

REGISTERED NUMBER: 01635620 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018
FOR
KERMANDINE LIMITED**



**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 30 September 2018**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Company Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14

KERMANDINE LIMITED
COMPANY INFORMATION
for the Year Ended 30 September 2018

DIRECTORS:

Mr K D McAdam
Mrs S M McAdam
Mr NAAR Younis

SECRETARY:

Mrs S M McAdam

REGISTERED OFFICE:

11 Birchley Avenue
Billinge
Wigan
Lancashire
WN5 7QW

REGISTERED NUMBER:

01635620 (England and Wales)

AUDITORS:

Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

BANKERS:

National Westminster Bank plc
4 Standishgate
Wigan
Lancashire
WN1 2TB

SOLICITORS:

DWF
1 Scott Place
2 Hardman Square
Manchester
M3 3AA

GROUP STRATEGIC REPORT
for the Year Ended 30 September 2018

REVIEW OF BUSINESS

During the year the group produced a profit before taxation of £3,280,128 (2017: £3,761,469). Turnover increased over the previous year finishing at £26,282,793 (2017 - £25,207,494). Forecasts for the next twelve months show the business to be profitable.

The majority of the group's trading activity is the manufacture and sale of caravan holiday homes and this has continued to operate profitably despite the continuation of challenging market conditions.

To support the setting and guiding of group strategy, KPI's are used. These cover areas such as sales, production, quality, after sales, purchasing and cost control.

Efficiencies and utilisation indicators are used to guide the strategy of the business with close monitoring of volumes and conversions of vans ordered.

Forecasts for the next twelve months show the business to be profitable.

The group is committed to investing significant amounts into R&D and sees this as a way of continuing its success in the market.

The group's secondary income stream derives from management of its commercial property portfolio which has continued to produce a consistent net income from lettings to non related but well established businesses, and provides a consistent and secure level of income.

It is anticipated that the group will continue to operate profitably during the year ahead despite our expectation that trading conditions will continue to depend on the stability of external market forces.

PRINCIPAL RISKS AND UNCERTAINTIES

Continuity

The major part of the group's income is dependant on the continuing commercial success of its manufacturing subsidiary. The directors manage this risk by constantly monitoring the financial and operational performance of its subsidiary and the trends and competitive conditions in the market within which it operates.

The group operates in a competitive market but reduces this risk by having good relationships with customers and developing award winning products. In addition the product range is constantly being strengthened by considerable expenditure within R&D.

There is excess capacity within the industry compared to historic levels. The Board of Directors closely monitor these risks.

Commercial Relationships

The group's commercial property income arises from leases to unconnected commercial enterprises and is dependant on the continued success of their business activities. The group manages the risks involved by maintaining regular communication with tenants to keep abreast of their business performance, future plans and developments.

FUTURE DEVELOPMENTS

The group has no immediate plans for further property or business acquisitions but retains the ability to respond at short notice should suitable opportunities arise.

ON BEHALF OF THE BOARD:


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Mr K D McAdam - Director

Date: 18/04/2019

REPORT OF THE DIRECTORS
for the Year Ended 30 September 2018

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2018.

DIVIDENDS

The total distribution of dividends for the year ended 30 September 2018 will be £1,300,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

Mr K D McAdam
Mrs S M McAdam
Mr NAAR Younis

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Mr K D McAdam - Director

Date: 18/04/2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KERMANDINE LIMITED

Opinion

We have audited the financial statements of Kermantine Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of 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 group's and of the parent company affairs as at 30 September 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KERMANDINE LIMITED (REG NO: 01635620)**

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Gary Edgerton FCA Cert PFS (Senior Statutory Auditor)

for and on behalf of Fairhurst

Statutory Auditor

Chartered Accountants

Douglas Bank House

Wigan Lane

Wigan

Lancashire

WN1 2TB

Date: 29/4/2019

KERMANDINE LIMITED (REGISTERED NUMBER: 01635620)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 September 2018

