

**The Explorer Group Limited**

**Directors' report and financial  
statements**

**Registered number 2433663**

**31 December 2016**



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## Strategic report

The directors present their Strategic Report for the year ended 31 December 2016.

### Principal activities

The principal activity of the company is the manufacture of touring caravans, motorhomes and related products.

### Business review and results

The results for the company show a pre-tax profit for the year of £4.2m (2015: *profit of £2.4m*) and turnover of £102.0m (2015: *£85.5m*).

The company remains committed to its design led product strategy which together with its SoLiD construction method continues to gain strong consumer interest. During 2016 the company continued its growth in market share. While the total market has shown some recovery and confidence is improving within the industry, the company continues to place importance on its production flexibility and ability to respond to long term market changes and fluctuations.

### Principal risks and uncertainties

While consumer credit has shown signs of some improvement the credit financing available to dealers remains limited, despite the underlying improvements in the market. This applies to new entrants as well as established dealers.

The company continues its long term strategy of investing in product innovation, capital equipment and IT systems in order that its production processes and portfolio remain competitive.

### Key performance indicators

The company uses a number of financial and non-financial Key Performance Indicators (KPI's) to monitor the performance of the business. These KPI's address the essential operational areas and parameters such as product quality, and are reported at all levels of the business.

The financial KPI's are:

	2016	2015
Turnover	£102.0m	£85.5m
Gross margin	8.5%	7.4%
Net assets	£7.0m	£6.3m

## Strategic report *(continued)*

### Future developments

The company remains committed to its design and development activities in order to maintain its reputation of creativity and innovation within its product range. This strategy remains vital to generating strong sales and substantial forward orders. The company has proactively managed its working capital facilities to support increased customer demand and has plans to support further growth. Consequently the directors remain confident that the company is well placed to take advantage of its opportunities and manage its business risks successfully.

Signed on behalf of the board

  
**RG Quinn**  
Director

Explorer House  
Delves Lane  
Consett  
Co Durham  
DH8 7PE

7 February 2017

## **Directors' Report**

The directors present their Directors' Report and the audited financial statements for the year ended 31 December 2016.

### **Dividends**

A dividend of £2,673,664 (2015: £65,000) was paid during the year.

### **Directors**

The directors who held office during and subsequent to the year were as follows:

NKG Prescott  
RG Quine  
DJ Styles  
DL Akers-Douglas

### **Employees**

Meetings with employees are held to inform them of developments in the business. It is the company's policy to give full and fair consideration to applications for employment from disabled persons, to give them equal opportunities to other employees and to comply with all relevant legislation. The company would also explore every opportunity to continue the employment of any employee who became disabled.

### **Health & Safety**

The company take steps to make sure that health & safety policies are well communicated, understood and adhered to in order that we can ensure the health & safety of our employees and stakeholders. The company maintains the appropriate accreditation and monitoring mechanisms related to Health, Safety and the Environment. Relevant KPIs are reported monthly throughout the organisation including at board level.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

## Directors' report *(continued)*

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**RG Quinn**  
Director

Explorer House  
Delves Lane  
Consett  
Co Durham  
DH8 7PE

7 February 2017

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 company and of the profit and loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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

## **Independent auditor's report to the members of The Explorer Group Limited**

We have audited the financial statements of The Explorer Group Limited for the year ended 31 December 2016 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 5, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## **Independent auditor's report to the members of The Explorer Group Limited** *(continued)*

### **Opinion on other matters prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **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.



**Paul Moran (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

7 February 2017

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>	<i>1,2</i>	<b>101,969,067</b>	<b>85,497,218</b>
Cost of sales		<b>(93,349,398)</b>	<b>(79,180,946)</b>
<b>Gross profit</b>		<b>8,619,669</b>	<b>6,316,272</b>
Administrative expenses		<b>(4,349,789)</b>	<b>(3,791,225)</b>
<b>Operating profit</b>		<b>4,269,880</b>	<b>2,525,047</b>
Interest payable and similar charges	<i>6</i>	<b>(45,914)</b>	<b>(108,207)</b>
<b>Profit on ordinary activities before taxation</b>	<i>3-6</i>	<b>4,223,966</b>	<b>2,416,840</b>
Tax on profit on ordinary activities	<i>7</i>	<b>(865,634)</b>	<b>(516,083)</b>
<b>Profit for the financial year</b>		<b>3,358,332</b>	<b>1,900,757</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>3,358,332</b>	<b>1,900,757</b>

The results of the company arose entirely from continuing operations.

