

COSALT HOLIDAY HOMES LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
29th August 1999**



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COSALT HOLIDAY HOMES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH AUGUST 1999

Contents

	Page
Directors' Report	1 - 3
Statement of Directors' Responsibilities	4
Report of the Auditors to the Members	5
Profit and Loss Account	6
Balance Sheet	7
Notes	8-16

The following pages do not form part of the statutory accounts:

Detailed trading and profit & loss account	Appendix 1
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COSALT HOLIDAY HOMES LIMITED

Directors

F.W. Wood (Chairman)
P.T. Nevitt (Managing)
N.R. Carrick
A. Smith
R.C.F. Lloyd

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 29th August 1999 ("the year").

Business Review

The principal activity of the company continued to be the design and manufacture of caravan holiday homes, custom homes and chalets, and the design and manufacture of "Kingsform" furniture doors and panels.

The trading results for the year are shown in the profit and loss account on page 6.

The directors recommend the payment of a final dividend of £1,855,000, with £118,486 being transferred to reserves.

The company's future development will be in its current and similar products in which there appear to be opportunities.

Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial year.

Messrs. N.R. Carrick and A. Smith retire by rotation and, being eligible, offer themselves for re-election.

Directors' Shareholdings

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs. N.R. Carrick, P.T. Nevitt and F.W. Wood in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company. The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 29th August 1999	At 30th August 1998
R.C.F. Lloyd	5,000	5,500
A. Smith	1,899	1,724

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

COSALT HOLIDAY HOMES LIMITED**DIRECTORS' REPORT****(continued)****Fixed Assets**

The movements in tangible fixed assets are set out in note 8 to the financial statements. In note 15 to the financial statements, additional information is provided on assets used by the company which are subject to lease agreements.

Employees

Details of employees and their remuneration are shown in note 5 to the financial statements.

By various means, efforts are made to encourage employee involvement in the company and to disseminate information to increase awareness of its activities and the decisions taken which affect employees' interests.

The company has for many years employed disabled persons whenever appropriate, and has made special efforts in respect of existing employees who have become disabled during their service. Full consideration is given to the career development of such individuals.

Payment Policy

It is the policy of the company to establish terms of payment with suppliers when agreeing the terms of business.

The aim is to despatch cheques to settle undisputed accounts on the due date, or where other means of payment are used, to deliver funds as if payment had been made by cheque.

The number of days' purchases outstanding at the end of the financial year was 50 days.

Year 2000

The company has undertaken a detailed review to assess the impact of the year 2000 on all areas of activities. The review also considers the impact on customers and suppliers and there is on-going dialogue with regard to their compliance.

Most of the company's management information and accounting systems have recently been replaced as part of its on-going investment in IT systems, and assurances have been obtained from the suppliers that they are year 2000 compliant.

The costs incurred on upgrading other systems are written off against operating profits as incurred and are not believed to be material to the company's profits or capital expenditure programmes.

Political & Charitable Donations

The company made no political or charitable donations in the year.

COSALT HOLIDAY HOMES LIMITED**DIRECTORS' REPORT****(continued)****Auditors**

The auditors, KPMG Audit plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their appointment will be proposed at the Annual General Meeting.

By order of the Board



A.B. Clark

Secretary

Fish Dock Road
GRIMSBY

22 November 1999

COSALT HOLIDAY HOMES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year, and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a 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.

**REPORT OF THE AUDITORS, KPMG AUDIT PLC TO THE MEMBERS OF
COSALT HOLIDAY HOMES LIMITED**

We have audited the financial statements on pages 6 to 16.

Respective Responsibilities of Directors and Auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 29th August 1999, and of its profit for the fifty-two weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Sheffield

22 November 1999

COSALT HOLIDAY HOMES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE FIFTY-TWO WEEKS ENDED 29TH AUGUST 1999

		52 weeks ended 29th August 1999	52 weeks ended 30th August 1998*
	Note	£	£
Turnover	2	<u>44,963,270</u>	<u>45,562,103</u>
Operating profit	3	3,643,164	3,597,568
Interest payable and similar charges (net)	4	<u>781,816</u>	<u>774,608</u>
Profit on ordinary activities before taxation		2,861,348	2,822,960
Taxation	6	<u>887,862</u>	<u>891,326</u>
Profit for the financial year		1,973,486	1,931,634
Dividends	7	<u>1,855,000</u>	<u>1,917,000</u>
Transferred to reserves	14	<u>118,486</u>	<u>14,634</u>

* Re-stated for change in accounting policy (Note 1)

All operations are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks ended 29th August 1999	52 weeks ended 30th August 1998
	£	£
Total recognised gains and losses in year	1,973,486	<u>1,931,634</u>
Prior year adjustments	<u>(118,000)</u>	
Total gains and losses recognised since last financial statements	<u>1,855,486</u>	

The notes on pages 8 to 16 form part of these financial statements.

