Constantine Holdings Limited

Directors' report and financial statements

Registered number 649369

31 August 2005

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2005.

Principal activities and business review

The principal activities of the group during the year were the manufacture of caravans and motorhomes, property investment and trading, and specialist transportation services.

The results for the year are shown on page 5 of these accounts.

Dividends

The following dividends in respect of the year have been paid and proposed as at 31 August 2005:

	Paid £	**Proposed** £	**Total** £
Ordinary shares	229,156	787,099	1,016,255

Directors and directors' interests

Directors holding office during and after the end of the year were as follows:

AJ McWalter	(Chairman)
NL Constantine	(Chief Executive)
GJ Chalk	(Non Executive)
RGW Williams	(Non Executive)
NKG Prescot	(Development Director)

The directors who held office at the end of the financial year had the following interests in the shares of the company according to the register of directors' interests:

	At 1 September 2004	At 31 August 2005	Under option at 1 September 2004	Options granted during the year	Options exercised during the year	Under option at 31 August 2005
NL Constantine	33,747	36,892	3,145	-	3,145	-
NKG Prescot	25,563	26,563	1,000	-	1,000	-

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families or exercised by them, during the financial year.

Directors' report *(continued)*

Auditors

A resolution for the reappointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

NL Constantine
Director

Craven House
Station Road
Godalming
Guildford
Surrey
GU7 1EX

26 January 2006

Statement of 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 group and of the profit or loss 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 group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG
KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Report of the independent auditors to the members of Constantine Holdings Limited

We have audited the financial statements on pages 5 to 32.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 group is not disclosed.

Basis of audit 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 group'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 affairs of the company and the group as at 31 August 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP.

KPMG LLP
Chartered Accountants
Registered Auditor

26 January 2006

Consolidated profit and loss account
for the year ended 31 August 2005

	Note	2005		2004	
		£000	**£000**	£000	£000
Turnover	*2*		**71,532**		68,581
Cost of sales			**(59,841)**		(58,189)
Gross profit			**11,691**		10,392
Administrative expenses	*3*		**(8,259)**		(7,701)
Rents receivable			**1,791**		1,061
Profit on sale of properties			**609**		2,421
Group operating profit			**5,832**		6,173
Operating profit from share of joint venture			**-**		230
Total operating profit			**5,832**		6,403
Other interest receivable and similar income					
Group		**345**		290	
Joint venture		**-**		1	
			345		291
Interest payable and similar charges	*6*				
Group		**(305)**		(528)	
Joint venture		**-**		(89)	
			(305)		(617)
Profit on ordinary activities before taxation	*2-6*		**5,872**		6,077
Tax on profit on ordinary activities	*7*		**(1,297)**		(949)
Profit for the financial year			**4,575**		5,128
Dividends paid and proposed					
Equity shares	*8*		**(1,016)**		(740)
Retained profit for equity shareholders	*19*		**3,559**		4,388

The results of the group for the current and preceding years arose entirely from continuing operations.

Consolidated balance sheet
at 31 August 2005

	Note	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Intangible assets	*9*		-		-
Tangible assets	*10*		34,561		38,293
Investments	*11*				
Investments in joint ventures					
Share of gross assets		5		5	
Share of gross liabilities		-		-	
		5		5	
Other investments		13		4	
			18		9
			34,579		38,302
Current assets					
Stocks	*12*	3,622		3,965	
Debtors	*13*	8,980		11,829	
Investments	*14*	-		2,600	
Cash at bank and in hand		7,513		3,769	
		20,115		22,163	
Creditors: amounts falling due within one year	*15*	(16,708)		(20,812)	
Net current assets			3,407		1,351
Total assets less current liabilities			37,986		39,653
Creditors: amounts falling due after more than one year	*16*		(794)		(9,852)
Provisions for liabilities and charges	*17*		-		-
Net assets			37,192		29,801
Capital and reserves					
Called up share capital	*18*		498		494
Share premium account	*19*		650		578
Investment property revaluation reserve	*19*		7,106		11,470
Capital redemption reserve	*19*		3,318		3,318
Profit and loss account	*19*		25,620		13,941
Shareholders' funds – equity			37,192		29,801