**Balance sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b>		<b>2015</b>	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8	-	-	-	-
Tangible assets	9	7,289,054		7,010,206	
Investments	10	12,103		12,103	
		<u>7,301,157</u>		<u>7,022,309</u>	
<b>Current assets</b>					
Stocks	11	11,055,303		10,609,841	
Debtors	12	4,111,728		1,206,710	
Cash at bank and in hand		565,249		3,432,973	
		<u>15,732,280</u>		<u>15,249,524</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(12,707,535)</u>		<u>(12,971,764)</u>	
<b>Net current assets</b>		<u>3,024,745</u>		<u>2,277,760</u>	
<b>Total assets less current liabilities</b>		<u>10,325,902</u>		<u>9,300,069</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	-		(10,801)	
<b>Provisions for liabilities</b>	16				
Deferred tax liability		(45,568)		(73,153)	
Other provisions		<u>(3,244,233)</u>		<u>(2,951,866)</u>	
		<u>(3,289,801)</u>		<u>(3,025,019)</u>	
<b>Net assets</b>		<u>7,036,101</u>		<u>6,264,249</u>	
<b>Capital and reserves</b>					
Called up share capital	17	250,572		250,572	
Share premium account		300,433		300,433	
Capital redemption reserve		3,039,580		3,039,580	
Profit and loss account		<u>3,445,516</u>		<u>2,673,664</u>	
<b>Shareholders' funds</b>		<u>7,036,101</u>		<u>6,264,249</u>	

These financial statements were approved by the board of directors on 7 February 2017 and were signed on its behalf by:

**RG Quine**  
Director

Registered number: 2433663

**Statement of changes in equity**  
*for the year ended 31 December 2016*

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2015	249,572	300,433	3,039,580	837,907	4,427,492
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	1,900,757	1,900,757
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	1,900,757	1,900,757
Transactions with owners, recorded directly in equity					
Issue of shares	1,000	-	-	-	1,000
Dividends	-	-	-	(65,000)	(65,000)
	1,000	-	-	(65,000)	(64,000)
<b>Balance at 31 December 2015</b>	<b>250,572</b>	<b>300,433</b>	<b>3,039,580</b>	<b>2,673,664</b>	<b>6,264,249</b>
Balance at 1 January 2016	250,572	300,433	3,039,580	2,673,664	6,264,249
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	3,358,332	3,358,332
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	3,358,332	3,358,332
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(2,673,664)	(2,673,664)
Share based payments	-	-	-	87,184	87,184
<b>Total contributions by and distributions to owners</b>	-	-	-	(2,586,480)	(2,586,480)
<b>Balance at 31 December 2016</b>	<b>250,572</b>	<b>300,433</b>	<b>3,039,580</b>	<b>3,445,516</b>	<b>7,036,101</b>

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The Explorer Group Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Constantine Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Constantine Group plc are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Constantine Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

The financial statements are prepared on the historical cost basis.

#### **Going concern**

The company has recorded a profit before tax of £4.2m in the year ended 31 December 2016. The company has net assets of £7.0m at 31 December 2016. Taking account of reasonably possible changes in trading performance, projections show that the company is expected to have a sufficient level of financial resources available through its own banking facilities. The directors therefore believe that the company is well placed to manage its business risks and opportunities successfully despite continuing uncertainty in retail sales. 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 prepare the financial statements on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 7 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Foreign currencies*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basic financial instruments (continued)*

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

##### *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### *Impairment excluding stocks and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Impairment excluding stocks and deferred tax assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

#### *Post-retirement benefits*

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Share-based payment transactions*

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Share-based payment transactions (continued)*

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### *Classification of financial instruments issued by the company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### Turnover

Turnover is measured at the fair value of consideration received or receivable on the sale of caravans, motorhomes and retail parts and is recognised when the risk and rewards have been transferred to third party customers, net of discounts and VAT where applicable.

For deliveries deferred at the customer's request, revenues are recognised when the customer takes title to the goods provided it is probable that delivery will be made, the goods are identified and ready for delivery and usual payment terms apply.

### 2 Geographical analysis of turnover

The geographical analysis of the company's turnover, which is wholly attributable to the manufacture and sale of touring caravans, motorhomes and related transactions, is as follows:

	2016 £	2015 £
United Kingdom	99,036,102	82,630,697
Rest of Europe	1,166,575	587,528
Rest of World	1,766,390	2,278,993
	<hr/>	<hr/>
	101,969,067	85,497,218
	<hr/>	<hr/>

## Notes (continued)

### 3 Expenses and auditor's remuneration

	2016 £	2015 £
<i>Included in profit are the following:</i>		
Auditor's remuneration:		
Audit of these financial statements	27,775	27,500
Net foreign exchange losses/(gains)	170,554	(49,061)
Amortisation of government grants	(7,425)	(7,425)
	<u>          </u>	<u>          </u>

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Constantine Group plc.

