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COSALT HOLIDAY HOMES LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
27th August 2000**



COSALT HOLIDAY HOMES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27TH AUGUST 2000

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

Detailed trading and profit and 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 27th August 2000 ("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 5.

The directors recommend the payment of a final dividend of £1,904,000 (1999: £1,855,000), with £531 (1999: £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 F W Wood and P T Nevitt 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 27th August 2000	At 29th August 1999
R C F Lloyd	5,000	5,000
A Smith	2,108	1,899

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.

Political and charitable donations

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

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 re-appointment will be proposed at the Annual General Meeting.

By order of the Board



A J Robson
Secretary

Fish Dock Road
GRIMSBY

20th November 2000

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 5 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if any information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 27th August 2000 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
Leeds

20th November 2000

COSALT HOLIDAY HOMES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE FIFTY-TWO WEEKS ENDED 27TH AUGUST 2000

		52 weeks ended 27th August 2000	52 weeks ended 29th August 1999
	Note	£	£
Turnover	2	<u>49,696,080</u>	<u>44,963,270</u>
Operating profit	3	3,605,169	3,643,164
Interest payable and similar charges (net)	4	<u>859,814</u>	<u>781,816</u>
Profit on ordinary activities before taxation		2,745,355	2,861,348
Taxation	6	<u>840,824</u>	<u>887,862</u>
Profit for the financial year		1,904,531	1,973,486
Dividends	7	<u>1,904,000</u>	<u>1,855,000</u>
Transferred to reserves	14	<u>531</u>	<u>118,486</u>

All operations are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks ended 27th August 2000	52 weeks ended 29th August 1999
	£	£
Total recognised gains and losses in year	1,904,531	1,973,486
Prior year adjustments	<u>-</u>	<u>(118,000)</u>
Total gains and losses recognised since last financial statements	<u>1,904,531</u>	<u>1,855,486</u>

The notes on pages 7 to 15 form part of these financial statements.

COSALT HOLIDAY HOMES LIMITED
BALANCE SHEET - 27TH AUGUST 2000

		27th August 2000		29th August 1999	
Fixed assets	Note	£	£	£	£
Tangible fixed assets	8		1,204,677		676,455
Current assets					
Stocks	9	4,818,388		3,510,557	
Debtors	10	9,089,550		9,354,413	
Bank and cash balances		<u>3,036,715</u>		<u>2,658,107</u>	
		16,944,653		15,523,077	
Creditors					
Amounts falling due within one year	11	<u>17,512,396</u>		<u>15,864,369</u>	
Net current liabilities			(567,743)		(341,292)
Total assets less current liabilities			636,934		335,163
Creditors					
Amounts falling due after more than one year	11		<u>377,786</u>		<u>120,328</u>
			259,148		214,835
Provisions for liabilities and charges	12	186,805		164,566	
Deferred income					
Grants not yet credited to profit		<u>44,524</u>	<u>231,329</u>	<u>22,981</u>	<u>187,547</u>
Net assets			<u>27,819</u>		<u>27,288</u>
Capital and reserves					
Called up share capital	13		300		300
Profit and loss account	14		<u>27,519</u>		<u>26,988</u>
Equity shareholders' funds	14		<u>27,819</u>		<u>27,288</u>

Approved by the Board on 20th November 2000



N R Carrick - Director

The notes on pages 7 to 15 form part of these financial statements.

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

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.

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.

OSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(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 turnover is as follows:

	2000 £	1999 £
United Kingdom	48,454,065	43,068,218
Overseas	<u>1,242,015</u>	<u>1,895,052</u>
	<u>49,696,080</u>	<u>44,963,270</u>

All turnover originated in the United Kingdom.

