

BAILEY CARAVANS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



BAILEY CARAVANS LIMITED

COMPANY INFORMATION

Directors

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

Secretary

S.P. Howard

Company number

354363

Registered office

South Liberty Lane,
Bristol,
Avon.
BS3 2SS

Auditors

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

Business address

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 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

An interim ordinary dividend was paid amounting to £340,000. The directors do not recommend payment of a final dividend.

Research and development

The company carries out research into caravan building techniques. Expenditure of £nil, (2002 - £29,266) has been written off to the profit and loss account.

Directors

The following directors have held office since 1 January 2003:

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

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

Directors' interests

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

	Ordinary shares of of £ 1 each	
	31 December 2003	1 January 2003
P.N. Howard	-	-
S.P. Howard	-	-
Mrs P.E. Howard	-	-
N.P. Mattfield	-	-
M.C. Davies	-	-
J.S. Parker	-	-
N.G. Howard	-	-
S.R. Howard	-	-

P.N. Howard, S.P. Howard and Mrs P.E. Howard are directors of the holding company, Keenwork Limited, and accordingly their interest in the share capital of Keenwork Limited, and its subsidiary, are disclosed in the directors' report of the holding company. N.G. Howard and S.R. Howard each own 6 ordinary shares in Keenwork Limited. N.P. Mattfield, M.C. Davies and J.S. Parker have no interest in the share capital of the company.

BAILEY CARAVANS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Whitley Stimpson be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



S.P. Howard

Director

16 March 2004

BAILEY CARAVANS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BAILEY CARAVANS LIMITED

We have audited the financial statements of Bailey Caravans Limited on pages 4 to 15 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Whitley Stimpson
Chartered Accountants
Registered Auditors

16 March 2004

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

BAILEY CARAVANS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	44,233,132	35,088,142
Cost of sales		(35,449,307)	(27,737,024)
Gross profit		8,783,825	7,351,118
Distribution costs		(94,660)	(83,948)
Administrative expenses		(5,453,790)	(4,920,892)
Other operating income		(29,417)	(37,814)
Operating profit	3	3,205,958	2,308,464
Other interest receivable and similar income		43,234	29,777
Profit on ordinary activities before taxation		3,249,192	2,338,241
Tax on profit on ordinary activities	4	(1,186,096)	(721,511)
Profit on ordinary activities after taxation		2,063,096	1,616,730
Dividends	5	(340,000)	(300,000)
Retained profit for the year	13	1,723,096	1,316,730

The profit and loss account has been prepared on the basis that all operations are continuing operations.

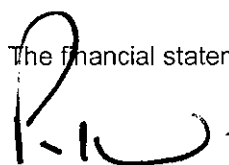
There are no recognised gains and losses other than those passing through the profit and loss account.

BAILEY CARAVANS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6		1,976,442		1,236,538
Current assets					
Stocks	7	1,841,824		1,606,570	
Debtors	8	12,948,543		10,263,632	
Cash at bank and in hand		963,139		1,557,309	
		<u>15,753,506</u>		<u>13,427,511</u>	
Creditors: amounts falling due within one year	9	<u>(10,101,061)</u>		<u>(9,224,611)</u>	
Net current assets			5,652,445		4,202,900
Total assets less current liabilities			7,628,887		5,439,438
Provisions for liabilities and charges	10		(1,094,540)		(836,960)
Deferred tax liability	10		<u>(287,718)</u>		<u>(78,945)</u>
			<u>6,246,629</u>		<u>4,523,533</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		6,236,629		4,513,533
Shareholders' funds - equity interests	14		<u>6,246,629</u>		<u>4,523,533</u>

The financial statements were approved by the Board on 16 March 2004



P.N. Howard
Director

BAILEY CARAVANS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		2,267,871		1,279,547
Returns on investments and servicing of finance				
Interest received	43,234		29,777	
Net cash inflow for returns on investments and servicing of finance		43,234		29,777
Taxation		(1,514,125)		(305,494)
Capital expenditure				
Payments to acquire tangible assets	(1,062,450)		(661,475)	
Receipts from sales of tangible assets	11,300		1,236	
Net cash outflow for capital expenditure		(1,051,150)		(660,239)
Equity dividends paid		(340,000)		(300,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(594,170)		43,591
(Decrease)/increase in cash in the year		(594,170)		43,591

BAILEY CARAVANS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities		2003	2002	
			£	£	
	Operating profit		3,205,958	2,308,464	
	Depreciation of tangible assets		302,946	275,731	
	Loss/(profit) on disposal of tangible assets		8,300	(1,236)	
	Increase in stocks		(235,254)	(325,630)	
	Increase in debtors		(2,662,233)	(1,890,499)	
	Increase in creditors within one year		1,390,574	912,717	
	Increase in warranty reserve		257,580	-	
	Net cash inflow from operating activities		2,267,871	1,279,547	
2	Analysis of net funds	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,557,309	(594,170)	-	963,139
	Net funds	1,557,309	(594,170)	-	963,139
3	Reconciliation of net cash flow to movement in net funds		2003	2002	
			£	£	
	(Decrease)/increase in cash in the year		(594,170)	43,591	
	Movement in net funds in the year		(594,170)	43,591	
	Opening net funds		1,557,309	1,513,718	
	Closing net funds		963,139	1,557,309	

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% - 33% Straight line
Fixtures, fittings & equipment	10% - 33% 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, after making due allowance for obsolete and slow moving items. Cost represents all direct costs and attributable overheads incurred in bringing the stocks to their present state and location.

