

ABI (UK) Limited

Report and Financial Statements

31 August 2015

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COMPANIES HOUSE

Directors

M G Copper
R J Jones
D A Hague
P A Clackstone

Secretary

R J Jones

Auditors

Ernst & Young LLP
24 Marina Court
Castle Street
Hull HU1 1TJ

Bankers

Barclays Bank PLC
6 East Parade
Leeds LS1 2UX

Solicitors

DLA LLP
Princes Exchange
Princes Square
Leeds LS1 4BY

Registered Office

Swinemoor Lane
Beverley
East Yorkshire HU17 0LJ

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 August 2015.

Principal activity and review of the business

The principal activity of the company is the manufacture and sale of Caravan Holiday Homes.

The key financial and other performance indicators during the year were as follows:

	2015 £000	2014 £000	Change %
Turnover	74,469	64,718	+15.1%
Operating profit	9,857	7,358	+34.0%
Profit after tax	7,587	5,504	+37.8%
Equity shareholders' funds	42,627	40,540	+5.1%
Average number of employees	363	346	+4.9%

The core market for our products increased during the financial year 15.7% and manufacturing capacity was adjusted accordingly to ensure the business production output remained consistent with this change in demand.

Principal risks and uncertainties

Competitive risks

The business risks faced by the company are considered to be the market competition, the state of the UK economy and its impact on demand. The business manages this risk by maintaining strong relationships with its customers and adapting to market demands and the needs of these customers.

Financial instruments risks

The company exposure to movement in interest rates is managed by its parent undertaking, ABI Beta Limited.

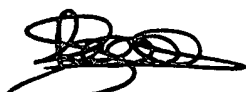
Use of derivatives

The company manages its exposure to movements in exchange rates by conducting its trade in sterling. The company does not use forward foreign exchange contracts.

Exposure to credit, liquidity and cash flow risk

Credit risk is managed by the application of credit worthiness and collection procedures. The company manages its cash flow risk and liquidity risk by its parent undertaking ensuring the group has adequate working capital facilities.

By order of the Board



R J Jones

Secretary
30 November 2015

Registered No. 3553786

Directors' report

The directors present their report and financial statements for the year ended 31 August 2015.

Results and dividends

The profit for the year after taxation amounted to £7,587,000 (2014 – profit of £5,504,000). The company has paid an interim dividend of £5,500,000 (2014 – £4,500,000) during the year. The directors do not recommend a final dividend (2014 – £nil).

Preference dividends of £nil (2014 – £nil) were declared during the year. See note 8 for further information.

Research and development

The company invests in research and development to continue to develop its products and production process.

Future developments

Caravan manufacturing remains the core business and continues to show healthy margins in the long term.

Financial instruments

The company has not entered into any financial instruments.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year were as follows:

M G Copper

R J Jones

D A Hague

P A Clackstone (appointed 4 September 2014)

Disabled employees

During the year, the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled while in the employment of the company, as well as generally through training and career development.

Disclosure of information to the auditors

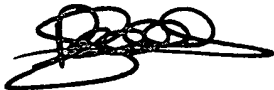
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



R J Jones
Secretary
30 November 2015

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of ABI (UK) Limited

We have audited the financial statements of ABI (UK) Limited for the year ended 31 August 2015 which the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of ABI (UK) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Frostick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
30 November 2015

Profit and loss account

for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Turnover	2	74,469	64,718
Cost of sales		<u>(62,731)</u>	<u>(55,528)</u>
Gross profit		11,738	9,190
Administrative expenses		<u>(1,881)</u>	<u>(1,832)</u>
Operating profit	3	9,857	7,358
Profit on sale of fixed assets		2	1
Interest receivable and similar income		5	3
Interest payable and similar charges	6	<u>(251)</u>	<u>(244)</u>
Profit on ordinary activities before taxation		9,613	7,118
Tax	7	<u>(2,026)</u>	<u>(1,614)</u>
Profit for the financial year	14	<u>7,587</u>	<u>5,504</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 August 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £7,587,000 in the year ended 31 August 2015 (2014 – profit of £5,504,000).

Note of historical cost profits and losses

for the year ended 31 August 2015

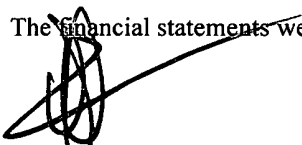
	2015 £000	2014 £000
Reported profit on ordinary activities before taxation	9,613	7,118
Excess of actual depreciation charge over historical cost depreciation	<u>7</u>	<u>7</u>
Historical cost profit on ordinary activities before taxation	<u>9,620</u>	<u>7,125</u>

Balance sheet

at 31 August 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	9	4,418	4,415
Current assets			
Stocks	10	2,685	2,610
Debtors	11	40,073	39,873
Cash at bank and in hand		7,513	8,398
		50,271	50,881
Creditors: amounts falling due within one year	12	(12,080)	(14,771)
Net current assets		38,191	36,110
Total assets less current liabilities		42,609	40,525
Provisions for liabilities			
Deferred taxation	7(c)	18	15
Net assets		42,627	40,540
Capital and reserves			
Issued share capital	13	7,059	7,059
Revaluation reserve	14	1,424	1,431
Profit and loss account	14	34,144	32,050
Shareholders' funds	15	42,627	40,540

The financial statements were approved for issue by the board on 30 November 2015.