These financial statements were approved by the board of directors on 26 January 2006 and were signed on its behalf by:

AJ McWalter
Director

NL Constantine
Director

Company balance sheet
at 31 August 2005

	Note	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Tangible assets	*10*		**21**		31
Investments	*11*		**29,449**		24,038
			29,470		24,069
Current assets					
Debtors	*13*	**10,330**		11,452	
Creditors: amounts falling due within one year	*15*	**(2,608)**		(5,720)	
Net current assets			**7,722**		5,732
			37,192		29,801
Provisions for liabilities and charges	*17*		**-**		-
Net assets			**37,192**		29,801
Capital and reserves					
Called up share capital	*18*		**498**		494
Share premium account	*19*		**650**		578
Capital redemption reserve	*19*		**3,318**		3,318
Revaluation reserve	*19*		**18,343**		12,621
Profit and loss account	*19*		**14,383**		12,790
Shareholders' funds – equity			**37,192**		29,801

These financial statements were approved by the board of directors on 26 January 2006 and were signed on its behalf by:

AJ McWalter
Director

NL Constantine
Director

Consolidated statement of total recognised gains and losses
for the year ended 31 August 2005

	2005 £000	2004 £000
Profit for the financial year	**4,575**	5,128
Unrealised surplus on revaluation of properties	**3,756**	5,270
Total recognised gains and losses relating to the financial year	**8,331**	10,398

Note of consolidated historical cost profits and losses
for the year ended 31 August 2005

	2005 £000	2004 £000
Reported profit on ordinary activities before taxation	**5,872**	6,077
Realisation of property revaluation gains of previous years	**8,120**	1,818
Historical cost profit on ordinary activities before taxation	**13,992**	7,895
Historical cost profit for the year retained after taxation and dividends	**11,679**	6,206

Reconciliations of movements in shareholders' funds
for the year ended 31 August 2005

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Profit for the financial year	**4,575**	5,128	**2,609**	11,931
Dividends	**(1,016)**	(740)	**(1,016)**	(740)
	3,559	4,388	**1,593**	11,191
Unrealised surplus on revaluation of properties	**3,756**	5,270	-	-
New share capital subscribed	**76**	292	**76**	292
Surplus/(deficit) arising on directors' valuation of investments in subsidiary undertakings	-	-	**5,722**	(1,533)
Net addition to shareholders' funds	**7,391**	9,950	**7,391**	9,950
Opening shareholders' funds	**29,801**	19,851	**29,801**	19,851
Closing shareholders' funds	**37,192**	29,801	**37,192**	29,801

Consolidated cash flow statement
for the year ended 31 August 2005

	Note	2005 £000	2004 £000
Cash flow from operating activities	*21*	3,749	4,135
Returns on investments and servicing of finance	*22*	(49)	45
Taxation		(1,894)	(23)
Capital expenditure and financial investment	*22*	12,566	(9,385)
Acquisitions and disposals	*22*	-	375
Equity dividends paid		(785)	(543)
Cash inflow/(outflow) before management of liquid resources and financing		13,587	(5,396)
Management of liquid resources	*22*	2,600	(1,100)
Financing	*22*	(12,384)	7,102
Increase in cash in the year		3,803	606

Reconciliation of net cash flow to movement in net debt

	Note	2005 £000	2004 £000
Increase in cash in the year		3,803	606
Cash utilised to (decrease)/increase liquid resources		(2,600)	1,100
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		12,460	(6,810)
Change in net debt resulting from cash flows		13,663	(5,104)
Inception of finance leases		(179)	-
Movement in net debt in the year		13,484	(5,104)
Net debt at the start of the year		(6,979)	(1,875)
Net funds/(debt) at the end of the year	*23*	6,505	(6,979)

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements. The group has followed the transitional arrangements of FRS 17 'Retirement Benefits' in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain properties and of shares in subsidiary undertakings.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 August 2005. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associated undertaking is one in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Goodwill arising on the acquisition of subsidiary and other undertakings prior to 1 September 1998 (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) was written off against reserves on consolidation and any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) was credited direct to reserves. Goodwill arising on the acquisition of subsidiary and other undertakings on or after 1 September 1998 is capitalised as an intangible asset and amortised over its useful economic life in accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets'.