COSALT HOLIDAY HOMES LIMITED
BALANCE SHEET - 29TH AUGUST 1999

	Note	29th August 1999		30th August 1998*	
		£	£	£	£
Fixed assets					
Tangible fixed assets	8		676,455		743,973
Current assets					
Stocks	9	3,510,557		3,342,840	
Debtors	10	9,354,413		9,583,557	
Bank and cash balances		<u>2,658,107</u>		<u>3,015,527</u>	
		15,523,077		15,941,924	
Creditors					
Amounts falling due within one year	11	<u>15,864,369</u>		<u>16,432,088</u>	
Net current liabilities			(341,292)		(490,164)
Total assets less current liabilities			335,163		253,809
Creditors					
Amounts falling due after more than one year	11		<u>120,328</u>		<u>170,528</u>
			214,835		83,281
Provisions for liabilities and charges	12	164,566		174,479	
Deferred income					
Grants not yet credited to profit		<u>22,981</u>	<u>187,547</u>	<u>-</u>	<u>174,479</u>
Net assets/ (liabilities)			<u>27,288</u>		<u>(91,198)</u>
Capital and reserves					
Called up share capital	13		300		300
Profit and loss account	14		<u>26,988</u>		<u>(91,498)</u>
Equity shareholders' funds	14		<u>27,288</u>		<u>(91,198)</u>

* Re-stated for change in accounting policy (Note 1)

Approved by the Board on 22 November 1999

N.R. Carrick - Director



The notes on pages 7 to 16 form part of these financial statements.

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

1 Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

In accordance with FRS12 Provisions, Contingent Liabilities and Contingent Assets, the Company has changed its accounting policy for warranty costs. Previously, warranty costs were charged against the profit and loss account in the year incurred. FRS12 requires such amounts to be provided for in the balance sheet and consequently, the prior period's balance sheet has been adjusted. Details of this change are set out in Note 12.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Plant and machinery	5-20%
Motor vehicles	20-25%

Government grants

Capital grants received for plant are taken to deferred income and released to profit and loss account in instalments relating to the relevant asset lives. Other grants are recognised in the profit and loss account in the same period as the related expenditure.

Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

Pension costs

Contributions to the group's pension schemes are charged to profit and loss account so as to spread the cost of pensions over employees' service lives.

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

2 Turnover

Turnover represents the goods and services, excluding Value Added Tax, invoiced to customers arising from the principal activities as disclosed in the Directors' Report. The geographical analysis of turn- over is as follows:

	1999 £	1998 £
United Kingdom	43,068,218	44,127,690
Overseas	<u>1,895,052</u>	<u>1,434,413</u>
	<u>44,963,270</u>	<u>45,562,103</u>

All turnover originated in the United Kingdom.

3 Operating profit

Operating profit has been arrived at after charging/(crediting):

	1999 £	1998* £
Movement in stocks of finished goods and work in progress	(213,941)	(318,182)
		Government grants
		(7,664)
Raw materials and consumables	29,564,907	30,428,957
Auditors' remuneration - audit fees	6,000	7,200
- non audit services	1,790	1,251
Operating lease charges - plant	168,069	146,194
- other	64,500	64,500
Other external charges	3,006,305	2,510,783
Staff costs (note 5)	8,026,146	8,530,207
Depreciation on owned assets	120,136	105,948
Depreciation on assets held under finance leases	80,758	68,827
Other operating charges	<u>503,100</u>	<u>418,850</u>
	<u>41,320,106</u>	<u>41,964,535</u>

* Restated for change in accounting policy (Note 1)

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

4 Interest payable and similar charges (net)	1999	1998
	£	£
Capital charge by ultimate parent company	503,100	463,327
Interest on finance leases	17,860	12,464
Other interest payable	<u>272,427</u>	<u>343,294</u>
	793,387	819,085
Interest received	<u>11,571</u>	<u>44,477</u>
	<u>781,816</u>	<u>774,608</u>