M G Copper
Director

Notes to the financial statements

at 31 August 2015

1. Accounting policies

Basis of preparation

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

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes group financial statements.

Tangible fixed assets

Tangible fixed assets, other than land and buildings, are stated at their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, using the straight-line method over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Land	–	nil
Buildings	–	2%
Plant and machinery	–	10%
Motor vehicles	–	20%
Office equipment	–	20%

Land and buildings are held at valuation on the basis of open market value for existing use based on valuations carried out every three years by independent professional valuers and updated on an annual basis by the directors after taking advice from independent professional advisers.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes to the financial statements

at 31 August 2015

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date that the transaction occurred. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31 August 2015. Exchange differences are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the assets had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account on a straight-line basis. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

Pensions

The company operates a stakeholder pension scheme for staff and a money purchase pension scheme for directors. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge relates to the money purchase scheme and represents contributions payable in the year.

2. Turnover

Turnover originates in the UK from the company's continuing principal activity, being the manufacture and sales of leisure homes. Turnover, which excludes value added tax, is analysed by geographical area below:

	2015	2014
	£000	£000
UK	72,717	62,778
Europe (excluding United Kingdom)	1,752	1,940
	<u>74,469</u>	<u>64,718</u>

Notes to the financial statements

at 31 August 2015

3. Operating profit

This is stated after charging:

		2015 £000	2014 £000
Auditors' remuneration:			
– audit services		42	42
– other services		18	18
Depreciation charge for the year:			
– tangible owned fixed assets		298	274
Operating leases:			
– hire of plant and machinery		73	59
– hire of land and buildings		116	116

Included within auditors' remuneration for audit services, is £6,000 in respect of the audit, of ABI (UK) Holdings Limited, ABI (UK) Group Limited, ABI Alpha Limited and ABI Beta Limited.

4. Directors' remuneration

The remuneration paid or repayable to the company's directors are:

		2015 £000	2014 £000
Aggregate remuneration:			
Remuneration		864	721
Contributions to money purchase pension schemes		45	43
		909	764
In respect of the highest paid director:			
Remuneration		339	324
Contributions to money purchase pension schemes		29	29
Aggregate remuneration		368	353

There are 4 directors accruing retirement benefits under money purchase pension schemes (2014 – 3).

5. Staff costs

		2015 £000	2014 £000
Wages and salaries		11,674	10,359
Social security costs		1,187	1,055
Employer pension contributions		144	75
		13,005	11,489

Notes to the financial statements

at 31 August 2015

5. Staff costs (continued)

The average monthly number of persons (including executive directors), employed by the company during the year was:

	2015 No.	2014 No.
Production	336	319
Office and management	27	27
	<u>363</u>	<u>346</u>

6. Interest payable and similar charges

	2015 £000	2014 £000
Interest payable on amounts wholly due within five years:		
Interest and charges on financing of trade debtors	251	244
	<u>251</u>	<u>244</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax on the profit for the year	1,409	862
Group relief payable	613	786
Adjustment in respect of previous year	7	24
Total current tax (note 7(b))	<u>2,029</u>	<u>1,672</u>
Deferred tax:		
Origination and reversal of timing differences:		
– current year	–	(39)
– prior year	(3)	(19)
Total deferred tax	<u>(3)</u>	<u>(58)</u>
Tax on profit on ordinary activities	<u>2,026</u>	<u>1,614</u>

Notes to the financial statements

at 31 August 2015

7. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	9,613	7,118
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%)	1,978	1,577
<i>Effects of:</i>		
Expenses not deductible for tax purposes	44	27
Depreciation in excess of capital allowances	14	15
Adjustment in respect of previous year	7	24
Other timing differences	(14)	29
Marginal relief	–	–
Current tax for the year (note 7(a))	2,029	1,672

(c) Deferred tax

	2015 £000	2014 £000
Accelerated capital allowances	8	20
Other timing differences	(26)	(35)
Provision for deferred tax	(18)	(15)
		£000
At 1 September 2014		(15)
Deferred tax credit in profit and loss account for year (note 7(a))		–
Deferred tax credit in profit and loss account for prior year (note 7(a))		(3)
At 31 August 2015		(18)

(d) Factors that may affect future tax charges

The Finance Act 2013 announced a reduction in the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Subsequently the Summer Budget 2015 introduced legislation to further reduce the main rate of corporation tax to 19% with effect from 1 April 2017 and to 18% by 1 April 2020. Deferred tax has been provided at 20% being the rate enacted at the Balance Sheet date. The effect of the change in tax rates is not material to the financial statements.

Notes to the financial statements

at 31 August 2015

8. Dividends

	2015 £000	2014 £000
Dividend on ordinary shares	5,500	4,500
	<u>5,500</u>	<u>4,500</u>

Preference shareholders have waived their right to receive preference dividends in the current and prior year.