On the subsequent disposal or termination of a business, the consolidated profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

The company's investments in subsidiary undertakings and the group's investment in associated undertakings and joint ventures are shown in the balance sheet at the directors' valuation of the underlying net assets.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leased assets

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account when incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold property	-	2% on cost and nil % on valuation
Short leasehold property	-	equal instalments over the lesser of the period of the lease and ten years
Plant and machinery	-	10% - 20% on cost
Office furniture and equipment	-	12% - 33% on cost
Motor vehicles	-	25% on written down value

No depreciation is provided on freehold land.

In accordance with Statement of Standard Accounting Practice No 19:

i investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and

ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stocks

Stocks are valued at cost, including appropriate overheads, or net realisable value whichever is the lower. For work in progress and finished goods manufactured by the group, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

Profits and losses on disposal of properties

The difference between proceeds received and the carrying value of a property is credited/(charged) to the profit and loss account as profit/(loss) on sale of property. The realised element of the revaluation reserve after tax is then transferred to the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension schemes

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in the accounting period.

The group also operated a pension scheme providing benefits based on final pensionable pay. The assets of the scheme were held separately from those of the group. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' service with the group. The difference between the charge to the profit and loss account and the contributions paid to the scheme was shown as an asset or liability in the balance sheet.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash at bank and in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Analysis of turnover

All turnover derives from operations within the UK. The analyses of turnover by activity and geographical destination are as follows:

	2005	2004
	£000	£000
Caravan and motorhome manufacture and retail	**61,410**	57,214
Specialist transport services	**10,122**	11,367
Turnover	**71,532**	68,581
United Kingdom	**67,130**	64,100
Overseas	**4,402**	4,481
Turnover	**71,532**	68,581

No turnover arose in the joint venture during the current or preceding years.

Notes *(continued)*

3 Profit on ordinary activities before taxation

			2005 £000	2004 £000
Profit on ordinary activities before taxation is stated after charging:				
Auditors' remuneration:				
Group	-	audit	**88**	80
	-	other services	**88**	38
Company	-	audit	**26**	23
	-	other services	**81**	15
Operating lease rentals:				
Hire of plant and machinery			**91**	110
Other			**94**	85
Depreciation of tangible and intangible fixed assets				
Owned			**818**	810
Leased			**34**	53
Loss on disposal of tangible fixed assets			**75**	-

4 Remuneration of directors

	2005 £000	2004 £000
Directors' emoluments	**904**	810
Company contributions to money purchase pension schemes	**45**	45
	949	855

The emoluments of the highest paid director were £427,000 *(2004: £391,000)* and company pension contributions of £19,000 *(2004: £19,000)* were made to a money purchase pension scheme on his behalf. Retirement benefits are accruing to two directors under money purchase pension schemes *(2004: two)*.

Notes *(continued*

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Management	**15**	16
Administration and clerical	**73**	68
Production	**418**	415
Other labour	**48**	50
	554	549

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£000	£000
Wages and salaries	**14,672**	14,196
Social security costs	**1,546**	1,468
Other pension costs	**261**	252
	16,479	15,916

6 Interest payable and similar charges

	2005	2004
	£000	£000
On bank loans and overdrafts	**237**	388
On other loans	**60**	44
On finance leases and similar hire purchase contracts	**8**	96
Group interest payable	**305**	528
Share of joint venture interest payable	**-**	89
	305	617

Notes *(continued)*

7 Taxation

Analysis of charge in period

	2005		2004	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**1,087**		1,195	
Adjustment in respect of prior years	**(305)**		-	
Total current tax		**782**		1,195
Deferred tax (see note 17)				
Origination of timing differences	**432**		(247)	
Adjustments in respect of previous periods	**83**		1	
		515		(246)
Tax on profit on ordinary activities		**1,297**		949

Factors affecting the current tax charge for the period

The tax charge for the period is lower *(2004: lower)* than the standard rate of corporation tax in the UK *(30%, 2004: 30%)*. The differences are explained below.