	Notes	2018	2017
		£	£
TURNOVER	3	26,282,793	25,207,494
Cost of sales		<u>18,998,630</u>	<u>17,430,976</u>
GROSS PROFIT		7,284,163	7,776,518
Distribution costs		94,735	160,278
Administrative expenses		<u>3,925,677</u>	<u>3,844,404</u>
		4,020,412	4,004,682
		3,263,751	3,771,836
Other operating income		<u>45,869</u>	<u>21,793</u>
OPERATING PROFIT	5	3,309,620	3,793,629
Interest receivable and similar income		<u>6,189</u>	<u>2,965</u>
		3,315,809	3,796,594
Interest payable and similar expenses	6	<u>35,681</u>	<u>35,125</u>
PROFIT BEFORE TAXATION		3,280,128	3,761,469
Tax on profit	7	<u>643,412</u>	<u>753,787</u>
PROFIT FOR THE FINANCIAL YEAR		2,636,716	3,007,682
OTHER COMPREHENSIVE INCOME			
Deferred tax on revaluation gain		740	3,292
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>740</u>	<u>3,292</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,637,456</u>	<u>3,010,974</u>
Profit attributable to:			
Owners of the parent		2,099,058	2,382,613
Non-controlling interests		<u>537,658</u>	<u>625,069</u>
		<u>2,636,716</u>	<u>3,007,682</u>
Total comprehensive income attributable to:			
Owners of the parent		2,467,076	3,047,006
Non-controlling interests		<u>170,380</u>	<u>(36,032)</u>
		<u>2,637,456</u>	<u>3,010,974</u>

The notes form part of these financial statements

KERMANDINE LIMITED (REGISTERED NUMBER: 01635620)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2018

	Notes	2018	2017
		£	£
FIXED ASSETS			
Intangible assets	11	9,238	11,805
Tangible assets	12	5,685,271	5,705,558
Investments	13	<u>-</u>	<u>-</u>
		5,694,509	5,717,363
CURRENT ASSETS			
Stocks	14	4,561,200	3,342,242
Debtors	15	10,486,292	9,670,834
Cash at bank and in hand		<u>3,585,905</u>	<u>4,617,619</u>
		18,633,397	17,630,695
CREDITORS			
Amounts falling due within one year	16	<u>5,772,762</u>	<u>5,649,106</u>
NET CURRENT ASSETS		<u>12,860,635</u>	<u>11,981,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,555,144	17,698,952
CREDITORS			
Amounts falling due after more than one year	17	(1,279,396)	(1,401,371)
PROVISIONS FOR LIABILITIES	21	<u>(204,847)</u>	<u>(196,857)</u>
NET ASSETS		<u><u>17,070,901</u></u>	<u><u>16,100,724</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	10,000	10,000
Revaluation reserve	23	1,402,569	1,401,829
Capital redemption reserve	23	4,720	4,720
Non distributable profit and loss account	23	866,807	866,807
Retained earnings	23	<u>11,568,254</u>	<u>10,769,196</u>
SHAREHOLDERS' FUNDS		13,852,350	13,052,552
NON-CONTROLLING INTERESTS	24	<u>3,218,551</u>	<u>3,048,172</u>
TOTAL EQUITY		<u><u>17,070,901</u></u>	<u><u>16,100,724</u></u>

The financial statements were approved by the Board of Directors on 18/04/2019 and were signed on its behalf by:



Mr K D McAdam - Director


The notes form part of these financial statements

KERMANDINE LIMITED (REGISTERED NUMBER: 01635620)

COMPANY STATEMENT OF FINANCIAL POSITION
30 September 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	-	-
Investments	13	<u>265,203</u>	<u>265,203</u>
		265,203	265,203
CURRENT ASSETS			
Debtors	15	<u>89,823</u>	<u>83,425</u>
NET CURRENT ASSETS		<u>89,823</u>	<u>83,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>355,026</u>	<u>348,628</u>
CAPITAL AND RESERVES			
Called up share capital	22	10,000	10,000
Retained earnings	23	<u>345,026</u>	<u>338,628</u>
SHAREHOLDERS' FUNDS		<u>355,026</u>	<u>348,628</u>
 Company's profit for the financial year		 <u>1,306,398</u>	 <u>2,400,000</u>