5 Directors and employees	1999	1998
	£	£
Staff costs:		
Wages and salaries	7,186,243	7,802,499
Social security costs	675,338	584,228
Other pension costs	127,618	106,777
Employees' profit sharing scheme	<u>36,947</u>	<u>36,703</u>
	<u>8,026,146</u>	<u>8,530,207</u>

Emoluments of the directors of the company were:

Remuneration for management:	<u>334,843</u>	<u>358,205</u>
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Total remuneration of the highest paid director was £210,293 (1998 £275,563) including £12,487 (1998 £9,807) of pension contributions and £nil (1998 £41,114) of gains on the exercise of share options.

	1999	1998
	£	£
The accrued pension entitlement of the highest paid director is:	11,924	7,895

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying services was:	4	4
The number of directors exercising share options in respect of Cosalt plc shares during the year was:	-	1
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	3

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

5. Directors and employees (continued)	1999	1998
The average number of employees of the company during the year was:		
Management and administration	54	44
Production and sales staff	<u>323</u>	<u>321</u>
	<u>377</u>	<u>365</u>
6 Taxation	1999	1998*
	£	£
The taxation charge based on the profit on ordinary activities is:		
U.K. corporation tax payable @ 30.59% (1998 31%)	885,000	889,000
Deferred taxation	<u>4,403</u>	<u>818</u>
	889,403	889,818
Adjustment in respect of prior years:		
Corporation tax	(3,225)	-
Deferred taxation	<u>1,684</u>	<u>1,508</u>
	<u>887,862</u>	<u>891,326</u>
* Restated for change in accounting policy (Note 1)		
7 Dividends	1999	1998
	£	£
Final dividend proposed	<u>1,855,000</u>	<u>1,917,000</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total
Cost			
At 31st August 1998	1,814,462	19,800	1,834,262
Additions	116,126	17,500	133,626
Disposals	(122,683)	-	(122,683)
At 29 August 1999	<u>1,807,905</u>	<u>37,300</u>	<u>1,845,205</u>
Depreciation			
At 31st August 1998	1,080,397	9,892	1,090,289
Charged to profit and loss account	193,861	7,033	200,894
Eliminated in respect of disposals	(122,433)	-	(122,433)
At 29th August 1999	<u>1,151,825</u>	<u>16,925</u>	<u>1,168,750</u>
Net book values			
At 29th August 1999	<u>656,080</u>	<u>20,375</u>	<u>676,455</u>
At 30th August 1998	<u>734,065</u>	<u>9,908</u>	<u>743,973</u>

Assets costing £604,863 (1998 - £670,000) have been fully depreciated and are still in use.

The following tangible fixed assets held under finance lease are included in plant, vehicles and equipment:

	1999 £	1998 £
Cost	853,002	861,414
Depreciation	<u>520,779</u>	<u>458,433</u>
Net book values	<u>332,223</u>	<u>402,981</u>

9 Stocks

	1999 £	1998 £
Raw materials	1,120,620	1,166,844
Work in progress	125,092	103,445
Finished goods	<u>2,264,845</u>	<u>2,072,551</u>
	<u>3,510,557</u>	<u>3,342,840</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

10 Debtors	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	9,014,760	9,047,683
Taxation recoverable	114,825	312,866
Prepayments and accrued income	<u>224,828</u>	<u>223,008</u>
	<u>9,354,413</u>	<u>9,583,557</u>

11 Creditors	1999 £	1998* £
Amounts falling due within one year:		
Trade creditors	5,072,140	5,639,139
Amount owed to ultimate parent company	5,272,743	5,044,143
Amounts owed to fellow subsidiary undertakings	42,604	27,058
Corporation tax	836,912	836,225
Other taxation	43,645	44,056
Social security	47,749	55,795
Other creditors	1,914,266	1,799,917
Accruals and deferred income	719,303	954,357
Dividend payable	1,855,000	1,917,000
Obligations and under finance leases (note 15)	<u>60,007</u>	<u>114,398</u>
	<u>15,864,369</u>	<u>16,432,088</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 15)	<u>120,328</u>	<u>170,528</u>

Other creditors £1,914,266 (1998 £1,799,917) comprise advances under a debtor financing agreement.