	2005	2004
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**5,872**	6,077
Current tax at 30% *(2004: 30%)*	**1,762**	1,823
Effects of:		
Expenses not deductible for tax purposes	**99**	70
Capital allowances for year (in excess of)/less than depreciation	**(121)**	188
Differences between accounting profits and chargeable gains on sale of investment properties	**(183)**	(233)
Short term timing differences	**(298)**	59
Utilisation of tax losses	**(165)**	(697)
Small companies tax rate	**(7)**	(15)
Adjustment in respect of prior years	**(305)**	-
Total current tax charge (see above)	**782**	1,195

Factors that may affect future tax charges

The group has capital losses of £3,031,477 *(2004: £1,970,000)* available to carry forward against future capital gains. No deferred tax liability is recognised on the revaluation of investment properties as there are no current plans to sell these properties. No deferred tax is recognised on gains deferred by rollover relief as there is no current intention to sell the assets into which the gains were rolled over.

Notes *(continued)*

8 Dividends

	2005	2004
	£000	£000
Ordinary shares - paid	**229**	184
Ordinary shares - proposed	**787**	556
Dividends on equity shares	**1,016**	740

The aggregate amount of dividends proposed is £787,000 *(2004: £556,000)*.

9 Intangible fixed assets

	Cost	Amortisation	Net book value
Group – goodwill	£000	£000	£000
At beginning and end of year	260	(260)	-

In August 1999 the group acquired the name and certain assets of Buccaneer Caravans giving rise to goodwill of £260,000. The goodwill was fully written off in the prior year.

Notes *(continued)*

10 Tangible fixed assets

	Land and buildings					
	Freehold	**Long leasehold**	**Short leasehold**	**Plant, machinery and motor vehicles**	**Fixtures, fittings, tools and equipment**	**Total**
	£000	£000	£000	£000	£000	£000
Group						
Cost or valuation						
At beginning of year	33,747	1,285	1,352	7,252	297	43,933
Surplus on revaluation	3,556	200	-	-	-	3,756
Additions	882	-	321	1,041	17	2,261
Disposals	(8,803)	-	-	(489)	(71)	(9,363)
At end of year	29,382	1,485	1,673	7,804	243	40,587
Depreciation						
At beginning of year	264	-	53	5,154	169	5,640
Charged in year	87	-	69	657	39	852
Disposals	-	-	-	(398)	(68)	(466)
At end of year	351	-	122	5,413	140	6,026
Net book value						
At 31 August 2005	**29,031**	**1,485**	**1,551**	**2,391**	**103**	**34,561**
At 31 August 2004	33,483	1,285	1,299	2,098	128	38,293
Depreciation in 2004	*108*	-	*5*	*676*	*34*	*823*

Notes *(continued)*

10 Tangible fixed assets *(continued)*

The net book value of freehold and leasehold land and buildings can be analysed as follows:

	Freehold	Long leasehold	Short leasehold
	£000	£000	£000
At cost or agreed valuation under historical cost convention	23,220	833	1,551
Surplus on revaluation	5,811	652	-
Net book value	29,031	1,485	1,551

Amounts included in the above net book value of land and buildings relating to investment properties are:

	Freehold	Long leasehold	Short leasehold
	£000	£000	£000
At 31 August 2005	20,700	1,485	-
At 31 August 2004	17,944	1,285	-

The valuations of property at 31 August 2005 and 31 August 2004 were made on the basis of open market value for existing use by AC Higgitt, a director of a subsidiary undertaking who is a Fellow of the Royal Institution of Chartered Surveyors, in accordance with the guidelines laid down by that Institution.

The gross book value of freehold land and buildings includes £759,000 *(2004: £424,000)* of non-depreciable land.

The gross book value of long leasehold land and buildings includes £nil *(2004: £221,000)* which is not being depreciated in respect of expenditure on a subsidiary's new premises where trading has yet to commence.

Included in the total net book value of plant, machinery and motor vehicles and fixtures, fittings, tools and equipment is £167,000 *(2004: £130,000)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £34,000 *(2004: £53,000)*.