### 4 Remuneration of directors

	2016 £	2015 £
<i>Directors' emoluments:</i>		
Remuneration as executives	426,513	528,500
Company contributions to money purchase pension schemes	23,119	54,246
	<u>          </u>	<u>          </u>
	449,632	582,746
	<u>          </u>	<u>          </u>

The emoluments of the highest paid director were £242,892 (2015: £218,142) and company pension contributions of £14,312 (2015: £11,280) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to 2 directors (2015: 3) under a money purchase scheme.

During the prior year growth shares in the company were awarded to certain directors under a long term incentive plan. The growth shares are non-voting shares with no entitlement to dividends. The principal conditions include the continued service through the vesting period to 30 June 2018 and a non-market based hurdle.

A charge of £87,184 (2015: £nil) in relation to this award has been reflected in these financial statements.

## Notes (continued)

### 5 Staff numbers and costs

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

	Number of employees	
	2016	2015
Production	336	309
Administration	38	34
	<u>374</u>	<u>343</u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	9,673,553	8,515,825
Social security costs	944,712	823,970
Other pension costs (note 19)	167,384	180,298
Share based payments (note 4)	87,184	-
	<u>10,872,833</u>	<u>9,520,093</u>

### 6 Interest payable and similar charges

	2016 £	2015 £
On bank loans and overdrafts	751	15,220
Finance charges payable in respect of finance leases and hire purchase contracts	12,663	60,487
Unwinding of discount on provisions (note 16)	32,500	32,500
	<u>45,914</u>	<u>108,207</u>

## Notes (continued)

### 7 Taxation

#### Total tax expense recognised in the profit and loss account

	2016 £	2015 £
<i>UK corporation tax</i>		
Current tax on income for the year	893,219	562,470
Adjustments in respect of prior periods	-	(23,157)
Group relief adjustments in respect of prior periods	-	(26,758)
Total current tax	893,219	512,555
<i>Deferred tax (see note 16)</i>		
Reversal of timing differences	(23,521)	(41,036)
Adjustments in respect of prior periods	-	57,252
Change in tax rate	(4,064)	(12,688)
Total deferred tax	(27,585)	3,528
Total tax	865,634	516,083

#### Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	3,358,332	1,900,757
Total tax expense/(credit)	865,634	516,083
Profit excluding taxation	4,223,966	2,416,840
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	844,793	489,327
Research and development tax credits	(17,363)	-
Reduction in tax rate on deferred tax balances	87	(7,566)
Non-deductible expenses	38,117	26,985
Under / (over) provided in prior years	-	7,337
Total tax expense included in profit or loss	865,634	516,083

#### Factors that may affect future, current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

## Notes (continued)

### 8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At beginning and end of year	261,570
<b>Amortisation</b>	
At beginning and end of year	261,570
<b>Net book value</b>	
At 31 December 2016	-
At 31 December 2015	-

Intangible fixed assets, now fully amortised, relate to goodwill on acquisition of the name and certain assets of Buccaneer Caravans in August 1999.

### 9 Tangible fixed assets

	Freehold land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Assets in the course of construction £	Total £
<b>Cost</b>					
At beginning of year	5,499,917	11,235,598	317,692	171,530	17,224,737
Additions	-	-	-	1,410,610	1,410,610
Disposals	-	(1,004,983)	(66,250)	-	(1,071,233)
Transfers	206,386	1,201,906	44,300	(1,452,592)	-
At end of year	5,706,303	11,432,521	295,742	129,548	17,564,114
<b>Depreciation</b>					
At beginning of year	1,252,808	8,700,812	260,911	-	10,214,531
Depreciation charge for year	99,077	1,005,459	27,226	-	1,131,762
Disposals	-	(1,004,983)	(66,250)	-	(1,071,233)
At end of year	1,351,885	8,701,288	221,887	-	10,275,060
<b>Net book value</b>					
At 31 December 2016	4,354,418	2,731,233	73,855	129,548	7,289,054
At 31 December 2015	4,247,109	2,534,786	56,781	171,530	7,010,206

Included in the net book value of plant, machinery and office equipment is £13,770 (2015: £525,371) in respect of assets held under finance leases. Depreciation for the year on these assets was £51,540 (2015: £157,392).

The gross book value of freehold land and buildings includes £585,000 (2015: £585,000) in respect of freehold land which is not depreciated.

## Notes (continued)

### 10 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At beginning and end of year	1,637,892
<b>Provisions</b>	
At beginning and end of year	1,625,789
<b>Net book value</b>	
At 31 December 2016	12,103
At 31 December 2015	12,103

At 31 December 2016 the company owned all of the issued share capital of the following companies, each of which is dormant, incorporated in Great Britain and registered in England and Wales.

#### Subsidiary undertakings

Elddis Caravans (Consett) Limited  
Autohomes Limited  
Compass Caravans Limited

### 11 Stock

	2016 £	2015 £
Raw materials and consumables	2,944,135	3,146,683
Work in progress	1,284,780	722,588
Finished goods	6,826,388	6,740,570
	<u>11,055,303</u>	<u>10,609,841</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £75,674,569 (2015: £64,582,744).

