

Erwin Hymer Group UK Ltd

Annual report and financial statements

Registered number 2433663

31 July 2021



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Strategic report

The directors present their Strategic Report for the year ended 31 July 2021.

Principal activities

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

Business review and results

The results of the company for the year ended 31 July 2021 show a pre-tax profit of £2.4m (2020: £3.7m) and turnover of £102m (2020: £103m).

Business activities were restricted due to on-going restrictions in component supplies, a lasting consequence of the the Covid-19 pandemic. Trading was also restricted due to shortages in semi-conductor supply to the automotive sector which limited motorhome and campervan trading. Despite this, demand for the company's product has remained strong and is reinforced by on-going product development and new model introductions.

The business continues with a strong order book under-pinned by good market demand for its products.

Principal risks and uncertainties

Component supply is the principal risk effecting the company's production output and consequent sales. The company continues to benefit from good market demand for its products and the directors remain confident that the company is well placed to deal with any further uncertainties related to component supply due to its strategic stock holding and manufacturing flexibility.

Future developments

As in previous years, the company continues with its strong commitment to creativity and innovation across its product range. Opportunities arising from being part of the largest global recreational vehicle manufacturer have allowed further unique developments for 2022.

The company is continuing with a period of significant investment in its production facilities in order to expand capacity and continue with its long-term growth plans. The company expects a full recovery in retail demand, although the timing remains uncertain. However, the company believes it remains well placed to take advantage of its opportunities and manage its business risks successfully.

Key performance indicators

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

The financial KPIs are:

	2021	2020
Turnover	£101.8m	£103.3m
Profit before taxation	£2.4m	£3.7m
Gross profit margin	7.9%	9.3%
Net assets	£16.1m	£14.5m

Strategic report (continued)

Carbon reporting

The Company has gathered data regarding scope one and two carbon emissions (as defined by the GHG Protocol) for the financial year 1 August 2020 to 31 July 2021 from its UK operations as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

	Equivalent kWh 2021	2020	Tonnes (CO ₂ e) 2021	2020
Scope 1 Combustion of fuel and operation of facilities	5,209,245	4,023,226	954	740
Scope 2 Electricity purchased for own use	3,275,956	3,105,836	-	786
Scope 3 Emissions for private vehicles used for business travel	617,290	564,434	152	139
Total emissions	9,102,491	7,693,496	1,106	1,665

The company has reduced Carbon emissions year on year by 559 tonnes by moving fully to non-carbon based electricity.

Section 172 statement

Under section 172 of the Companies Act 2006, the Directors have a duty to act in good faith in a way that is most likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the company's employees, the need to foster relationships with other stakeholders, the impact on the community and the environment and maintaining a reputation for high standards of business conduct. Key decisions made by the board during the year were considered with the aforesaid duty to act in good faith.

The company pursues a long-term investment and product development strategy which it considers central to the company's development. The company is completing extensive investment plans which it expects to place the company on an excellent footing with regards to sustainable growth. Such changes have allowed the company to reduce carbon and environmental emissions, move to zero carbon electricity consumption, installed new and improved employee welfare facilities and increased employment for the local community. The company is also proud of its employee engagement through regular forums.

The company maintains its reputation for product development, particularly with regards to weight and sustainability. Weight is critical to reducing energy consumption while products are on the move. The highest insulation certifications have been awarded to products which are relevant to energy consumption when products are in use. The products manufacture includes a high proportion of recyclable materials, and the manufacturing process collects and recycles a high proportion of its waste. Environmental emissions are low with low levels of effluent and atmospheric emissions.

The company's strategy and values are shared with its suppliers to ensure components satisfy the company's criteria with improvements for the future. The company promotes its product development to customers and sustains a customer facing approach via its dealer network. In 2022, the company was able to resume attendance at the bi-annual trade exhibitions, which is a key part of fostering good customer relations.

The directors therefore confirm that they have fulfilled their duties in respect of Section 172 of the Companies Act 2006 to act in good faith in a way that would most likely promote the success of the company for the benefit of its shareholders.

Strategic report (*continued*)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared base case cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the company should have sufficient funds, through its operating cashflows and existing group loan facilities, to meet its liabilities as they fall due for that period. These base case forecasts take into account the anticipated impacts of global events on sales and cost pricing.