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Company

	Land and buildings - short leasehold	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000
Cost			
At beginning of year	46	49	95
Additions	-	1	1
At end of year	46	50	96
Depreciation			
At beginning of year	32	32	64
Charged in year	5	6	11
At end of year	37	38	75
Net book value			
At 31 August 2005	**9**	**12**	**21**
At 31 August 2004	14	17	31
Depreciation in 2004	*5*	*8*	*13*

Notes *(continued)*

11 Fixed asset investments

	Participating interests £000	Other investments other than loans £000	Total £000
Group			
Cost or valuation			
At beginning of year	-	4	4
Additions	-	9	9
At end of year	-	13	13
Share of results			
At beginning of year	5	-	5
Retained profits	-	-	-
At end of year	5	-	5
Net book value			
At 31 August 2005	**5**	**13**	**18**
At 31 August 2004	5	4	9

The net book value of participating interests comprises:

	2005 £000	2004 £000
Joint ventures	**5**	5

The group has a 50% interest in a joint venture, Bruton Place 1 LLP, a limited liability partnership (LLP) registered in England and Wales. The principal activity of the LLP is that of property investment. During the year the group withdrew its capital in Bruton Place 1 LLP. In accordance with the members' agreement the company continues to remain a member of the joint venture.

The joint venture made a profit during the prior year, the majority of which was distributed to its members. £5,000 represents the group's share of the partnership's net assets as at 31 August 2005.

The group has a 50% interest in Summit Homes Limited which has been written off in full.

Notes *(continued)*

11 Fixed asset investments *(continued)*

	Cost or valuation £000	Provisions £000	Net book value £000
Company - shares in group undertakings			
Cost or valuation			
At beginning of year	27,383	(3,348)	24,035
Impairment	-	(320)	(320)
Surplus on revaluation	5,722	-	5,722
At end of year	33,105	(3,668)	29,437
Other investments other than loans			12
			29,449

The amount of shares in group undertakings (included above at a valuation) determined according to the historical cost accounting rules is £11,094,000 *(2004: £11,414,000).*

Details of the principal subsidiaries of the company and the group are disclosed in note 27. All of the subsidiary undertakings of the company and the group are incorporated in Great Britain and registered in England and Wales.

The other investment has a cost and net book value of £12,000 at the end of the year after additions of £9,000 during the year.

12 Stocks

	2005 £000	2004 £000
Group		
Raw materials and consumables	**2,089**	2,208
Work in progress	**597**	843
Finished goods	**936**	914
	3,622	3,965

Notes *(continued)*

13 Debtors

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Trade debtors	**6,712**	4,534	**-**	-
Amounts owed by group undertakings	**-**	-	**8,900**	9,963
Group relief receivable	**-**	-	**992**	941
Deferred tax asset (see note 17)	**163**	678	**396**	494
Other debtors	**321**	310	**-**	-
Prepayments and accrued income	**1,784**	6,307	**42**	54
	8,980	11,829	**10,330**	11,452

Other debtors of the group includes an amount of £195,000 *(2004: £225,000)* falling due in more than one year.

14 Investments (held as current assets)

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Short term deposits	**-**	2,600	-	-

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Other loans (see note 18)	**-**	3,253	**-**	3,253
Term loan (see note 16)	**154**	154	**-**	-
Bank overdrafts	**-**	59	**-**	58
Obligations under finance leases and hire purchase contracts (see note 16)	**60**	31	**-**	-
Trade creditors	**7,322**	7,689	**-**	-
Amounts owed to group undertakings	**-**	-	**854**	981
Corporation tax	**170**	1,282	**-**	-
Other taxation and social security	**821**	661	**17**	16
Accruals	**7,394**	7,127	**950**	856
Proposed dividends	**787**	556	**787**	556
	16,708	20,812	**2,608**	5,720

Bank overdrafts are secured on the assets of certain group companies.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Term loans	**653**	9,808	**-**	-
Obligations under finance leases and hire purchase contracts	**141**	44	**-**	-
	794	9,852	**-**	-

There is one group company which has a term loan, Constantine Limited. This loan is secured by a fixed charge over the freehold land and buildings of the company. This loan is repayable by July 2010 and carries an interest charge of 2% above LIBOR.