The financial statements were approved by the Board of Directors on 18/04/2019 and were signed on its behalf by:



 Mr K D McAdam - Director

KERMANDINE LIMITED (REGISTERED NUMBER: 01635620)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 September 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £
Balance at 1 October 2016	10,000	10,786,583	1,398,537	4,720
Changes in equity				
Dividends	-	(2,400,000)	-	-
Total comprehensive income	-	2,382,613	3,292	-
Balance at 30 September 2017	10,000	10,769,196	1,401,829	4,720
Changes in equity				
Dividends	-	(1,300,000)	-	-
Total comprehensive income	-	2,099,058	740	-
Balance at 30 September 2018	10,000	11,568,254	1,402,569	4,720

	Non distributable profit and loss account £	Total £	Non-controlling interests £	Total equity £
Balance at 1 October 2016	866,807	13,066,647	3,084,204	16,150,851
Changes in equity				
Dividends	-	(2,400,000)	-	(2,400,000)
Total comprehensive income	-	2,385,905	(36,032)	2,349,873
Balance at 30 September 2017	866,807	13,052,552	3,048,172	16,100,724
Changes in equity				
Dividends	-	(1,300,000)	-	(1,300,000)
Total comprehensive income	-	2,099,798	170,380	2,270,178
Balance at 30 September 2018	866,807	13,852,350	3,218,552	17,070,902

The notes form part of these financial statements

KERMANDINE LIMITED (REGISTERED NUMBER: 01635620)

**COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 September 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2016	10,000	338,628	348,628
Changes in equity			
Dividends	-	(2,400,000)	(2,400,000)
Total comprehensive income	<u>-</u>	<u>2,400,000</u>	<u>2,400,000</u>
Balance at 30 September 2017	<u>10,000</u>	<u>338,628</u>	<u>348,628</u>
Changes in equity			
Dividends	-	(1,300,000)	(1,300,000)
Total comprehensive income	<u>-</u>	<u>1,306,398</u>	<u>1,306,398</u>
Balance at 30 September 2018	<u>10,000</u>	<u>345,026</u>	<u>355,026</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 30 September 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,599,909	3,939,161
Interest paid		(35,681)	(35,125)
Tax paid		<u>(484,357)</u>	<u>(946,594)</u>
Net cash from operating activities		<u>1,079,871</u>	<u>2,957,442</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(335,023)	(533,196)
Sale of tangible fixed assets		5,480	19,559
Interest received		<u>6,189</u>	<u>2,965</u>
Net cash from investing activities		<u>(323,354)</u>	<u>(510,672)</u>
Cash flows from financing activities			
Repayment of bank loan in year		(121,975)	(128,438)
Amount introduced by directors		1,023	-
Movement of directors loan		-	(1,250,000)
Equity dividends paid		(1,300,000)	(2,400,000)
Dividends paid to minority interests		<u>(367,279)</u>	<u>(661,102)</u>
Net cash from financing activities		<u>(1,788,231)</u>	<u>(4,439,540)</u>
Decrease in cash and cash equivalents		<u>(1,031,714)</u>	<u>(1,992,770)</u>
Cash and cash equivalents at beginning of year	2	<u>4,617,619</u>	<u>6,610,389</u>
Cash and cash equivalents at end of year	2	<u><u>3,585,905</u></u>	<u><u>4,617,619</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 30 September 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	3,280,128	3,761,469
Depreciation charges	353,410	359,694
Profit on disposal of fixed assets	(1,013)	(5,241)
Finance costs	35,681	35,125
Finance income	<u>(6,189)</u>	<u>(2,965)</u>
	3,662,017	4,148,082
Increase in stocks	(1,218,958)	(147,477)
(Increase)/decrease in trade and other debtors	(815,458)	1,528,820
Decrease in trade and other creditors	<u>(27,692)</u>	<u>(1,590,264)</u>
Cash generated from operations	<u>1,599,909</u>	<u>3,939,161</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 September 2018