3 Operating profit

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

	2000 £	1999 £
Movement in stocks of finished goods and work in progress	(1,187,278)	(213,941)
Government grants	(8,732)	(7,664)
Raw materials and consumables	33,903,288	29,564,907
Auditors' remuneration - audit fees	14,303	6,000
- non audit services	-	1,790
Operating lease charges - plant	178,766	168,069
- other	138,314	64,500
Other external charges	3,578,943	3,006,305
Staff costs (note 5)	8,711,321	8,026,146
Depreciation on owned assets	140,879	120,136
Depreciation on assets held under finance leases	111,718	80,758
Other operating income	(66,711)	-
Other operating charges	<u>576,100</u>	<u>503,100</u>
	<u>46,090,911</u>	<u>41,320,106</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

4 Interest payable and similar charges (net)	2000	1999
	£	£
Capital charge by ultimate parent company	509,350	503,100
Interest on finance leases	30,474	17,860
Other interest payable	<u>326,066</u>	<u>272,427</u>
	865,890	793,387
Interest received	<u>6,076</u>	<u>11,571</u>
	<u>859,814</u>	<u>781,816</u>

5 Directors and employees	2000	1999
	£	£
Staff costs:		
Wages and salaries	7,904,294	7,186,243
Social security costs	646,819	675,338
Other pension costs	139,866	127,618
Employees' profit sharing scheme	<u>20,342</u>	<u>36,947</u>
	<u>8,711,321</u>	<u>8,026,146</u>
Emoluments of the directors of the company were:		
Remuneration for management:	<u>310,700</u>	<u>334,843</u>

Total remuneration of the highest paid director was £183,193 (1999: £210,293) including £6,240 (1999: £12,487) of pension contributions.

	2000	1999
	£	£
The accrued pension entitlement of the highest paid director is:	16,005	11,924

	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	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 - 27TH AUGUST 2000

(continued)

5. Directors and employees (continued)	2000	1999
The average number of employees of the company during the year was:		
Management and administration	56	54
Production and sales staff	<u>336</u>	<u>323</u>
	<u>392</u>	<u>377</u>
6 Taxation	2000	1999
	£	£
The taxation charge based on the profit on ordinary activities is:		
U.K. corporation tax payable at 30% (1999: 30.59%)	826,500	885,000
Deferred taxation	<u>19,625</u>	<u>4,403</u>
	846,125	889,403
Adjustment in respect of prior years:		
Corporation tax	(1,915)	(3,225)
Deferred taxation	<u>(3,386)</u>	<u>1,684</u>
	<u>840,824</u>	<u>887,862</u>
7 Dividends	2000	1999
	£	£
Final dividend proposed of £6,346.67 per share (1999: £6,183.33)	<u>1,904,000</u>	<u>1,855,000</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 30th August 1999	1,807,905	37,300	1,845,205
Additions	793,569	-	793,569
Disposals	<u>(109,209)</u>	<u>—</u>	<u>(109,209)</u>
At 27th August 2000	<u>2,492,265</u>	<u>37,300</u>	<u>2,529,565</u>
Depreciation			
At 30th August 1999	1,151,825	16,925	1,168,750
Charged to profit and loss account	246,216	6,381	252,597
Eliminated in respect of disposals	<u>(96,459)</u>	<u>—</u>	<u>(96,459)</u>
At 27th August 2000	<u>1,301,582</u>	<u>23,306</u>	<u>1,324,888</u>
Net book values			
At 27th August 2000	<u>1,190,683</u>	<u>13,994</u>	<u>1,204,677</u>
At 29th August 1999	<u>656,080</u>	<u>20,375</u>	<u>676,455</u>

Assets costing £621,744 (1999 - £604,863) have been fully depreciated and are still in use.

The following tangible fixed assets held under finance lease and hire purchase agreements are included in plant.

