ABI Alpha Limited

Strategic Report, Directors' Report and Financial Statements

31 August 2016

Directors
M G Copper
R J Jones
D A Hague
P A Clackstone

Secretary
R J Jones

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Strategic report

The directors present their strategic report and the financial statements for the year ended 31 August 2016.

Principal activity and review of the business

The principal activity of the group during the year was the manufacture and sale of Caravan Holiday Homes.

On 19th May 2016 the entire issued share capital in the company was acquired by ABI Bidco Limited.

The key financial and other performance indicators during the year were as follows:

	2016	*2015*	*Change*
	£000	*£000*	*%*
Turnover	85,159	74,469	+14.4%
Operating profit	9,935	8,819	+12.7%
Profit after tax	5,521	4,340	+27.2%
Equity shareholders' funds	15,729	10,105	+55.7%
Average number of employees	402	363	+10.7%

The core market for our product increased during the financial year by 6.7% and manufacturing capacity was adjusted accordingly to ensure the business production output remained consistent with this in demand. The directors anticipate that their core market will continue to grow steadily during the current financial year, however the impact of the recent vote in the referendum on the continued UK membership of the EU has yet to be determined.

Principal risks and uncertainties

Competitive risks

The business risks and uncertainties faced by the Company are considered to be market competition, the state of the UK economy and its impact on demand. The business manages this risk by maintaining strong relationships with its customers and by adapting to market demands and the needs of these customers.

Financial instrument risks

The company manages its exposure to movements in interest rates in relation to its senior debt by swapping a proportion of its debt from a floating interest rate to a fixed rate. The company has no other financial instruments.

Use of derivatives

The company manages its exposure to variability in foreign exchange rates by conducting its trade mainly in sterling. The company does not use forward foreign exchange contracts.

Exposure to credit, liquidity and cash flow risk

Credit risk is managed by the application of credit worthiness and collection procedures. The company manages its cash flow risk and liquidity risk by ensuring the group has the availability of adequate working capital facilities.

Strategic report (continued)

By order of the Board

R J Jones
Secretary
28 November 2016

Registered No. 07745824

Directors' report

The directors present their report and financial statements for the year ended 31 August 2016.

Results and dividends

The profit for the year after taxation amounted to £5,521,000 (2015 – profit of £4,340,000). No dividends were paid during the year (2014 – £nil). The directors do not recommend a final dividend (2014 – £nil).

Research and development

The company invests in research and development to continue to develop its products and production processes.

Future developments

Caravan manufacturing remains the core business and continues to show healthy margins in the long term.

Financial instruments

Details of financial instruments are provided in the strategic report.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year were as follows:

M G Copper
R J Jones
D A Hague
P A Clackstone
M Mowlem (resigned 19 May 2016)

Disabled employees

During the year, the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled while in the employment of the company, as well as generally through training and career development.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

R J Jones
Secretary
28 November 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 group and the company 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of ABI Alpha Limited

We have audited the financial statements of ABI Alpha Limited for the year ended 31 August 2016 which comprise Group Statement of Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cashflow, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the groups and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 August 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

To the members of ABI Alpha Limited

Matters on which we are required to report by exception

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

Ernst & Young LLP

Eddie Diamond (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
28 November 2016

Group statement of comprehensive income

for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Turnover	2	85,159	74,469
Cost of sales		(71,720)	(62,731)
Gross profit		13,439	11,738
Administrative expenses		(3,504)	(2,919)
Operating profit	3	9,935	8,819
Profit on sale of fixed assets		6	2
Interest receivable and similar income		6	5
Interest payable and similar charges	6	(2,610)	(2,902)
Profit on ordinary activities before taxation		7,337	5,924
Tax	7	(1,816)	(1,584)
Profit for the financial year	8	5,521	4,340
Other comprehensive (expense)/ income			
Movement on cash flow hedge (loss)/gain		(13)	16
Other comprehensive (expense)/income for the year		(13)	16
Total comprehensive income for the year		5,508	4,356