In addition Constantine Land Limited has a £10 million revolving term loan facility of which £9 million had been drawn down in the previous year, this was fully repaid during the year. The loan is secured by first legal charges over specific properties of the group, a cross guarantee with certain subsidiaries and a debenture. The term loan is repayable by 1 June 2008 and interest is charged at 1.25% above LIBOR.

Notes *(continued)*

16 Creditors: amounts falling due after more than one year *(continued)*

Analysis of debt (excluding bank overdrafts and obligations under finance leases):

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Debts can be analysed as falling due:				
In one year or less, or on demand	**154**	3,406	**-**	3,253
Between one and two years	**154**	154	**-**	-
Between two and five years	**461**	462	**-**	-
Over five years	**38**	9,192	**-**	-
	807	13,214	**-**	3,253

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2005	2004
	£000	£000
Group		
Within one year	**60**	31
In the second to fifth years	**141**	44
	201	75

17 Provisions for liabilities and charges

	Deferred taxation
	£000
Group	
At beginning of year	-
Transferred from debtors	(678)
Charge in year	515
Transferred to debtors (see note 13)	163
At end of year	-

The elements of deferred taxation are as follows:

	2005	2004
	£000	£000
Difference between accumulated depreciation and capital allowances	**413**	294
Other timing differences	**(576)**	(972)
Deferred tax asset	**(163)**	(678)

Notes *(continued)*

17 Provisions for liabilities and charges *(continued)*

	Deferred tax
	£000
Company	
At beginning of year	-
Transferred from debtors	(494)
Charge for year	98
Transferred to debtors (see note 13)	396
At end of year	-

The company has a deferred tax asset of £396,000 *(2004: £494,000)* in respect of other timing differences.

The company has an unprovided deferred tax asset of £nil *(2004: £30,000)* in respect of other timing differences.

18 Called up share capital

	2005	2004
	£000	£000
Authorised		
Equity:		
3,850,000 ordinary shares of £1 each	**3,850**	3,850

	2005	2004
	£000	£000
Allotted, called up and fully paid		
Equity		
498,164 *(2004: 494,019)* ordinary shares of £1 each	**498**	494

Notes *(continued)*

18 Called up share capital *(continued)*

During 2003 year the company purchased 294,970 ordinary shares for consideration comprising cash of £1,082,540, loan notes of £1,082,540 payable in July 2004 and loan notes of £3,253,519 payable in January 2005.

All shares purchased by the company under these transactions were cancelled.

On 6 November 2003 the 10.75% cumulative participating preference shares, convertible preferred ordinary shares and deferred shares were converted into £1 ordinary shares.

During the prior year options over 20,000 £1 ordinary shares were granted to two directors. 15,855 of these had been exercised as at 31 August 2004. The remaining 4,145 had been exercised as at 31 August 2005.

19 Share premium and reserves

Group	**Share premium account**	**Capital redemption reserve**	**Investment property revaluation reserve**	**Profit and loss account**
	£000	£000	£000	£000
At beginning of year	578	3,318	11,470	13,941
Surplus on investment property revaluation	-	-	3,756	-
On exercise of share options	72	-	-	-
Retained profit for the year	-	-	-	3,559
Transfers	-	-	(8,120)	8,120
At end of year	650	3,318	7,106	25,620

The cumulative amount of goodwill written off to the consolidated profit and loss account resulting from acquisitions made prior to December 1987 cannot be obtained without undue delay and expense. Cumulative goodwill written off to the profit and loss account since that date amounts to £9,517,000 *(2004: £9,517,000)*.

Company	**Share premium account**	**Capital redemption reserve**	**Revaluation reserve**	**Profit and loss account**
	£000	£000	£000	£000
At beginning of year	578	3,318	12,621	12,790
Retained profit for the year	-	-	-	1,593
On exercise of share options	72	-	-	-
Surplus arising on directors' valuation of investments in subsidiary undertakings	-	-	5,722	-
At end of year	650	3,318	18,343	14,383

The profit for the financial year dealt with in the accounts of the company was £2,609,000 *(2004: £11,931,000)*.

