3,007,001	21,493,071
Additions	151,428	31,840	625,076	141,672	950,016
Disposals	-	(1,284,844)	(112,504)	(40,508)	(1,437,856)
Transfers	-	(13,750)	13,750	-	-
At 30 December 2022	788,219	214,163	16,755,644	3,148,673	21,005,231
Depreciation and impairment					
At 1 January 2022	111,655	-	12,887,324	2,813,739	15,925,256
Depreciation charged in the period	64,843	-	903,117	50,551	1,032,485
Eliminated in respect of disposals	-	-	(68,982)	(40,508)	(109,490)
At 30 December 2022	176,498	-	13,721,459	2,864,290	16,848,251
Carrying amount					
At 30 December 2022	611,721	214,163	3,034,185	284,383	4,156,980
At 31 December 2021	525,136	1,480,917	3,341,998	193,262	5,567,815

14 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	15	100	100

15 Subsidiaries

Details of the company's subsidiaries at 30 December 2022 are as follows:

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

15 Subsidiaries (Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Prima Leisure Limited	Unit 600 The Quadrant, Ash Ridge Road, Bristol, Avon, BS32 4QA	Selling of caravan parts and accessories	Ordinary	100.00

16 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	136,161	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	22,787

17 Stocks

	2022 £	2021 £
Raw materials and consumables	8,004,633	8,959,604
Work in progress	580,920	273,040
Finished goods and goods for resale	5,868,272	5,355,568
	14,453,825	14,588,212

18 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	258,110	373,794
Corporation tax recoverable	-	87,316
Amounts owed by group undertakings	13,024,322	11,708,460
Derivative financial instruments	136,161	-
Other debtors	351,214	1,245
Prepayments and accrued income	872,454	1,003,772
	14,642,261	13,174,587
Amounts falling due after more than one year:		
Deferred tax asset (note 23)	66,563	649,506
Total debtors	14,708,824	13,824,093

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

19 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	21	2,000,000	2,575,170
Trade creditors		14,444,033	12,661,984
Corporation tax		9,519	-
Other taxation and social security		2,404,765	1,837,122
Derivative financial instruments		-	22,787
Other creditors		1,078,952	1,089,158
Accruals and deferred income		4,629,346	8,534,483
		<u>24,566,615</u>	<u>26,720,704</u>

20 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	21	166,667	-
		<u>166,667</u>	<u>-</u>

21 Loans and overdrafts

	2022 £	2021 £
Bank loans	2,166,667	-
Bank overdrafts	-	2,575,170
	<u>2,166,667</u>	<u>2,575,170</u>
Payable within one year	2,000,000	2,575,170
Payable after one year	166,667	-
	<u>2,166,667</u>	<u>2,575,170</u>

The bank overdraft is secured via an composite guarantee and indemnity with HSBC UK Bank Plc who have charges on the assets of the company.

On 5 January 2022, Bailey Caravans Limited entered into a Recovery Loan Scheme ("RLS") agreement with HSBC, receiving a £3m loan. This is payable over an eighteen-month period from July 2022.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

22 Provisions for liabilities

	2022 £	2021 £
Warranty provision	3,148,790	3,923,350
Movements on provisions:		
		Warranty provision £
At 1 January 2022		3,923,350
Additional provisions in the year		1,240,410
Reversal of provision		(2,014,970)
At 30 December 2022		3,148,790

A provision of £3,148,790 has been recognised for expected warranty claims on caravans and motorhomes sold during the last six years. Bailey Caravans provide six year warranties. During the year, £2,014,970 of the provision brought forward was utilised and an increase in the provision of £1,240,410 was made.

Following the deregistration of the Australian group entities, a provision was created in Bailey Caravans Limited during 2021 for caravans and motorhomes purchased from these entities during the last six years. This is included in the provision above.

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

23 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:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	230,898	253,543	-	-
Tax losses	-	-	32,523	649,506
Revaluations	-	-	34,040	-
Other timing differences	-	5,697	-	-
	230,898	259,240	66,563	649,506

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

23	Deferred taxation	(Continued)
		2022
	Movements in the period:	£
	Asset at 1 January 2022	390,266
	Charge to profit or loss	(85,619)
	Other	(468,982)
	Liability at 30 December 2022	<u>(164,335)</u>

Other deferred tax movements relate to losses recognised within deferred tax in the prior year, utilised against group corporation tax in the current year.

24	Retirement benefit schemes	2022	2021
		£	£
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	<u>826,401</u>	<u>675,866</u>

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.

25	Share capital	2022	2021
		£	£
	Ordinary share capital		
	Issued and fully paid		
	10,100 (2021 - 10,100) ordinary shares of £1 each	<u>10,100</u>	<u>10,100</u>

26	Profit and loss reserves	2022	2021
		£	£
	At the beginning of the period	3,118,072	3,238,728
	Profit/(loss) for the period	<u>3,096,515</u>	<u>(120,656)</u>
	At the end of the period	<u>6,214,587</u>	<u>3,118,072</u>

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

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

27 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:

	2022 £	2021 £
Within one year	925,968	915,802
Between two and five years	45,968	71,604
	<u>971,936</u>	<u>987,406</u>

28 Financial commitments, guarantees and contingent liabilities

The £6m term loan and other borrowings available to the Keenwork Group (including Bailey Caravans Limited) are secured by a legal charge over the properties known as Tiberius, Kenn Business Park, Clevedon, Bristol, BS21 6ST and the Bailey Caravans Site, South Liberty Lane, Bristol, BS3 2SS. Additionally, a fixed and floating charge is held over all assets by way of debentures. On 31 August 2021, all Keenwork Group companies (including Bailey Caravans Limited) entered into a composite guarantee and indemnity covering the Keenwork Group's banking facilities.

During the year the Keenwork Group (including Bailey Caravans Limited) entered into a Recovery Loan Scheme Loan ("RLS") with HSBC, receiving £3m. This is repayable over an eighteen month period from July 2022.

At the end of the period £7,527,667 was outstanding to HSBC from the Keenwork Group.

As at 30 December 2022 the company was potentially committed to purchasing €4,825,000 (2021 - €2,975,000) of foreign currency under forward exchange contracts. They are intended to hedge exchange rate movements on anticipated future material import transactions.

In February 2022, the company entered into an agreement with a supplier for the purchase and financing of goods from this supplier. Within the terms of the agreement, the company, together with its parent company, entered into a cross company guarantee with the same supplier. No charges are placed over the assets of the company as a result of this agreement.

29 Related party transactions

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

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2022

30 Parent company

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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.