Group balance sheet

at 31 August 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Intangible assets	9	14,225	15,163
Tangible assets	10	4,385	4,418
		18,610	19,581
Current assets			
Stocks	12	2,828	2,685
Debtors	13	26,895	20,436
Cash at bank and in hand		2,823	7,549
		32,546	30,670
Creditors: amounts falling due within one year	14	(11,475)	(10,297)
Net current assets		21,071	20,373
Total assets less current liabilities		39,681	39,954
Creditors: amounts falling due after more than one year	15	(23,952)	(29,849)
Net assets		15,729	10,105
Capital and reserves			
Called up share capital	16	20	19
Share premium account	17	1,980	1,865
Other Reserve	17	242	249
Profit and loss account		13,487	7,972
Shareholders' funds		15,729	10,105

The financial statements were approved for issue by the board on 28 November 2016.

M G Cooper
Director

Company balance sheet

at 31 August 2016

	Notes	*2016 £000*	*2015 £000*
Fixed assets			
Investments	11	1,126	1,126
Current assets			
Debtors	13	24,347	758
Creditors: amounts falling due with one year		–	–
Net current assets		24,347	758
Total assets less current liabilities		25,473	1,884
Creditors: amounts falling due after more than one year	15	(23,952)	–
Net assets		1,521	1,884
Capital and reserves			
Called up share capital	16	20	19
Share premium account	17	1,980	1,865
Profit and loss account		(479)	–
Shareholders' funds		1,521	1,884

The financial statements were approved for issue by the board on 28 November 2016.

M G Copper
Director

Group statement of changes in equity

for the year ended 31 August 2016

	Called up share capital	*Share Premium*	*Other Reserve*	*Profit and Loss account*	*Total equity*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Balance at 1 September 2014	19	1,865	256	3,609	5,749
Changes in equity:					
Profit for the year	-	-	-	4,340	4,340
Other comprehensive income	-	-	-	16	16
Total comprehensive income	-	-	-	**4,356**	**4,356**
Transfer between reserves	-	-	(7)	7	-
Balance at 31 August 2015	19	1,865	249	7,972	10,105
Balance at 1 September 2015	19	1,865	249	7,972	10,105
Changes in equity:					
Profit for the year	-	-	-	5,521	5,521
Other comprehensive income	-	-	-	(13)	(13)
Total comprehensive income	-	-	-	**5,508**	**5,508**
Transfer between reserves	-	-	(7)	7	-
Issue of new shares	1	115	-	-	116
Balance at 31 August 2016	20	1,980	242	13,487	15,729

Company statement of changes in equity

for the year ended 31 August 2016

	Called up share capital	*Share Premium*	*Profit and Loss account*	*Total equity*
	£'000	*£'000*	*£'000*	*£'000*
Balance at 1 September 2014	19	1,865	-	1,884
Changes in equity:				
Profit for the year	-	-	-	-
Balance at 31 August 2015	19	1,865	-	1,884
Balance at 1 September 2015	19	1,865	-	1,884
Changes in equity				
Loss for the year	-	-	(479)	(479)
Issue of new shares	1	115	-	116
Balance at 31 August 2016	20	1,980	(479)	1,521

Group statement of cash flows

for the year ended 31 August 2016

	Note	*2016* *£000*	*2015* *£000*
Net cash inflow from operating activities	18(a)	9,249	6,898
Investing activities			
Bank interest paid		(507)	(614)
Interest received		6	5
Payments to acquire tangible fixed assets		(300)	(301)
Receipts from sale of tangible fixed assets		6	2
Net cash flow from investing activities		(795)	(908)
Financing activities			
Issue of new equity		116	–
New loans from controlling undertakings		23,433	–
New loans to controlling undertaking		(4,469)	–
Repayment of loans and accrued loan note interest		(32,260)	(6,875)
Net cash flow from financing		(13,180)	(6,875)
(Decrease) in cash		(4,726)	(885)
Cash and cash equivalents at 1 September		7,549	8,434
Cash and cash equivalents at 31 August		2,823	7,549

Notes to the financial statements

at 31 August 2016

1. Accounting policies

Statement of compliance and Basis of preparation

ABI Alpha Limited is a company limited by shares incorporated in England. The registered office is Swinemoor Lane, Beverley, East Yorkshire HU17 0LJ.