Notes *(continued)*

20 Pension schemes

The group has two defined contribution pension schemes. The pension cost charge for the year in respect of these schemes represents contributions payable by the group to the schemes and amounted to £261,000 *(2004: £252,000)*.

Contributions amounting to £20,000 *(2004: £20,000)* were payable to the schemes at the end of the year and are included in creditors.

The group also operated the Constantine Holdings Limited Superannuation Fund ('the Constantine Scheme'), a defined benefit pension scheme providing benefits based on final pensionable pay. The Constantine scheme is fully funded and assets are held in a separate trustee administered fund. Formal actuarial valuations of the scheme are carried out triennially by the scheme's actuary. During 2001 the group reviewed the pension arrangements of its employees and took the decision to cease contributions to the scheme. Alternative pension arrangements were made for the remaining active membership of the scheme.

The actuarial valuation prepared as at 1 July 2000, using the projected unit method, is the most recent valuation of the Constantine scheme. The principal assumption adopted in the valuation was that, over the long term, the annual rate of return on investments would be 2½ per cent higher than the annual increase in general salaries. The market value of the scheme's assets at 1 July 2000 was £22,200,000 and the actuarial value of those assets represented 98 per cent of the value of the benefits accrued to members allowing for expected future increases in earnings.

In January 2003 the trustees took the decision to wind up the scheme. Management has reached agreement that its future contributions to discharge the group's liability in respect of the scheme will be in the region of £2,800,000 of which £500,000 was paid in 2003 and the balance paid during 2004. Any further liabilities are restricted to administrative costs capped at £225,000.

Under Financial Reporting Standard 17 ('FRS 17') 'Retirement benefits' the following transitional disclosures are required:

The valuation of the Constantine scheme at 1 July 2000 has been updated by the actuary on an FRS 17 basis as at 31 August 2005, 31 August 2004 and 31 August 2003.

The major assumptions used in these valuations were:

	2005	2004	2003
Rate of increase in pensions in payment	**3.00%**	3.25%	3.00%
Discount rate	**4.90%**	5.50%	5.40%
Inflation assumption	**2.90%**	3.00%	2.75%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes *(continued)*

20 Pension schemes *(continued)*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return			Value at 31 August		
	2005	2004	2003	**2005**	2004	2003
	%	%	%	**£000**	£000	£000
Equities	**-**	-	8.0%	**-**	-	666
Bonds	**4.2%**	4.7%	5.75%	**6,940**	6,459	5,792
Secured pensions				**12,222**	11,913	11,821
Other				**460**	3,133	865
				19,622	21,505	19,144
Present value of scheme liabilities				**(23,883)**	(24,442)	(23,473)
Deficit in scheme – pension liability				**(4,261)**	(2,937)	(4,329)
Adjustment for scheme in wind up				**4,261**	2,937	2,029
				-	-	(2,300)
Related deferred tax asset				**-**	-	690
Net pension liability				**-**	-	(1,610)

The company paid part of its pension liability during 2003. The balance of the pension liability was paid during the previous year and the company will obtain a tax deduction of £550,000 per annum over the next three years.

	2005	2004	2003
	£000	£000	£000
Deficit in scheme at beginning of year	**(2,937)**	(4,329)	(4,086)
Net finance cost	**(274)**	(177)	(136)
Net contributions	**(11)**	2,313	(23)
Loss on settlement/curtailment	**(351)**	-	-
Actuarial loss	**(688)**	(744)	(84)
Deficit in the scheme at the end of year	**(4,261)**	(2,937)	(4,329)

Notes *(continued)*

20 Pension schemes *(continued)*

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

	2005 £000	2004 £000	2003 £000
Analysis of amounts included in other finance costs			
Expected return on pension scheme assets	**969**	1,049	1,143
Interest on pension scheme liabilities	**(1,243)**	(1,226)	(1,279)
	(274)	(177)	(136)