* Re-stated for change in accounting policy (Note 1)

12 Provisions for liabilities and charges	Warranty provision £	1999 Deferred taxation £	Total £
At 31st August 1998	-	6,479	6,479
Prior year adjustment*	<u>168,000</u>	-	<u>168,000</u>
As re-stated	168,000	6,479	174,479
Utilised	(303,000)	-	(303,000)
Charge to profit and loss account	<u>287,000</u>	<u>6,087</u>	<u>293,087</u>
At 29th August 1999	<u>152,000</u>	<u>12,566</u>	<u>164,566</u>

* Restated for change in accounting policy (Note 1)

The effect of the prior year adjustment on profits for the year ended 29th August 1999 is to increase them by £16,000 (1998: £20,000), less tax of £5,000 (1998: £6,000) leaving a net increase of £11,000 (1998: £14,000).

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

12 Provisions for liabilities and charges (continued)	1999 £	1998 £
Analysis of deferred taxation:		
Accelerated tax allowances	7,872	13,523
Other timing differences	<u>4,694</u>	<u>(7,044)</u>
	<u>12,566</u>	<u>6,479</u>
13 Called up share capital	1999 £	1998 £
Authorised: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid: 300 ordinary shares of £1 each	<u>300</u>	<u>300</u>
14 Reserves	1999 £	1998* £
(a) Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	1,973,486	1,931,634
Dividends	<u>(1,855,000)</u>	<u>(1,917,000)</u>
Net addition to equity shareholders' funds	118,486	14,634
Opening equity shareholders' funds		
As previously stated	26,802	26,168
Prior year adjustment*	<u>(118,000)</u>	<u>(132,000)</u>
Opening equity shareholders' funds as adjusted	<u>(91,198)</u>	<u>(105,832)</u>
Closing equity shareholders' funds	<u>27,288</u>	<u>(91,198)</u>
* Restated for change in accounting policy (Note 1)		
(b) Profit and loss account		
Balance at 31st August 1998 (as previously stated)		26,502
Prior year adjustment*		<u>(118,000)</u>
Balance at 31st August 1998 (as restated)		(91,498)
Profit for the year		<u>118,486</u>
Balance at 29th August 1999		<u>26,988</u>
* Restated for change in accounting policy (Note 1)		

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

15 Leasing obligations	1999 £	1998 £
(a) Future commitments due under finance leases are:		
Within one year	71,766	130,007
Between two and five years	<u>140,495</u>	<u>201,249</u>
	212,261	331,256
Less: future finance charges	<u>31,926</u>	<u>46,330</u>
	<u>180,335</u>	<u>284,926</u>
Shown in creditors (Note 11) as:		
Amounts falling due within one year	60,007	114,398
Amounts falling due after more than one year	<u>120,328</u>	<u>170,528</u>
	<u>180,335</u>	<u>284,926</u>
(b) Annual commitments due under non-cancellable operating leases are:		
Land and buildings:		
Leases which expire within one year	<u>64,500</u>	<u>64,500</u>
Plant leases which expire:		
Within one year	130,853	31,855
Between two and five years	<u>174,967</u>	<u>189,977</u>
	<u>305,820</u>	<u>221,832</u>

The majority of leases of land and buildings are subject to rent reviews

16 Capital commitments	1999 £	1998 £
Contracted for but not provided for in the financial statements	<u>126,400</u>	<u>24,600</u>

17 Pension commitments

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds.

COSALT HOLIDAY HOMES LIMITED**NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999**

(continued)

17 Pension commitments (continued)

Contributions by the company which amounted to £127,618 (1998 £106,777) are based on pension costs across the group as a whole and are assessed in accordance with the advice of a qualified actuary. Particulars of actuarial valuations of the group schemes are disclosed in the financial statements of Cosalt plc. The latest actuarial assessment of the major scheme was made at 1st January 1997.

18 Related party transactions

- (i) During the year a secured interest free loan subsisted between Cosalt plc and Mr P.T. Nevitt, the managing director of the company, to assist him with relocation. The maximum amount outstanding during the year was £40,000 which was repaid by 29th August 1999.
- (ii) The company has taken advantage of the exemption from disclosing related party transactions with other group companies as permitted by Financial Reporting Standard 8 as the consolidated financial statements in which the company is included are publicly available.

19 Ultimate parent company and parent undertaking of larger group.

The company is a subsidiary undertaking of Cosalt plc which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.