Business activities of the company were impacted by global supply chain restrictions arising from on-going consequences of the Covid-19 pandemic. This necessarily limited sales during an otherwise buoyant market. Despite these supply chain impacts, the business continued with its product development plans and was able to introduce new models for the next financial year.

The business continues with a strong order book underpinned by good market demand for its products, and the company has therefore been able to continue to trade profitably during the financial year 2021/22.

Despite the company's resilient financial performance outlined above, in making the going concern assessment the directors of the subsidiary have also modelled a severe but plausible downside forecast which covers a period of 12 months consistent with the base case forecasts. This downside forecast models the impacts of a reduction to planned production and sales volumes during the forecast period, and factors in inflationary cost increases to all areas of the business. In this downside scenario, the subsidiary continues to have sufficient funds through existing cash generation and group borrowing facilities, throughout the forecast period, to meet its liabilities as they fall due.

The directors' base case and downside forecasts are dependent on the company's intermediary parent undertaking, Erwin Hymer Group SE, providing additional financial support during that period through the established group borrowing arrangements, and not seeking repayment of the amounts currently due. Erwin Hymer Group SE has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Signed for and on behalf of the board:



DJ Styles
Director

29 July 2022

Explorer House
Delves Lane
Consett
County Durham
DH8 7PE

Directors' Report

The directors present their Directors' Report and the audited financial statements for the year ended 31 July 2021.

Dividends

A dividend of £nil (2020: £2,000,000) was paid during the year.

Directors

The directors who held office during the year and subsequent to the year end, to the date of this report, were as follows:

RG Quine	(resigned 29 th April 2022)
DJ Styles	
MA Brandt	(resigned 6 th July 2022)
S Junker	
CW Short	(appointed 1 st May 2022)

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.

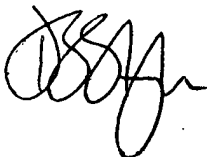
Other information

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 1.

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:



DJ Styles
Director

Explorer House
Delves Lane
Consett
County Durham
DH8 7PE

29 July 2022

Company registered number: 2433663

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 or loss of the company for that year. 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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
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Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Erwin Hymer Group UK Ltd

Opinion

We have audited the financial statements of Erwin Hymer Group UK Ltd ("the Company") for the year ended 31 July 2021 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent auditor's report to the members of Erwin Hymer Group UK Ltd *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, and those posted to cash accounts.
- Testing revenue transactions recognised in a period around the balance sheet date to ensure that revenue is recorded in the correct period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to the members of Erwin Hymer Group UK Ltd *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Erwin Hymer Group UK Ltd *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Gemma Surtees

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

31 July 2022

Profit and loss account and other comprehensive income
for the year ended 31 July 2021

	<i>Note</i>	2021 £	2020 £
Turnover	<i>1, 2</i>	101,840,471	103,291,120
Cost of sales		(93,754,023)	(93,673,152)
Gross profit		8,086,448	9,617,968
Administrative expenses		(6,040,371)	(8,636,175)
Other operating income	<i>3</i>	414,259	2,841,063
Operating profit	<i>3</i>	2,460,336	3,822,856
Interest payable and similar expenses	<i>6</i>	(109,690)	(127,408)
Profit before taxation		2,350,646	3,695,448
Tax on profit	<i>7</i>	(805,000)	(861,757)
Profit for the financial year		1,545,646	2,833,691
Other comprehensive income		-	-
Total comprehensive income for the year		1,545,646	2,833,691

The results of the company arose entirely from continuing operations.