Analysis of amount recognised in statement of total recognised gains and losses

	2005 %	2005 £000	2004 %	2004 £000	2003 %	2003 £000
Actual return less expected return on scheme assets		**1,046**		(219)		(59)
Percentage of year end scheme assets	**5.3**		1.0		0.3	
Experience gains and losses arising on scheme liabilities		**15**		(132)		(25)
Percentage of present value of year end scheme liabilities	**0.1**		0.5		0.2	
Changes in assumptions		**(1,749)**		(393)		-
Percentage of present value of year end scheme liabilities	**(7.3)**		1.6		-	
Actuarial loss recognised in statement of total recognised gains and losses		**(688)**		(744)		(84)

21 Reconciliation of operating profit to operating cash flows

	2005 £000	2004 £000
Operating profit	**5,832**	6,173
Depreciation and amortisation charge	**852**	863
Profit on sale of tangible fixed assets	**(533)**	(2,407)
(Increase)/decrease in debtors	**(2,892)**	32
Decrease in stocks	**343**	281
Increase in creditors	**147**	1,493
Decrease in provisions	**-**	(2,300)
Net cash inflow from operating activities	**3,749**	4,135

Notes *(continued)*

22 Analysis of cash flows

	Notes	2005 £000	2004 £000
Returns on investment and servicing of finance			
Interest received		**345**	355
Interest paid		**(386)**	(439)
Interest element of finance lease rental payments		**(8)**	(96)
Income received from joint ventures		**-**	225
		(49)	45
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(2,082)**	(12,963)
Sale of tangible fixed assets		**14,656**	3,088
Purchase of investments		**(8)**	-
Receipt from the repayment of debt instruments of a joint venture	*11*	**-**	490
		12,566	(9,385)
Acquisitions and disposals			
Receipts from repayment of investment in joint venture	*11*	**-**	375
Management of liquid resources			
Cash removed from/(placed) on short term deposit		**2,600**	(1,100)
Financing			
Debt due within one year:			
Repayment of bank and term loans		**(3,407)**	(1,377)
Debt due after more than one year:			
Repayment of bank and term loans		**(9,000)**	(1,731)
New bank and term loans		**-**	10,470
Receipts from issuing shares		**76**	292
Capital element of finance lease rental payments		**(53)**	(552)
		(12,384)	7,102

Notes *(continued)*

23 Analysis of net funds/(debt)

	At beginning of year £000	Cash flow £000	Other non-cash changes £000	At end of year £000
Cash in hand, at bank	3,769	3,744	-	7,513
Overdrafts	(59)	59	-	-
	3,710	3,803	-	7,513
Debt due after one year	(9,808)	9,000	155	(653)
Debt due within one year	(3,406)	3,407	(155)	(154)
Finance leases	(75)	53	(179)	(201)
Current asset investments	2,600	(2,600)	-	-
Total	**(6,979)**	**13,663**	**(179)**	**6,505**

24 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Contracted	**673**	454	**-**	-

b) Commitments to make payments under operating leases during the forthcoming year are as follows:

	2005		2004	
	Land and buildings	***Other***	*Land and buildings*	*Other*
Group	**£000**	**£000**	£000	£000
Operating leases which expire:				
Within one year	**26**	**4**	-	71
Between one and two years	**-**	**-**	75	-
In the second to fifth years inclusive	**30**	**62**	30	129
Over five years	**206**	**-**	206	-
	262	**66**	311	200

	2005	2004
	£	£
Company – Land and buildings		
Operating leases which expire:		
In the second to fifth years inclusive	**30,500**	30,500

Notes *(continued)*

25 Contingent liabilities

Certain subsidiaries have given guarantees to HM Customs & Excise totalling £30,000 *(2004: £30,000)*.

26 Post balance sheet event

In December 2005 the group purchased 75% of the share capital of Peters & May Limited for a cash consideration of £7.5m.

27 Principal subsidiaries

Of the company	**Nature of business**
Constantine Land Limited (formerly London & Cleveland Investments Limited)	Property investment and management
The Explorer Group Limited	Caravan and motorhome manufacturer
Constantine Limited	Packing, handling, transportation and storage services

Of group subsidiaries	
Edward Needham Limited	Vehicle sales and repair services
Constantine Property Management Limited (formerly York and London Property Management Company Limited)	Property management

In each case the group's interest is in 100% of the ordinary shares of the company.

In addition the company holds the entire issued share capital of a further 6 companies directly and 23 companies indirectly.