	30/9/18	1/10/17
	£	£
Cash and cash equivalents	<u>3,585,905</u>	<u>4,617,619</u>

Year ended 30 September 2017

	30/9/17	1/10/16
	£	£
Cash and cash equivalents	<u>4,617,619</u>	<u>6,610,389</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 30 September 2018**

1. STATUTORY INFORMATION

Kermantine Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group financial statements consolidate the financial statements of Kermantine Limited and its subsidiary undertakings Pemberton Caravans Limited, Pemberton Park and Leisure Homes Limited, Cresta Caravans Limited and N & E Houses Limited for the year to 30 September 2018 using the acquisition method. The results of subsidiary undertakings are included from the date of acquisition.

Cresta Caravans Limited and N&E Houses Limited have not been audited as they are considered immaterial to the group by virtue of s405 Companies Act 2006.

The consolidated financial statements include the results of the activities described in the Strategic Report, all of which are continuing.

The company acts as a holding company for its subsidiaries.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

a) Useful economic lives

The useful economic lives of tangible fixed assets are assessed on an annual basis on the latest available information. Management believe that the useful economic lives being used currently are still appropriate.

b) Warranty provision

The warranty provision is estimated using information and assessments by experienced management. The basis on which this is calculated is set out in the accounting policies for provisions for liabilities.

c) Valuation of Investment properties

The value of the investment properties is considered annually by the directors. The current values are considered to be appropriate by management.

d) Uninsured claims

The uninsured claims provision is estimated by the directors based on their experience and information provided by their legal advisors. The current value of the provision is considered to be the best estimate of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Turnover

Turnover comprises the invoice value of goods, rental income and related services provided by the group, net of value added tax and trade discounts, and arose wholly in the United Kingdom and Europe.

The whole of the turnover is attributable to the group's principal activities.

The group recognises revenue from the sale of goods when the significant risks and rewards of ownership has transferred to the buyer, which is usually at the point when the customer has taken delivery and legal title has passed.

Rental and related services income is recognised in the income statement on a straight line basis over the lease term.

Goodwill

Goodwill on consolidation is being amortised over its estimated useful life of ten years. Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

In the company's financial statements goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost and 2.5% on cost
Investment properties	- 15% on reducing balance
Fixed plant & improvements to property	- 15% on reducing balance
Plant and machinery	- 20% on reducing balance
Office equipment	- 25% on cost, 20% on cost and 10% on cost
Motor vehicles	- 33% on reducing balance and 25% on cost
Computer equipment	- 33% on cost and 15% on reducing balance

Tangible fixed assets are either stated at cost or professional valuation, less depreciation and any impairment.

Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investment property

Investment property is shown at the most recent valuation. Any aggregate surplus or deficit arising from changes in fair value are recognised in the statement of comprehensive income.

Stocks, work in progress and finished goods

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Work in progress and finished goods are valued at cost plus an appropriate proportion of fixed and variable overheads. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress or finished goods.

Revenue is recognised from the sale of goods when the company has transferred the significant risks and rewards of ownership to the customer.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Short term employee benefits

The group operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account in the period to which they relate.

Short term employee benefits are recognised as an expense in the period in which they are incurred.

Financial instruments

The group only holds basic financial instruments, as defined under Section 11 of FRS102.

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Short term financial liabilities, including trade and other creditors are measured at transaction price. Financial liabilities that have no stated interest rate and are payable within one year shall be measured at the undiscounted amount due, those payable after one year should be measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries) using accounting policies consistent with these of the parent. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

2. ACCOUNTING POLICIES - continued

Provisions for liabilities

Warranty provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

All of the group's turnover is within the EU.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	5,212,959	4,808,105
Social security costs	411,766	397,477
Other pension costs	<u>70,084</u>	<u>53,894</u>
	<u>5,694,809</u>	<u>5,259,476</u>

The average number of employees during the year was as follows:

	2018	2017
Management	1	1
Administration	29	28
Production	<u>178</u>	<u>166</u>
	<u>208</u>	<u>195</u>