Balance sheet
at 31 July 2021

	<i>Note</i>	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets - goodwill	8	-	-	-	-
Tangible assets	9	11,152,214		7,757,829	
		11,152,214		7,757,829	
Current assets					
Stocks	10	20,087,334		14,807,753	
Debtors	11	5,300,960		7,979,942	
Cash at bank and in hand		3,920,996		3,679,729	
		29,309,290		26,467,424	
Creditors: amounts falling due within one year	12	(19,650,454)		(15,453,236)	
Net current assets		9,658,836		11,014,188	
Total assets less current liabilities		20,811,050		18,772,017	
Provisions for liabilities					
Deferred tax liability	13	(1,022,715)		(433,243)	
Other provisions	13	(3,732,500)		(3,828,585)	
		(4,755,215)		(4,261,828)	
Net assets		16,055,835		14,510,189	
Capital and reserves					
Called up share capital	14	250,572		250,572	
Share premium account		300,433		300,433	
Capital redemption reserve		3,039,580		3,039,580	
Profit and loss account		12,465,250		10,919,604	
Shareholders' funds		16,055,835		14,510,189	

These financial statements were approved by the board of directors on 29 July 2022 and were signed on its behalf by:



DJ Styles
Director

Registered number: 2433663

Statement of changes in equity

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 August 2019	250,572	300,433	3,039,580	10,085,913	13,676,498
Total comprehensive income for the year					
Profit	-	-	-	2,833,691	2,833,691
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,833,691</u>	<u>2,833,691</u>
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(2,000,000)	(2,000,000)
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Balance at 31 July 2020	<u>250,572</u>	<u>300,433</u>	<u>3,039,580</u>	<u>10,919,604</u>	<u>14,510,189</u>
Balance at 1 August 2020	250,572	300,433	3,039,580	10,919,604	14,510,189
Total comprehensive income for the year					
Profit	-	-	-	1,545,646	1,545,646
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,545,646</u>	<u>1,545,646</u>
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 July 2021	<u>250,572</u>	<u>300,433</u>	<u>3,039,580</u>	<u>12,465,250</u>	<u>16,055,835</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Erwin Hymer Group UK Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company's ultimate parent undertaking, Thor Industries Inc, includes the Company in its consolidated financial statements. The consolidated financial statements of Thor Industries Inc are prepared in accordance with Generally Accepted Accounting Principles of the United States of America ("US GAAP") and are available to the public and may be obtained from 601 East Beardsley Avenue, Elkhart, Indiana, USA. 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 year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Thor Industries Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- 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 risk of material adjustment in the next year are discussed in note 19.

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared base case cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the company should have sufficient funds, through its operating cashflows and existing group loan facilities, to meet its liabilities as they fall due for that period. These base case forecasts take into account the anticipated impacts of global events on sales and cost pricing.

Business activities of the company were impacted by global supply chain restrictions arising from on-going consequences of the Covid-19 pandemic. This necessarily limited sales during an otherwise buoyant market. Despite these supply chain impacts, the business continued with its product development plans and was able to introduce new models for the next financial year.

The business continues with a strong order book underpinned by good market demand for its products, and the company has therefore been able to continue to trade profitably during the financial year 2021/22.

Despite the company's resilient financial performance outlined above, in making the going concern assessment the directors of the subsidiary have also modelled a severe but plausible downside forecast which covers a period of 12 months consistent with the base case forecasts. This downside forecast models the impacts of a reduction to planned production and sales volumes during the forecast period, and factors in inflationary cost increases to all areas of the business. In this downside scenario, the subsidiary continues to have sufficient funds through existing cash generation and group borrowing facilities, throughout the forecast period, to meet its liabilities as they fall due.

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

The directors' base case and downside forecasts are dependent on the company's intermediary parent undertaking, Erwin Hymer Group SE, providing additional financial support during that period through the established group borrowing arrangements, and not seeking repayment of the amounts currently due. Erwin Hymer Group SE has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

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

No depreciation is provided on freehold land. Assets under construction are not depreciated until ready for use. 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.

Notes (continued)

1 Accounting policies (continued)

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.

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.

Notes (continued)

1 Accounting policies (continued)

Non-financial assets (continued)

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.

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.

Government grants

Revenue based government grants (including the Coronavirus Job Retention Scheme grants) that compensate the company for expenses incurred, are recognised as revenue in the profit and loss account on a systematic basis in the same periods in which the expenses are incurred.

Notes (continued)

1 Accounting policies (continued)

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. Provisions are discounted to reflect the expected timing of payment, with the unwinding of the discount recognised as an increase to the provision and a charge to interest payable and similar expenses.

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.

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 significant risks and rewards of ownership have been transferred to third party customers, the amount of turnover can be measured reliably, and it is probable that the associated economic benefits of the transaction will flow to the company. Turnover is measured net of discounts and VAT where applicable.

