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South Lakeland Caravans Limited

**Directors' report and financial
statements**

2906868

31 January 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2000.

Principal activities

The principal activities of the company are those of buying and selling caravans and operating caravan parks.

Business review

In the year ended 31 January 2000 the company reported an increase in operating profit of 30%, following a 46% increase in 1999. The growth is anticipated to continue following the acquisition of the trade and assets of two further caravan parks at the end of the year.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is £959,930.

Directors and directors' interests

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

Mr John C Morphet
Mrs Christina Morphet

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company.

Ordinary Shares

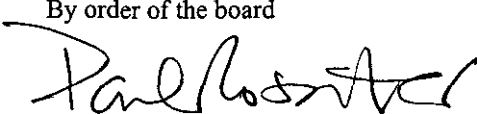
Mr John C Morphet	99
Mrs Christina Morphet	1

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P Rossiter
Secretary

South Lakeland House
Main A6
Yealand Redmayne
Nr. Carnforth
Lancashire

6 Oct 2000

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 and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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.



Edward VII Quay
Navigation Way
Ashton-on-Ribble
Preston
Lancashire PR2 2YF

Report of the auditors to the members of South Lakeland Caravans Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

11 October 2000

Profit and loss account
for the year ended 31 January 2000

	Note	2000 £	1999 £
Turnover	<i>1</i>	5,591,682	4,933,727
Cost of sales		(4,251,621)	(3,877,238)
Gross profit		1,340,061	1,056,489
Distribution costs		(97,172)	(114,923)
Administrative expenses		(166,171)	(115,333)
Operating profit		1,076,718	826,233
Loss on sale of fixed assets		-	(3,863)
Provision against fixed asset investments		(152,760)	-
Other interest receivable and similar income	<i>4</i>	349,572	47,863
Interest payable and similar charges	<i>5</i>	(108,523)	(131,602)
Profit on ordinary activities before taxation	<i>2</i>	1,165,007	738,631
Tax on profit on ordinary activities	<i>6</i>	(205,077)	(71,872)
Profit for the financial year	<i>16</i>	959,930	666,759

All of the above relate to the continuing operations of the company.

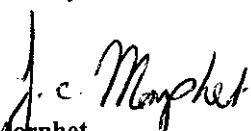
Statement of total recognised gains and losses
for the year ended 31 January 2000

The profit of £959,930 (1999: £666,759) as shown in the profit and loss account is the only gain or loss recognised in the accounts.

Balance sheet
at 31 January 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		14,082,634		4,243,196
Intangible assets	8		2		2
Investments	9		6,000		158,760
			<u>14,088,636</u>		<u>4,401,958</u>
Current assets					
Stocks	10	721,926		793,579	
Debtors	11	538,389		390,019	
Cash at bank and in hand		283,817		10,862	
		<u>1,544,132</u>		<u>1,194,460</u>	
Creditors: amounts falling due within one year	12	(2,500,405)		(1,657,950)	
Net current liabilities			<u>(956,273)</u>		<u>(463,490)</u>
Total assets less current liabilities			<u>13,132,363</u>		<u>3,938,468</u>
Creditors: amounts falling due after more than one year	13		(10,028,275)		(2,083,303)
Provisions for liabilities and charges	14		(288,993)		-
Net assets			<u>2,815,095</u>		<u>1,855,165</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account			2,814,995		1,855,065
Equity shareholders' funds	16		<u>2,815,095</u>		<u>1,855,165</u>

These financial statements were approved by the board of directors on 6 Oct 2000 and were signed on its behalf by:


 JC Morphet
 Director

Cash flow statement
for the year ended 31 January 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	17	993,580	1,419,538
Returns on investments and servicing of finance	19	(73,217)	(83,739)
Taxation		(120,672)	(186,672)
Capital expenditure	19	(10,012,393)	(271,957)
Financing	19	9,485,657	(920,938)
(Decrease)/Increase in cash	18	<u>272,955</u>	<u>(43,768)</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Hire caravans	-	25% per annum, reducing balance
Motor vehicles	-	25% per annum, reducing balance
Fixtures and fittings	-	25% per annum, reducing balance

No depreciation is provided on freehold land and buildings.