9. Tangible fixed assets

	<i>Land and buildings</i> £000	<i>Plant and machinery</i> £000	<i>Motor vehicles</i> £000	<i>Office equipment</i> £000	<i>Total</i> £000
Cost:					
At 1 September 2014	3,265	2,503	194	633	6,595
Additions	–	149	87	65	301
Disposals	–	(105)	(3)	(293)	(401)
At 31 August 2015	<u>3,265</u>	<u>2,547</u>	<u>278</u>	<u>405</u>	<u>6,495</u>
Depreciation:					
At 1 September 2014	–	1,544	116	520	2,180
Charge for the year	37	172	37	52	298
Disposals	–	(105)	(3)	(293)	(401)
At 31 August 2015	<u>37</u>	<u>1,611</u>	<u>150</u>	<u>279</u>	<u>2,077</u>
Net book value:					
At 31 August 2015	<u>3,228</u>	<u>936</u>	<u>128</u>	<u>126</u>	<u>4,418</u>
At 1 September 2014	<u>3,265</u>	<u>959</u>	<u>78</u>	<u>113</u>	<u>4,415</u>

The net book value of plant and machinery above includes an amount of £nil (2014 – £nil) in respect of assets held under hire purchase finance.

The land and buildings were revalued as at 31 August 2015 by external Independent Chartered Surveyors, DTZ Debenham Tie Leung on the basis of open market value for existing use.

If the properties had never been valued they would have been included in the balance sheet at the following amounts:

	2015 £000	2014 £000
Historical cost	2,112	2,112
Depreciation based on historical cost	<u>(477)</u>	<u>(447)</u>
Net book value based on historical cost	<u>1,635</u>	<u>1,665</u>

Notes to the financial statements

at 31 August 2015

10. Stocks

	2015 £000	2014 £000
Raw materials and consumables	1,714	1547
Work in progress	785	968
Finished goods	186	95
	<u>2,685</u>	<u>2,610</u>

The replacement cost of the above stocks is not significantly different from the book values.

11. Debtors

	2015 £000	2014 £000
Debtors falling due within one year:		
Trade debtors	19,159	19,507
Other debtors	606	402
Prepayments and accrued income	632	288
	<u>20,397</u>	<u>20,197</u>
Debtors falling due after one year:		
Amounts owed by group undertakings	19,676	19,676
	<u>40,073</u>	<u>39,873</u>

12. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	6,651	8,314
Current corporation tax	609	372
Other taxation and social security costs	284	433
Other creditors	406	332
Accruals and deferred income	1,477	1,412
Amounts due to other group companies	2,653	3,908
	<u>12,080</u>	<u>14,771</u>

Notes to the financial statements

at 31 August 2015

13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2015 £000</i>	<i>No.</i>	<i>2014 £000</i>
Ordinary shares of £1 each	2,000,000	2,000	2,000,000	2,000
6% cumulative preference shares of £1 each	3,000,000	3,000	3,000,000	3,000
15% cumulative preference shares of £1 each	2,059,000	2,059	2,059,000	2,059
		<u>7,059</u>		<u>7,059</u>

The 15% cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 15% per annum. The 6% cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 6% per annum. The preference shares carry the right on winding up the company or other return of capital of the company, in priority to the holders of any other classes of shares, to the amount in respect of each preference share held equal to the amount paid up thereon and any premium paid. The preference shares carry no other rights to shares in the profits or assets of the company. All rights to preference dividends have been waived by shareholders and as a result the shares are retained within equity.

14. Movements on reserves

	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>
At 1 September 2014	1,431	32,050
Retained profit	–	7,587
Dividends	–	(5,500)
Transfer in respect of depreciation on revalued fixed assets	(7)	7
At 31 August 2015	<u>1,424</u>	<u>34,144</u>

15. Reconciliation of shareholders' funds

	<i>2015 £000</i>	<i>2014 £000</i>
Opening shareholders' funds	40,540	39,280
Profit for the year	7,587	5,504
Dividends	(5,500)	(4,500)
Revaluation of land and buildings	–	256
Closing shareholders' funds	<u>42,627</u>	<u>40,540</u>

16. Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements was £75,000 (2014 – £39,000).

Notes to the financial statements

at 31 August 2015

17. Pensions

The company operates a defined contribution and stakeholder pension scheme whereby contributions are made to the scheme operated by a number of major insurance companies. The amount charged to the profit and loss account is disclosed in note 5. There are no outstanding contributions at the year-end (2014 – £nil).

18. Other financial commitments

At 31 August 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	–	17	–	1
In two to five years	–	54	–	58
Over five years	116	–	116	–
	<u>116</u>	<u>71</u>	<u>116</u>	<u>59</u>

19. Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing related party transactions on the grounds that the group financial statements of the parent undertaking are publicly available.

20. Ultimate parent undertaking and controlling party

At 31 August 2015, the ultimate controlling party was Legal & General Group Plc, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by ABI Alpha Limited.

The largest group in which the results of the company are consolidated is that headed by Legal & General Group Plc. Copies of the group financial statements of the ultimate parent undertaking, Legal & General Group Plc are available on the group website, www.legalandgeneralgroup.com or from the company secretary at the registered office One Coleman Street, London, EC2R 5AA.