Generally, the significant risks and rewards of ownership transfer on delivery and therefore revenue is recognised at this point. In certain circumstances where deliveries are deferred at the customer's request, revenues are recognised when the customer takes title to the goods, aligned with the transfer of significant risks and rewards of ownership, provided it is probable that delivery will be made, the goods are identified and ready for delivery and usual payment terms apply.

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.

Notes (continued)

1 Accounting policies (continued)

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 year 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.

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:

	2021 £	2020 £
United Kingdom	99,842,941	99,476,960
Rest of Europe	797,508	1,115,809
Rest of World	1,200,022	2,698,351
	<u>101,840,471</u>	<u>103,291,120</u>

3 Operating profit

	2021 £	2020 £
<i>Included in operating profit are the following:</i>		
Auditor's remuneration:		
Audit of these financial statements	65,000	62,500
Taxation compliance services	6,900	14,274
Other advisory services	-	4,150
Net foreign exchange losses	168,624	165,394
Impairment loss on inventories	94,270	-
Impairment loss on trade debtors	6,296	-
Depreciation and other amounts written off owned tangible fixed assets	1,508,076	1,437,975
Government grant in respect of Coronavirus Job Retention Scheme	414,259	2,841,063
	<u>1,508,076</u>	<u>2,841,063</u>

The government grant received in respect of the Coronavirus Job Retention Scheme is presented within other operating income.

Notes (continued)

4 Remuneration of directors

	2021 £	2020 £
<i>Directors' emoluments:</i>		
Remuneration as executives	425,115	383,596
Company contributions to money purchase pension schemes	10,246	10,246
	<u>435,361</u>	<u>393,842</u>

The emoluments of the highest paid director were £266,702 (2020: £243,013) and company pension contributions of £nil (2020: £nil) were made to a money purchase scheme on his behalf. Retirement benefits are accruing to two directors (2020: two) under a money purchase scheme.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	2021	2020
Production	424	495
Administration	78	59
	<u>502</u>	<u>554</u>

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	11,314,142	10,456,900
Social security costs	1,106,918	1,159,178
Other pension costs (note 16)	207,643	107,081
	<u>12,628,703</u>	<u>11,723,159</u>

6 Interest payable and similar expenses

	2021 £	2020 £
On bank loans and overdrafts	77,190	94,908
Unwinding of discount on provisions (note 14)	32,500	32,500
	<u>109,690</u>	<u>127,408</u>

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account

	2021		2020	
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on income for the year	201,793		759,883	
Adjustments in respect of prior periods	617		74	
Group relief payable in respect of current year	13,118		20,167	
Total current tax		215,528		780,124
<i>Deferred tax (see note 13)</i>				
Reversal of timing differences	453,106		44,928	
Adjustments in respect of prior periods	(341)		(4,170)	
Effect of tax rate change on opening balance	136,707		40,875	
Total deferred tax		589,472		81,633
Total tax		805,000		861,757

Reconciliation of effective tax rate

	2021	2020
	£	£
Profit for the year	1,545,646	2,833,691
Total tax expense	805,000	861,757
Profit excluding taxation	2,350,646	3,695,448
Tax using the UK corporation tax rate of 19.00% (2020: 19.00%)	446,623	702,135
Reduction in tax rate on deferred tax balances	245,452	40,875
Non-deductible expenses	2,783	880
Fixed asset differences	109,863	121,963
Effect of adjustments in respect of prior periods	276	(4,096)
Total tax expense included in profit or loss	805,000	861,757

Factors that may affect future, current and total tax charges

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020, and therefore the UK deferred tax liability as at 31 July 2021 has been calculated based on this rate. In the 3 March 2021 Budget, it was announced that the UK corporation rate will increase from 19% to 25% from 1 April 2023, and this was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

Notes (continued)

8 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning and end of year	261,570
<i>Amortisation</i>	
At beginning and end of year	261,570
<i>Net book value</i>	
At 31 July 2021	-
At 31 July 2020	-