Goodwill

Purchased goodwill represents the excess of the fair value of the consideration given over the fair value of the separable assets acquired on the purchase of a business. Goodwill is written off over a period of seven years.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	12,000	11,500
Other services	33,000	26,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	172,955	166,156
Assets held under hire purchase agreements	-	3,473
Provision against fixed asset investments	152,760	-
Charged by associated business for wages	54,570	176,563

The provision against of fixed asset investments represents the write down in value of the companies subsidiary company as a result of the subsidiary company distributing its profit and loss reserves by way of a dividend. See notes 4 and 9.

3 Remuneration of directors

None of the directors received any remuneration in either this or the prior year.

4 Other interest receivable and similar income

	2000 £	1999 £
Dividends	314,266	-
Interest on private hire purchase agreements	35,306	47,863
	<u>349,572</u>	<u>47,863</u>

Notes (continued)

5 Interest payable and similar charges

	2000 £	1999 £
On bank loans, overdrafts and other loans wholly repayable within five years	104,637	129,224
HP interest	3,886	2,378
	<u>108,523</u>	<u>131,602</u>

6 Taxation

	2000 £	1999 £
UK corporation tax at 31% on the profit for the year on ordinary activities	-	204,588
Provision for deferred taxation	288,993	(83,631)
Adjustment relating to an earlier year	(12,789)	(20,960)
Corporation tax refund relating to earlier years	(71,127)	(28,125)
	<u>205,077</u>	<u>71,872</u>

No corporation tax is payable in the current year due to the availability of capital allowances.

7 Tangible fixed assets

	Freehold Land and buildings £	Hire caravans £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	3,655,939	538,682	211,494	75,980	4,482,095
Additions	7,003,005	3,007,556	58,509	3,250	10,072,320
Disposals	-	(84,819)	(3,600)	-	(88,419)
At end of year	<u>10,658,944</u>	<u>3,461,419</u>	<u>266,403</u>	<u>79,230</u>	<u>14,465,996</u>
Depreciation					
At beginning of year	-	140,365	82,602	15,932	238,899
Charge for year	-	111,036	46,094	15,825	172,955
On disposals	-	(28,492)	-	-	(28,492)
At end of year	<u>-</u>	<u>222,909</u>	<u>128,696</u>	<u>31,757</u>	<u>383,362</u>
Net book value					
At 31 January 2000	<u>10,658,944</u>	<u>3,238,510</u>	<u>137,707</u>	<u>47,473</u>	<u>14,082,634</u>
At 31 January 1999	<u>3,655,939</u>	<u>398,317</u>	<u>128,892</u>	<u>60,048</u>	<u>4,243,196</u>

Significant additions within freehold land and buildings and hire caravans relate to the acquisition of White Cross Bay Caravan Park.

Notes (continued)

8 Intangible fixed assets

Goodwill
£

Cost

Addition and net book value at end of year

2

9 Fixed asset investments

**Shares in
group
undertakings**
£

Total

£

Shares

Cost

At beginning and end of year

158,760

158,760

Provision for diminution in value

At beginning of year

-

-

Charge

152,760

152,760

152,760

152,760

Net book value

At 31 January 2000

6,000

6,000

At 31 January 1999

158,760

158,760

The undertaking in which the company's interest at the year end is more than 10% is as follows:

**Country of
registration
or
incorporation**

**Principal
activity**

**Class and
percentage
of shares
held**

Subsidiary undertakings

Hechinus Limited

UK

Dormant

100%

10 Stocks

**2000
£**

**1999
£**

Goods for resale

721,926

793,579

Notes (continued)

11 Debtors

	2000 £	1999 £
Trade debtors	532,573	211,977
Other debtors	-	156,896
Prepayments and accrued income	5,816	21,146
	<u>538,389</u>	<u>390,019</u>

Debtors include £nil (1999: £49,908) due after more than one year.