The financial statements have been prepared in compliance with Section 1A of Financial Reporting Standard 102, as it applies to the financial statements of the Company for the year ended 31 August 2016. The financial statements are prepared in sterling which is the functional currency of the company and are rounded to the nearest thousand (£'000).

The company transitioned from previous extant UK GAAP to FRS 102 as at 1 September 2014. The policies applied under the entity's previous accounting framework gave rise to transition adjustments. Transition reconciliations showing all material adjustments are disclosed in Note 23.

Basis of consolidation

The group financial statements consolidate the financial statements of ABI Alpha Limited and all its subsidiary undertakings drawn up to 31 August each year. No Statement of Comprehensive Income is presented for ABI Alpha Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the parent company financial statements investments in subsidiaries are accounted for at cost less impairment.

Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements or material estimation uncertainties affecting the reported financial performance in the current or prior year.

The following principal accounting policies have been applied:

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life estimated to be 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and when events or changes in circumstances indicate that the carrying value may not be recoverable.

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	–	over 50 years
Fixtures and fittings	–	20% straight-line basis
Plant and machinery	–	10% straight-line basis
Motor vehicles	–	20% straight-line basis
Computer equipment	–	25% - 50% straight-line basis

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover recognition

Turnover is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Debtors

Short term debtors are measured at transaction price, less any impairment.

1. Accounting policies (continued)

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.
For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

1. Accounting policies (continued)

Taxation

Tax is recognised in the Group Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Company

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Group

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Pensions

The company operates a stakeholder pension scheme for employees and a money purchase pension scheme for directors. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge relates to the money purchase scheme and represents contributions payable in the period.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the group's continuing activity as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2016	*2015*
	£000	*£000*
UK	83,338	72,717
Europe (excluding United Kingdom)	1,821	1,752
	85,159	74,469

3. Operating profit

This is stated after charging:

			2016	*2015*
			£000	*£000*
Auditors' remuneration	–	audit services	42	42
	–	other services	18	18
Profit on sale of fixed asset			6	2
Depreciation of owned fixed assets			333	298
Amortisation charge for the year			938	938
Operating lease rentals	–	plant and machinery	92	73
	–	land and buildings	125	116

4. Directors' remuneration

	2016	*2015*
	£000	*£000*
Remuneration	894	864
Group contributions to defined contribution pension schemes	33	45
	927	909
In respect of the highest paid director:		
Remuneration	357	339
Contributions to defined contribution pension schemes	18	29
Aggregate remuneration	375	368

There are 4 directors accruing retirement benefits under money purchase pension schemes (2015 – 4).

5. Staff costs

	2016 £000	2015 £000
Wages and salaries	14,406	11,674
Social security costs	1,507	1,187
Other pension costs	154	144
	16,067	13,005

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

	No.	No.
Office and management	29	27
Production	373	336
	402	363

6. Interest payable and similar charges

	2016 £000	2015 £000
Bank loans interest	192	300
Interest and charges on financing of trade debtors	237	251
Loan notes	1,462	2,247
Amortisation of loan issue costs	114	41
Other bank charges	78	63
Loans from controlling group companies	527	–
	2,610	2,902

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax:		
Adjustments in respect of previous periods	25	3
UK corporation tax on the profit for the year	1,803	1,409
Total current tax (note 7(b))	1,828	1,412
Deferred tax:		
Origination and reversal of timing differences	(1)	177
Adjustment in respect of prior years	(16)	(4)
Effect of changes in tax rate on closing liability	5	(1)
Total deferred tax	(12)	172
Tax on profit on ordinary activities	1,816	1,584

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015 – 20.58%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	7,337	5,924
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.58%)	1,467	1,219
Effects of:		
Disallowed expenses and non-taxable income	335	372
Deferred tax rate changes	5	(5)
Prior year adjustments	9	(2)
Total tax	1,816	1,584