### 12 Debtors

	2016 £	2015 £
Trade debtors	3,612,027	564,665
Prepayments and accrued income	499,701	642,045
	<u>4,111,728</u>	<u>1,206,710</u>

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	8,685,883	8,097,492
Amounts owed to group companies	12,100	12,100
Accruals and deferred income	2,978,188	2,644,317
Corporation tax	393,218	312,470
Other taxes and social security	622,124	1,617,129
Obligations under finance leases and hire purchase contracts (note 15)	10,694	282,258
Other creditors	5,328	5,998
	<u>12,707,535</u>	<u>12,971,764</u>

### 14 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Obligations under finance lease and hire purchase contracts (note 15)	-	10,801
	<u>-</u>	<u>10,801</u>

### 15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £	2015 £
<b>Creditors falling due in more than one year</b>		
Finance lease liabilities	-	10,801
	<u>-</u>	<u>10,801</u>
<b>Creditors falling due within less than one year</b>		
Finance lease liabilities	10,694	282,258
	<u>10,694</u>	<u>293,059</u>

#### Terms and debt repayment schedule

	Currency	Nominal Interest rate	Year of maturity	2016 £	2015 £
Finance lease liabilities	GBP	10.53%- 12.04%	2016-2017	<u>10,760</u>	<u>305,519</u>



## Notes (continued)

### 15 Interest-bearing loans and borrowings (continued)

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £	Minimum lease payments 2015 £
Less than one year	10,760	294,718
Between one and five years	-	10,801
More than five years	-	-
	<u>10,760</u>	<u>305,519</u>

### 16 Provisions for liabilities

	Warranty Provision £
At beginning of year	2,951,866
Utilised during year	(1,826,155)
Charge to the profit and loss for the year	2,151,022
Unwinding of discount (note 6)	(32,500)
	<u>3,244,233</u>
<b>At end of year</b>	<b><u>3,244,233</u></b>

The provision represents estimated future costs in respect of warranty obligations arising from caravan and motor home sales, discounted accordingly.

	Deferred Taxation £
At beginning of year	73,153
Credit for the year (note 7)	(27,585)
	<u>45,568</u>
<b>At end of year</b>	<b><u>45,568</u></b>

The elements of deferred taxation are as follows:

	2016 £	2015 £
Fixed asset timing differences	(143,060)	(117,853)
Other timing differences	(48,651)	(60,231)
Capital gains	237,279	251,237
	<u>45,568</u>	<u>73,153</u>
<b>Deferred tax liability</b>	<b><u>45,568</u></b>	<b><u>73,153</u></b>

## Notes (continued)

### 17 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
249,572 Ordinary shares of £1 each	249,572	249,572
1,000 Growth shares of £1 each	1,000	1,000
	<u>250,572</u>	<u>250,572</u>

On 7 May 2015 1,000 £1 Growth shares were issued. The growth shares have no voting rights and are only entitled to a distribution if a certain non-market based hurdle is achieved through a vesting period to 30 June 2018 and the holder (where an employee) continues to be employed by the company.

A dividend of £2,673,664 (2015: £65,000) was proposed and paid on the ordinary shares during the year.

### 18 Commitments

#### Capital commitments

The Company's contractual commitments to purchase tangible fixed assets at the year end were £129,548 (2015: £416,543).

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Less than one year	51,647	36,789
Between one and five years	55,229	32,443
More than five years	-	-
	<u>106,876</u>	<u>69,232</u>

During the year £53,795 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £59,741).

### 19 Employee benefits

The company makes payments into a defined contribution pension scheme. The pension cost charge for the year in respect of the scheme represents contributions payable by the group to the scheme and amounted to £167,384 (2015: £180,298).

Contributions amounting to £40,146 (2015: £32,561) were payable to the scheme and are included in creditors.

### 20 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of Constantine Group plc, a company incorporated in Great Britain. Constantine Group plc is the company's ultimate controlling party.

The only group in which the results of the company are consolidated is that headed by Constantine Group plc. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

## **Notes** *(continued)*

### **21 Accounting estimates and judgements**

In the preparation of the financial statements, it is necessary for the management of the company to make estimates and certain presumptions that can affect the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and presumptions. The most significant estimates made in these accounts relates to the warranty provision (note 16) and turnover recognition (note 1). The directors have estimated future costs in respect of warranty obligations and consider the level of the provision to be appropriate based upon the history of past claims and the number of units sold. Turnover is recognised when the risk and rewards have been transferred to third party customers. For deliveries deferred at the customer's request, revenues are recognised when the customer takes title to the goods provided it is probable that delivery will be made, the goods are identified and ready for delivery and usual payment terms apply.