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 £
<i>Cost</i>					
At beginning of year	6,769,412	10,069,730	269,218	226,372	17,334,732
Additions	-	-	104,980	4,995,160	5,100,140
Disposals	-	(3,722,251)	-	-	(3,722,251)
Transfers	722,626	1,333,764	-	(2,056,390)	-
At end of year	7,492,038	7,681,243	374,198	3,165,142	18,712,621
<i>Depreciation</i>					
At beginning of year	1,928,757	7,485,133	163,013	-	9,576,903
Depreciation charge for year	633,447	808,207	66,422	-	1,508,076
Disposals	-	(3,524,572)	-	-	(3,524,572)
At end of year	2,562,204	4,768,768	229,435	-	7,560,407
<i>Net book value</i>					
At 31 July 2021	4,929,834	2,912,475	144,763	3,165,142	11,152,214
At 31 July 2020	4,840,655	2,584,597	106,205	226,372	7,757,829

The gross book value of freehold land and buildings includes £585,000 (2020: £585,000) in respect of freehold land which is not depreciated.

Notes (continued)

10 Stocks

	2021 £	2020 £
Raw materials and consumables	13,279,157	2,880,143
Work in progress	3,443,720	1,235,766
Finished goods	3,364,457	10,691,844
	<u>20,087,334</u>	<u>14,807,753</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £70,250,283 (2020: £74,636,702).

11 Debtors

	2021 £	2020 £
Trade debtors	2,502,115	3,338,235
Prepayments and accrued income	440,650	476,639
VAT receivable	521,224	-
Other debtors	1,836,971	4,165,068
	<u>5,300,960</u>	<u>7,979,942</u>

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	5,136,052	5,831,925
Amounts owed to group companies	4,030,866	1,378,587
Accruals and deferred income	9,499,370	4,876,412
Corporation tax	183,166	587,294
Other creditors	467,769	-
Other taxes and social security	200,969	167,442
VAT payable	-	2,492,432
Group relief payable	132,262	119,144
	<u>19,650,454</u>	<u>15,453,236</u>

Notes (continued)

13 Provisions for liabilities

	Warranty Provision £
At beginning of year	3,828,585
Utilised during year	(3,246,695)
Charge to the profit and loss for the year	3,118,110
Unwinding of discount (note 6)	32,500
At end of year	3,732,500

The provision represents estimated future costs in respect of warranty obligations arising from caravan and motor home sales, discounted accordingly. Management would expect the estimated timing of payments relating to the warranty provision to remain largely consistent year on year with a similar level of utilisation as seen in the current year realised through payments made to settle existing warranty related matters.

	Deferred Taxation £
At beginning of year	433,243
Charge for the year (note 7)	589,472
At end of year - liability	1,022,715

The elements of deferred taxation are as follows:

	2021 £	2020 £
Fixed asset timing differences	697,270	203,814
Other timing differences	(23,495)	(35,765)
Capital gains	348,940	265,194
Deferred tax liability at end of year	1,022,715	433,243

Notes (continued)

14 Called up share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
250,572 Ordinary shares of £1 each	250,572	250,572

A dividend of £nil (2020: £2,000,000) was proposed and paid on the ordinary shares during the year.

15 Commitments

Capital commitments

The company's commitments to purchase tangible fixed assets at the year end, which have been calculated with reference to remaining spend on authorised capital projects, totalled £4,236,831 (2020: £3,193,524).

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	64,975	65,531
Between one and five years	7,679	12,860
	<u>72,654</u>	<u>78,391</u>

During the year £77,386 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £73,667).

16 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 company to the scheme and amounted to £207,643 (2020: £107,081). Contributions amounting to £93,978 (2020: £89,494) were payable to the scheme and are included in creditors.

17 Ultimate parent company and parent undertaking of larger group

The ultimate controlling party is Thor Industries Inc., 601 east Beardsley Avenue, Elkhart, USA. The consolidated financial statements of this group are available to the public and may be obtained from this address. The company's immediate controlling party is Erwin Hymer Group SE.

18 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the company to make judgements, estimates and certain assumptions that can affect the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these judgements, estimates and assumptions. The most significant judgements and estimates made in these accounts relates to judgements in respect of turnover recognition (note 1), and estimates made in respect of the warranty provision (note 13).

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.

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.