	2018	2017
	£	£
Directors' remuneration	<u>26,662</u>	<u>43,979</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	350,843	357,127
Profit on disposal of fixed assets	(1,013)	(5,241)
Goodwill amortisation	2,567	2,567
Auditors' remuneration	19,520	18,020
Property income	<u>(196,777)</u>	<u>(177,889)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank loan interest	<u>35,681</u>	<u>35,125</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	636,467	744,459
Over provision in previous years	(1,785)	-
Under provision in previous years	-	1,714
Total current tax	<u>634,682</u>	<u>746,173</u>
Deferred tax:		
Deferred tax	8,630	10,187
Overprovision in prior years	100	(2,573)
Total deferred tax	<u>8,730</u>	<u>7,614</u>
Tax on profit	<u>643,412</u>	<u>753,787</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	<u>3,280,128</u>	<u>3,761,469</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.705%)	623,224	741,197
Effects of:		
Expenses not deductible for tax purposes	4,011	1,330
Adjustments to tax charge in respect of previous periods	(5,149)	-
Deferred tax in respect of prior years	-	(859)
Permanent differences	16,988	7,850
Adjust closing deferred tax to average rate	(11,263)	(12,788)
Adjust opening deferred tax to average rate	10,348	11,291
Fixed asset differences	5,253	5,746
Roundings	-	20
Total tax charge	<u>643,412</u>	<u>753,787</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

7. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	2018	2017
	Gross	Gross
	£	£
Deferred tax on revaluation gain	<u>740</u>	<u>3,292</u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act, the parent company has taken advantage of the exemption to produce its own income statement and has also adopted the disclosure exemption to present a statement of cash flows and related notes.

9. DIVIDENDS

	2018	2017
	£	£
Dividend paid	<u>1,300,000</u>	<u>2,400,000</u>

10. PENSION COMMITMENTS

Defined contribution scheme

The group operates a defined contribution pension scheme for certain senior management and other eligible employees. The assets of the scheme are held separately from those of the group in independently administered funds. Contributions paid during the year amount to £70,084 (2017 - £53,894) and at the year end contributions of £14,693 (2017 - £8,940) remained outstanding.

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 October 2017	
and 30 September 2018	<u>125,677</u>
AMORTISATION	
At 1 October 2017	113,872
Amortisation for year	<u>2,567</u>
At 30 September 2018	<u>116,439</u>
NET BOOK VALUE	
At 30 September 2018	<u>9,238</u>
At 30 September 2017	<u>11,805</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

11. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £
COST	
At 1 October 2017 and 30 September 2018	<u>100,000</u>
AMORTISATION	
At 1 October 2017 and 30 September 2018	<u>100,000</u>
NET BOOK VALUE	
At 30 September 2018	<u>-</u>
At 30 September 2017	<u>-</u>

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Investment properties £	Land £	Fixed plant & improvements to property £
COST OR VALUATION				
At 1 October 2017	3,491,443	1,174,461	45,579	657,743
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,755</u>
At 30 September 2018	<u>3,491,443</u>	<u>1,174,461</u>	<u>45,579</u>	<u>708,498</u>
DEPRECIATION				
At 1 October 2017	198,022	-	-	319,451
Charge for year	69,445	-	-	58,243
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2018	<u>267,467</u>	<u>-</u>	<u>-</u>	<u>377,694</u>
NET BOOK VALUE				
At 30 September 2018	<u>3,223,976</u>	<u>1,174,461</u>	<u>45,579</u>	<u>330,804</u>
At 30 September 2017	<u>3,293,421</u>	<u>1,174,461</u>	<u>45,579</u>	<u>338,292</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