7. Tax (continued)

(c) Deferred tax

Deferred Tax (asset)/liability	*2016* *£000*	*2015* *£000*
At 1 September	(34)	(206)
Provided during the year	(1)	177
Adjustments in respect of prior year	(16)	(4)
Effect of changes of tax rate on closing liability	5	(1)
At 31 August	(46)	(34)

	2015 *£000*	*2014* *£000*
The deferred tax consists of:		
Accelerated capital allowances	(23)	8
Other timing differences	(23)	(42)
	(46)	(34)

The deferred tax included in the balance sheet of the parent company is £nil (2015 - £nil)

(d) Factors that may affect future tax charges

The Finance (No 2) Act 2015 obtained Royal Assent on 18 November 2015 and enacted a reduction in the UK rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020.

Furthermore the Finance Act 2016 obtained Royal Assent on 15 September 2016 and announced that the 18% rate given above will, in fact, be reduced to 17%.

Deferred tax has been provided at 18% being the rate enacted at the balance sheet date.

8. Result attributable to members of parent undertaking

The result dealt with in the financial statements of the parent undertaking was a loss after tax of £479,000 (2015 – £nil).

9. Intangible fixed assets

Group	*Goodwill* *£000*
Cost:	
At 1 September 2015	18,758
Additions	–
At 31 August 2016	18,758
Amortisation:	
At 1 September 2015	3,595
Charge for the year	938
At 31 August 2015	4,533
Net book value:	
At 31 August 2016	14,225
At 1 September 2015	15,163

Goodwill arising on the acquisition of ABI (UK) Group Limited is being amortised over 20 years, being the directors' estimate of its useful economic life.

10. Tangible fixed assets

Group	*Land and buildings* *£000*	*Plant and machinery* *£000*	*Motor vehicles* *£000*	*Office equipment* *£000*	*Total* *£000*
Cost or valuation:					
At 1 September 2015	3,265	2,547	278	405	6,495
Additions	–	144	156	–	300
Disposals	–	(125)	(3)	(50)	(178)
At 31 August 2016	3,265	2,566	431	355	6,617
Depreciation:					
At 1 September 2015	37	1,611	150	279	2,077
Provided during the year	37	193	56	47	333
Disposals	–	(125)	(3)	(50)	(178)
At 31 August 2016	74	1,679	203	276	2,232
Net book value:					
At 31 August 2016	3,191	887	228	79	4,385
At 1 September 2015	3,228	936	128	126	4,418

Included within Land and Buildings is freehold land with a net book value of £2,112,000 (2015: 2,112,000).

11. Investments

Company	*Investment in subsidiary undertakings*
	£000
Cost:	
At 1 September 2015	1,126
Additions	–
At 31 August 2016	1,126

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

Subsidiary undertakings

Subsidiary undertakings	*Country of registration incorporation*	*Class of share*	*Proportion of issued equity capital held*	*Principal activity*
ABI Beta Limited	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Group Limited (100% subsidiary of ABI Beta Limited)	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Holdings Limited (100% subsidiary of ABI (UK) Group Limited)	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Limited (100% subsidiary of ABI (UK) Holdings Limited)	Great Britain	Ordinary	100%	Manufacture and sale of Caravan Holiday Homes
ABI (UK) Group EBT Limited	Great Britain	Ordinary	100%	EBT

12. Stocks

		Group		*Company*
	2016	*2015*	*2016*	*2015*
	£000	*£000*	*£000*	*£000*
Raw materials and consumables	1,980	1,714	–	–
Work in progress	820	785	–	–
Finished goods	28	186	–	–
	2,828	2,685	–	–

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the year were £54,356,000 (2015 £47,182,000)

13. Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Debtors falling due with one year:				
Trade debtors	21,000	19,159	–	–
Other debtors	728	606	–	–
Prepayments and accrued income	652	637	–	–
Deferred tax	46	34	–	–
Amounts owed by controlling undertakings	4,469	–	–	–
Amounts owed by subsidiary undertakings	–	–	24,347	758
	26,895	20,436	24,347	758

14. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans	–	835	–	–
Trade creditors	8,028	6,651	–	–
Corporation tax	917	609	–	–
Other taxes and social security costs	305	284	–	–
Other creditors	508	406	–	–
Accruals	1,673	1,489	–	–
Amounts owed to controlling undertakings	8	–	–	–
Cash flow hedge financial liability	36	23	–	–
	11,475	10,297	–	–

15. Creditors: amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loan	–	6,676	–	–
Investor loan notes	–	23,173	–	–
Amounts owed to controlling undertakings	23,952	–	23,952	–
	23,952	29,849	23,952	–

Borrowings

The financial obligations to which the Group is committed are due as follows:

Group	*2016 £000*	*2015 £000*
In one year or less	–	875
Between one and two years	–	875
Between two and five years	–	5,875
	–	7,625
Less unamortised arrangement costs	–	(114)
	–	7,511
Included in amounts due within one year	–	(835)
Included in amounts due after more than one year	–	6,676

On 19 May 2016 all bank loans were repaid as part of a transaction involving the purchase of the entire share capital of the company by ABI Bidco Limited.

16. Issued share capital

Allotted, called up and fully paid	*2016 No.*	*2016 £'000*	*2015 No.*	*2015 £'000*
Ordinary shares of 1p each	2,000,000	20	233,333	2
'A' ordinary shares of 1p each	–	–	1,125,670	11
'B' ordinary shares of 1p each	–	–	524,330	5
		20		19

17. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserve

This reserve records the amount transferred from revaluation reserve to retained earnings on the transition to FRS 102, at which point previous assets stated at valuation were transferred at deemed cost under the transition exemption stated in Section 35.10 (d) of FRS 102.

18. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash from operating activities

	2016	*2015*
	£000	*£000*
Operating profit	9,935	8,819
Depreciation	333	298
Amortisation of goodwill	938	938
(Increase) in stocks	(143)	(75)
(Increase) in debtors	(1,978)	(203)
Increase/ (decrease) in creditors	1,684	(1,699)
Taxation		
Corporation tax paid	(1,520)	(1,180)
Net cash inflow from operating activities	9,249	6,898

(b) Cash and cash equivalents

Cash and cash equivalents comprise:

	1 September 2015	*At 31 August 2016*
	£000	*£000*
Cash in hand and at bank	7,549	2,823
Total cash and cash equivalents	7,549	2,823

19. Pensions

The group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20. Other financial commitments

At 31 August 2016 the company had commitments under non-cancellable operating leases as set out below:

	2016		2015	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	6	18	–	17
In two to five years	–	62	–	54
Over five years	119	–	116	–
	125	80	116	71

At 31 August 2016 the Group had capital commitment contracted for of £nil (2015 – £75,000).

21. Related party transactions

The group has taken advantage of the exemption available under FRS 102 Section 33.1a not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

The investor loan notes held by the Directors were repaid during the year (2015 value - £7,363,744)

22. Ultimate parent undertaking and controlling party

At 31 August 2016, the ultimate controlling party was CBPE Capital LLP.

The smallest and largest group in which the results of the company are consolidated is that headed by ABI Alpha Limited.

23. Transition to FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 1 September 2014

	Note	Group	Company
		£'000	£'000
Equity shareholders funds at 1 September 2014 under previous UK GAAP		5,788	1,884
Derivatives	a	(39)	-
Equity shareholders funds at 1 September 2014 under FRS 102		5,749	1,884

Reconciliation of equity at 31 August 2015

	Note	Group	Company
		£'000	£'000
Equity shareholders funds at 31 August 2015 under previous UK GAAP		10,128	1,884
Derivatives	a	(23)	-
Equity shareholders funds at 31 August 2015 under FRS 102		10,105	1,884

The following were changes to accounting policies arising from the transition to FRS 102:

(a) Derivatives

Interest rate swaps are recorded on the balance sheet at fair value and accounted for at fair value through other comprehensive income. Under previous UK GAAP these were not re-valued to fair value or shown on the group balance sheet at the year end.

There are no changes to profit and loss identified as part of the transition, as such a reconciliation of impact on profit and loss is not presented.