	2000 £	1999 £
Cost	1,245,888	853,002
Depreciation	<u>597,495</u>	<u>520,779</u>
Net book values	<u>648,393</u>	<u>332,223</u>

9 Stocks

	2000 £	1999 £
Raw materials	1,241,173	1,120,620
Work in progress	133,400	125,092
Finished goods	<u>3,443,815</u>	<u>2,264,845</u>
	<u>4,818,388</u>	<u>3,510,557</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

10 Debtors	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	8,503,821	9,014,760
Taxation recoverable	204,061	114,825
Other debtors	26,829	-
Prepayments and accrued income	<u>354,839</u>	<u>224,828</u>
	<u>9,089,550</u>	<u>9,354,413</u>

11 Creditors	2000 £	1999 £
Amounts falling due within one year:		
Trade creditors	6,110,761	5,072,140
Amount owed to ultimate parent company	5,432,077	5,272,743
Amounts owed to fellow subsidiary undertakings	35,048	42,604
Corporation tax	828,384	836,912
Other taxation	59,151	43,645
Social security	62,607	47,749
Other creditors	2,231,768	1,914,266
Accruals and deferred income	734,927	719,303
Dividend payable	1,904,000	1,855,000
Obligations and under finance leases (note 15)	<u>113,673</u>	<u>60,007</u>
	<u>17,512,396</u>	<u>15,864,369</u>

Amounts falling due after more than one year:

Obligations under finance leases (note 15)	<u>377,786</u>	<u>120,328</u>
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Other creditors £2,231,768 (1999:£1,914,266) comprise advances under a debtor financing agreement.

12 Provisions for liabilities and charges

	Warranty provision £	Deferred taxation £	Total £
At 30th August 1999	152,000	12,566	164,566
Utilised	(310,000)	-	(310,000)
Charge to profit and loss account	<u>316,000</u>	<u>16,239</u>	<u>332,239</u>
At 27th August 2000	<u>158,000</u>	<u>28,805</u>	<u>186,805</u>

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

12 Provisions for liabilities and charges (continued)	2000 £	1999 £
Analysis of deferred taxation:		
Accelerated tax allowances	27,214	7,872
Other timing differences	<u>1,591</u>	<u>4,694</u>
	<u>28,805</u>	<u>12,566</u>
 13 Called up share capital	 2000 £	 1999 £
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	 2000 £	 1999 £
(a) Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	1,904,531	1,973,486
Dividends	<u>(1,904,000)</u>	<u>(1,855,000)</u>
Net addition to equity shareholders' funds	531	118,486
Opening equity shareholders' funds	<u>27,288</u>	<u>(91,198)</u>
Closing equity shareholders' funds	<u>27,819</u>	<u>27,288</u>
(b) Profit and loss account		
Balance at 30th August 1999	26,988	
Profit for the year	<u>531</u>	
Balance at 27th August 2000	<u>27,519</u>	

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

15 Leasing obligations	2000 £	1999 £
(a) Future commitments due under finance leases are:		
Within one year	122,152	71,766
Between two and five years	<u>389,474</u>	<u>140,495</u>
	511,626	212,261
Less: future finance charges	<u>20,167</u>	<u>31,926</u>
	<u>491,459</u>	<u>180,335</u>
Shown in creditors (Note 11) as:		
Amounts falling due within one year	113,673	60,007
Amounts falling due after more than one year	<u>377,786</u>	<u>120,328</u>
	<u>491,459</u>	<u>180,335</u>
(b) Annual commitments due under non-cancellable operating leases are:		
Land and buildings leases which expire:		
Within one year	-	64,500
Between two and five years	40,500	-
In five years of more	<u>219,775</u>	<u>-</u>
	<u>260,275</u>	<u>64,500</u>
Plant leases which expire:		
Within one year	141,768	130,853
Between two and five years	<u>-</u>	<u>174,967</u>
	<u>141,768</u>	<u>305,820</u>

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

COSALT HOLIDAY HOMES LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

16 Capital commitments	2000	1999
	£	£
Contracted for but not provided for in the financial statements	<u>77,600</u>	<u>126,400</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.

Contributions by the company which amounted to £139,866 (1999: £127,618) 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

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.