1.8 Pensions

The company does not have any defined benefit pension arrangements and therefore the changes in accounting policies required by FRS17 do not affect the financial statements. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Keenwork Limited, a company incorporated in England, and is included in the consolidated financial statements of that company.

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	43,938,909	34,920,795
Europe	294,223	167,347
	<u>44,233,132</u>	<u>35,088,142</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	302,946	275,731
Loss on disposal of tangible assets	8,300	-
Loss on foreign exchange transactions	29,417	37,814
Research and development	-	29,266
Operating lease rentals	315,200	315,200
Auditors' remuneration	16,400	16,400
Remuneration of auditors for non-audit work	6,600	6,599
and after crediting:		
Profit on disposal of tangible assets	-	(1,236)

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

4	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	977,323	721,511
	Current tax charge	977,323	721,511
	Deferred tax		
	Deferred tax charge for the current year	208,773	-
		<u>1,186,096</u>	<u>721,511</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>3,249,192</u>	<u>2,338,241</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	<u>974,758</u>	<u>701,472</u>
	Effects of:		
	Non deductible expenses	3,851	7,100
	Depreciation add back	93,374	82,719
	Capital allowances	(101,497)	(92,468)
	Other tax adjustments	6,837	22,688
		<u>2,565</u>	<u>20,039</u>
	Current tax charge	<u>977,323</u>	<u>721,511</u>
5	Dividends	2003 £	2002 £
	Ordinary interim paid 31 December 2003	<u>340,000</u>	<u>300,000</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2003	2,466,983	318,018	87,893	2,872,894
Additions	943,439	105,079	13,932	1,062,450
Disposals	(49,000)	-	(13,500)	(62,500)
At 31 December 2003	3,361,422	423,097	88,325	3,872,844
Depreciation				
At 1 January 2003	1,327,077	262,044	47,235	1,636,356
On disposals	(29,400)	-	(13,500)	(42,900)
Charge for the year	258,408	26,201	18,337	302,946
At 31 December 2003	1,556,085	288,245	52,072	1,896,402
Net book value				
At 31 December 2003	1,805,337	134,852	36,253	1,976,442
At 31 December 2002	1,139,906	55,974	40,658	1,236,538

7 Stocks and work in progress

	2003 £	2002 £
Raw materials and consumables	1,289,653	1,245,964
Work in progress	232,457	148,168
Finished goods and goods for resale	319,714	212,438
	<u>1,841,824</u>	<u>1,606,570</u>

8 Debtors

	2003 £	2002 £
Trade debtors	219,082	156,165
Amounts owed by parent undertaking	12,567,449	9,934,437
Corporation tax	22,678	-
Other debtors	3,541	302
Prepayments and accrued income	135,793	172,728
	<u>12,948,543</u>	<u>10,263,632</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

9	Creditors: amounts falling due within one year	2003 £	2002 £
	Trade creditors	7,707,373	6,514,076
	Corporation tax	-	514,124
	Other taxes and social security costs	720,444	685,998
	Other creditors	239,570	58,374
	Accruals and deferred income	1,433,674	1,452,039
		<u>10,101,061</u>	<u>9,224,611</u>

10	Provisions for liabilities and charges	Warranty reserve £	Deferred taxation £	Total £
	Balance as at 1 January 2003	836,960	78,945	915,905
	Profit and loss account	257,580	208,773	466,353
	Balance as at 31 December 2003	<u>1,094,540</u>	<u>287,718</u>	<u>1,382,258</u>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>287,718</u>	<u>78,945</u>

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £238,374 (2002-£21,112) were payable to the fund at the year end and are included in creditors.

	2003 £	2002 £
Contributions payable by the company for the year	<u>393,238</u>	<u>274,685</u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

12	Share capital	2003 £	2002 £
	Authorised		
	10,000 Ordinary shares of of £1 each	10,000	10,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	10,000 Ordinary shares of of £1 each	10,000	10,000
		<u> </u>	<u> </u>

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2003	4,513,533
Retained profit for the year	1,723,096
	<u> </u>
Balance at 31 December 2003	6,236,629
	<u> </u>

14	Reconciliation of movements in shareholders' funds	2003 £	2002 £
	Profit for the financial year	2,063,096	1,616,730
	Dividends	(340,000)	(300,000)
		<u> </u>	<u> </u>
	Net addition to shareholders' funds	1,723,096	1,316,730
	Opening shareholders' funds	4,523,533	3,206,803
		<u> </u>	<u> </u>
	Closing shareholders' funds	6,246,629	4,523,533
		<u> </u>	<u> </u>

15 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date:		
In over five years	369,200	315,200
	<u> </u>	<u> </u>

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

16 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	<u>328,814</u>	<u>683,255</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 7 (2002- 8).

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

Emoluments for qualifying services	87,730	200,165
Company pension contributions to money purchase schemes	<u>61,269</u>	<u>40,334</u>

17 Employees

Number of employees

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

	2003 Number	2002 Number
Sales	5	5
Production	172	155
Administration	12	12
	<u>189</u>	<u>172</u>

Employment costs

	£	£
Wages and salaries	6,293,929	5,558,410
Social security costs	585,550	519,139
Other pension costs	<u>393,238</u>	<u>274,685</u>
	<u>7,272,717</u>	<u>6,352,234</u>

18 Control

The ultimate parent company is Keenwork Limited, a company registered in England and Wales.

Keenwork Limited prepares group financial statements and copies can be obtained from the Registrar of Companies.

BAILEY CARAVANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

19 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.