12. TANGIBLE FIXED ASSETS - continued

Group

	Plant and machinery £	Office equipment £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION					
At 1 October 2017	1,882,199	42,808	427,304	115,617	7,837,154
Additions	197,698	3,321	80,530	2,719	335,023
Disposals	-	-	(45,345)	-	(45,345)
At 30 September 2018	<u>2,079,897</u>	<u>46,129</u>	<u>462,489</u>	<u>118,336</u>	<u>8,126,832</u>
DEPRECIATION					
At 1 October 2017	1,196,714	35,314	278,632	103,463	2,131,596
Charge for year	148,593	3,435	64,185	6,942	350,843
Eliminated on disposal	-	-	(40,878)	-	(40,878)
At 30 September 2018	<u>1,345,307</u>	<u>38,749</u>	<u>301,939</u>	<u>110,405</u>	<u>2,441,561</u>
NET BOOK VALUE					
At 30 September 2018	<u>734,590</u>	<u>7,380</u>	<u>160,550</u>	<u>7,931</u>	<u>5,685,271</u>
At 30 September 2017	<u>685,485</u>	<u>7,494</u>	<u>148,672</u>	<u>12,154</u>	<u>5,705,558</u>

Cost or valuation at 30 September 2018 is represented by:

	Freehold property £	Investment properties £	Land £	Fixed plant & improvements to property £
Valuation in 2003	-	547,954	-	-
Valuation in 2010	759,330	236,000	-	-
Valuation in 2014	115,546	82,853	-	-
Cost	<u>2,616,567</u>	<u>307,654</u>	<u>45,579</u>	<u>708,498</u>
	<u>3,491,443</u>	<u>1,174,461</u>	<u>45,579</u>	<u>708,498</u>

	Plant and machinery £	Office equipment £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2003	-	-	-	-	547,954
Valuation in 2010	-	-	-	-	995,330
Valuation in 2014	-	-	-	-	198,399
Cost	<u>2,079,897</u>	<u>46,129</u>	<u>462,489</u>	<u>118,336</u>	<u>6,385,149</u>
	<u>2,079,897</u>	<u>46,129</u>	<u>462,489</u>	<u>118,336</u>	<u>8,126,832</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

12. TANGIBLE FIXED ASSETS - continued

Group

If freehold property had not been revalued they would have been included at the following historical cost:

	2018 £	2017 £
Cost	<u>2,616,567</u>	<u>2,597,357</u>
Aggregate depreciation	<u>464,167</u>	<u>464,167</u>

Freehold & investment property were valued on an open market basis on 30 October 2014 by Mason Owen, RIC's registered valuers.

Investment properties have been included at their market value at 30 September 2018 as determined by the directors.

13. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 October 2017 and 30 September 2018	<u>691,002</u>
PROVISIONS	
At 1 October 2017 and 30 September 2018	<u>425,799</u>
NET BOOK VALUE	
At 30 September 2018	<u>265,203</u>
At 30 September 2017	<u>265,203</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Subsidiary	Principal Activity	% Holding	Direct/Indirect Holding
Pemberton Caravans Limited	Intermediate holding company	100%	Direct
Devon Caravans Limited	Sale of caravan holiday homes	100%	Direct
Pemberton Park and Leisure Homes Limited	Sale & manufacture of caravan holiday homes	77.45%	Indirect
Cresta Caravans Limited	Dormant	100%	Indirect
N & E Houses Limited	Dormant	100%	Indirect

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

14. STOCKS

	Group	
	2018	2017
	£	£
Raw materials	1,330,233	1,157,189
Work-in-progress	148,524	209,146
Finished goods	<u>3,082,443</u>	<u>1,975,907</u>
	<u>4,561,200</u>	<u>3,342,242</u>

Stock recognised in cost of sales during the year as an expense was £18,998,630 (2017 - £17,430,976).

15. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	9,959,429	8,972,289	-	-
Other debtors	<u>526,863</u>	<u>698,545</u>	-	-
	<u>10,486,292</u>	<u>9,670,834</u>	-	-
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>89,823</u>	<u>83,425</u>
Aggregate amounts	<u>10,486,292</u>	<u>9,670,834</u>	<u>89,823</u>	<u>83,425</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2018	2017
	£	£
Bank loans and overdrafts (see note 18)	123,750	123,750
Trade creditors	3,850,350	3,766,754
Corporation tax	515,659	365,334
Social security and other taxes	193,013	192,921
Other creditors	165,044	177,658
Directors' loan accounts	1,023	-
Accruals and deferred income	<u>923,923</u>	<u>1,022,689</u>
	<u>5,772,762</u>	<u>5,649,106</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2018	2017
	£	£
Bank loans (see note 18)	<u>1,279,396</u>	<u>1,401,371</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>123,750</u>	<u>123,750</u>
Amounts falling due between one and two years:		
Bank loans	<u>123,750</u>	<u>123,750</u>
Amounts falling due between two and five years:		
Bank loans	<u>371,250</u>	<u>371,250</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>784,396</u>	<u>906,371</u>

The bank loan facility is renewed monthly under the terms of the loan agreement, with interest charged at 1.95% above LIBOR each month. The facility expires in December 2029.

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Bank loans	<u>1,403,146</u>	<u>1,525,121</u>

The bank loan is secured by way of a fixed charge against specific freehold property.

20. FINANCIAL INSTRUMENTS

The carrying value of the Group's financial instruments are as follows:

	2018	2017
	£	£
Financial assets		
Cash and cash equivalents	3,587,778	4,617,619
Measured at amortised cost	<u>9,959,429</u>	<u>8,972,289</u>
	<u>13,547,207</u>	<u>13,589,908</u>
Financial liabilities		
Measured at amortised cost	<u>4,559,022</u>	<u>4,325,009</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

21. PROVISIONS FOR LIABILITIES

	Group	
	2018 £	2017 £
Deferred tax		
Deferred tax	84,359	75,629
Capital gains	<u>120,488</u>	<u>121,228</u>
	<u>204,847</u>	<u>196,857</u>

Group	Deferred tax £
Balance at 1 October 2017	196,857
Charge to Statement of Comprehensive Income during the year	8,730
Credit to other comprehensive income	(740)
Balance at 30 September 2018	<u>204,847</u>

22. CALLED UP SHARE CAPITAL

Allotted and issued:				
Number:	Class:	Nominal value:	2018 £	2017 £
100,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

At the balance sheet date, only 10p per share had been called up.

The holders of ordinary shares are entitled to one vote per share at meetings of the company and are entitled to receive dividends as declared from time to time, or any other distribution including a distribution arising from a winding up of the company.

23. RESERVES

Group	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Non distributable profit and loss account £	Totals £
At 1 October 2017	10,769,196	1,401,829	4,720	866,807	13,042,552
Profit for the year	2,099,058	-	-	-	2,099,058
Dividends	(1,300,000)	-	-	-	(1,300,000)
Deferred tax on revaluation gain	-	740	-	-	740
At 30 September 2018	<u>11,568,254</u>	<u>1,402,569</u>	<u>4,720</u>	<u>866,807</u>	<u>13,842,350</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2018

23. RESERVES - continued

Company

	Retained earnings £
At 1 October 2017	338,628
Profit for the year	1,306,398
Dividends	<u>(1,300,000)</u>
At 30 September 2018	<u>345,026</u>

Retained earnings includes all current and prior retained profits and losses.

The revaluation reserve relates to the revaluation amount of freehold property.

Non distributable profit and loss relates to the revaluation amount of investment properties.

The capital redemption reserve includes the nominal value of redeemable preference shares repurchased by the company.

24. NON-CONTROLLING INTERESTS

Minority interests represent a holding of 22.55% in Pemberton Park and Leisure Homes Limited.

25. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year the following transactions were entered into with the following related parties:

A management charge of £126,500 (2017: £133,500) was charged by a shareholder.

A management charge of £60,000 (2017: £60,000) was charged by a company which is controlled by a close family member of a director.

During the year, total dividends of £650,000 (2017 - £1,200,000) were paid to the directors.

26. ULTIMATE CONTROLLING PARTY

Mr K D McAdam and Alphacrete International Limited each own 50% of the issued share capital suggesting joint control. However, practically Mr K D McAdam is responsible for the day to day operating decisions of the group and is therefore the ultimate controlling party.