12 Creditors: amounts falling due within one year

	2000 £	1999 £
Obligations under hire purchase agreements	-	5,741
Bank loans and overdrafts	1,168,000	411,900
Payments received on account	728,856	409,889
Trade creditors	529,673	529,537
Corporation tax	-	204,588
Accruals and deferred income	73,876	96,295
	<u>2,500,405</u>	<u>1,657,950</u>

13 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans (repayment falling due between two and five years)	9,419,076	683,778
Amounts owed to:		
Subsidiary undertaking	6,000	391,467
South Lakeland Caravans	556,615	980,283
Hall More Caravan Park	46,584	27,775
	<u>10,028,275</u>	<u>2,083,303</u>

The bank loans are secured by a charge over of the company's caravan parks.

Notes (continued)

14 Provision for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000		1999	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and capital allowances	501,049	-	-	-
Losses available for relief in future years	(212,056)	-	-	-
	<u>288,993</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Called up share capital

	2000	1999
	£	£
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

16 Reconciliation of movement in shareholders' funds for the year ended 31 January 2000

	2000	1999
	£	£
Profit for the financial year	959,930	666,759
Opening shareholders funds	1,855,165	1,188,406
Closing shareholders funds	<u>2,815,095</u>	<u>1,855,165</u>

17 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£	£
Operating profit	1,076,718	826,233
Depreciation charge	172,955	169,629
Decrease/(increase) in stocks	71,653	(57,713)
Increase in debtors	(148,370)	(71,908)
(Decrease)/increase in creditors	(179,376)	553,297
Net cash inflow from operating activities	<u>993,580</u>	<u>1,419,538</u>

Notes *(continued)*

18 Reconciliation of net cash flow to movement in net debt

	£
Increase in cash in the period	272,955
Cash inflow from increase in debt	(9,485,657)
Net debt at 1 February 1999	(1,090,557)
Net debt at 31 January 2000	<u>(10,303,259)</u>

19 Gross cash flows

	2000 £	£	1999 £	£
Returns on investments and servicing of finance				
Interest received	35,306		47,863	
Interest paid	(108,523)		(131,602)	
	<u> </u>	(73,217)	<u> </u>	(83,739)
Capital expenditure				
Payments to acquire tangible fixed assets	(10,072,320)		(298,554)	
Receipts from sales of tangible fixed assets	59,927		26,597	
	<u> </u>	(10,012,393)	<u> </u>	(271,957)
Financing				
Repayments of Hire Purchase agreements	(5,741)		(3,259)	
Repayment of amounts borrowed	(482,267)		(917,679)	
Medium term borrowings	9,973,665		-	
	<u> </u>	9,485,657	<u> </u>	(920,938)

20 Analysis of changes in net debt

	At 1 Feb 1999 £	Cash flows £	At 31 Jan 2000 £
Cash in hand and at bank	10,862	272,955	283,817
Debt due after 1 year	(683,778)	(8,735,298)	(9,419,076)
Debt due within one year	(417,641)	(750,359)	(1,168,000)
	<u> </u>	<u> </u>	<u> </u>
	(1,090,557)	(9,212,702)	(10,303,259)

Notes (continued)

21 Related party disclosures

The directors and shareholders of the company also own (in partnership) South Lakeland Caravans.

Mr John Morphet is also a partner in North Country Leisure and Hall More caravan park, a business operated in conjunction with his late mother.

Hechinus Limited is a subsidiary company of South Lakeland Caravans Limited. This company has been dormant during the year, apart from the payment of a dividend of £314,266

Transactions with these related parties during the year and the amounts outstanding to/from these parties at the year end were as follows:

	At 31 January 2000 Creditor £
South Lakeland Caravans	673,607
Hall More Caravan Park	46,584
Hechinus Limited	389,784

South Lakeland Caravans partnership paid £54,570 to the company in respect of wages and national insurance paid to employees who had worked for the partnership during the year.

South Lakeland Caravans partnership paid £68,400 to the company for caravan siting and advertising costs during the year.

South Lakeland Caravans partnership charged commissions of £264,169 (1999:£ 157,176) to the company in respect of sales of caravans made during the year onto their parks.

Hall More charged commissions of £22,720 (1999:£27,775) in respect of sales of caravans made during the year onto its park.