

ABI (UK) Limited  
Annual report  
for the year ended 31 August 2001

Registered Number 3553786



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for the year ended 31 August 2001  
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# **ABI (UK) Limited**

## **Directors' report for the year ended 31 August 2001**

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2001.

### **Principal activities**

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

### **Review of business and future developments**

The profit and loss account for the period is set out on page 4.

A disappointing but not unexpected trading result for the year, during which the company refocused on the business to concentrate exclusively on the manufacture and sale of Caravan Holiday Homes. This resulted in the Company ceasing the production of Touring Caravans and closing the Touring Caravan operations which the directors estimate accounted for approximately 70% of the trading loss for the year.

The Company also changed its senior management team during the year and implemented a simplified operating structure with reduced operating costs.

These changes, supported by the launch of new model ranges launched during the year, are expected to return the Company to an operating profit in 2002.

On 23 May 2001, 2,059,000 shares of £1 each were issued to the parent company thereby repaying the amount owed to the parent company.

### **Results and dividends**

The loss for the period after taxation amounted to £5,762,000 (2000: £280,000). Cumulative dividends of £268,000 (2000: £180,000) due to preference shareholders could not be declared due to insufficient distributable reserves. The dividend appropriated in the profit and loss account in accordance with FRS 4 has been credited back to reserves.

### **Directors and their interests**

The directors who held office during the year are given below:

A G Klesch

R J Summers

E C Horne

W J Ritchie

M G Copper (appointed: 16 January 2001)

A M Allwood (appointed: 1 September 2001)

M J Isaac (resigned: 16 January 2001)

A J Grant (resigned: 31 May 2001)

At 31 August 2001, no directors held any interest in the issued share capital of the Company.

# **ABI (UK) Limited**

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied in the year. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 August 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

## **Employment and health and safety policies**

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled, every practical effort is made to provide continuing employment.

The directors are committed to maintain and develop communication with employees, who are encouraged to become aware of and involve themselves in the performance of the company.

The management of safety continues to be of the highest priority for the company. This is attained through a structure of safety committees, policy guidelines and employee involvement.

## **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**



**Director**

Date: 28 June 2002

# ABI (UK) Limited

## Independent auditors' report to the members of ABI (UK) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the accounting policies and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

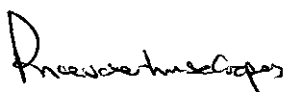
### Basis of audit opinion

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 at 31 August 2001 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
Hull

Date: 28 June 2002

## ABI (UK) Limited

### Profit and loss account for the year ended 31 August 2001

	Note	2001 £'000	2000 £'000
Turnover	1	31,575	41,795
Cost of sales		(34,688)	(39,421)
<b>Gross (loss)/profit</b>		<b>(3,113)</b>	2,374
Net operating expenses	2	(1,595)	(1,747)
<b>Operating (loss)/profit</b>		<b>(4,708)</b>	627
Interest received and similar income		-	3
Interest payable and similar charges	5	(1,054)	(910)
<b>Loss on ordinary activities before taxation</b>	6	<b>(5,762)</b>	(280)
Tax on loss on ordinary activities	7	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(5,762)</b>	(280)
Preference share dividend appropriation	8	(268)	(180)
<b>Deficit for the year</b>	16	<b>(6,030)</b>	(460)

All items dealt with in arriving at the loss on ordinary activities before taxation relate to continuing operations.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

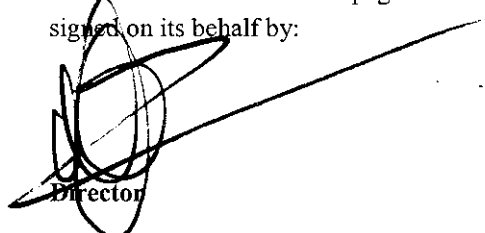
There is no material difference between the loss on ordinary activities before taxation and the deficit for the year stated above, and their historical cost equivalents.

# ABI (UK) Limited

## Balance sheet as at 31 August 2001

	Note	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Tangible assets	9	3,713	3,793
<b>Current assets</b>			
Stock	10	3,770	7,875
Debtors	11	6,824	8,977
		10,594	16,852
<b>Creditors: amounts falling due within one year</b>	12	(11,337)	(15,219)
<b>Net current (liabilities)/assets</b>		(743)	1,633
<b>Total assets less current liabilities</b>		2,970	5,426
<b>Creditors: amounts falling due after more than one year</b>	13	(2,221)	(1,296)
<b>Net assets</b>		749	4,130
<b>Capital and reserves</b>			
Called up share capital	15	7,059	5,000
Revaluation reserve	16	322	-
Profit and loss account	16	(6,632)	(870)
<b>Total shareholders' funds</b>	17	749	4,130
<b>Analysis of shareholders' funds</b>			
Equity	17	(4,871)	837
Non-equity	17	5,620	3,293
	17	749	4,130

The financial statements on pages 4 to 18 were approved by the board of directors on 28 June 2002 and were signed on its behalf by:



Director

# ABI (UK) Limited

## Cash flow statement for the year ended 31 August 2001

	Note	2001 £'000	2000 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	20	<b>1,033</b>	<b>(3,528)</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		-	3
Interest paid		(754)	(902)
Interest element of finance lease rental payments		(68)	(67)
Net cash flow from returns on investment and servicing of finance		(822)	(966)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(67)	(232)
Proceeds from sale of tangible fixed assets		81	-
Net cash inflow/(outflow) for capital expenditure and financial investment		14	(232)
<b>Net cash inflow/(outflow) before financing</b>		<b>225</b>	<b>(4,726)</b>
<b>Financing</b>			
Bank loan repaid in year		(278)	1,226
Financing of trade debtors		(327)	4,291
Issue of preference share capital		2,059	-
Net loan repayments to group undertakings		(885)	-
Capital element of finance lease rental repayments		(203)	(197)
Net cash flow from financing		366	5,320
<b>Decrease in bank overdraft in the year</b>	21	<b>591</b>	<b>594</b>



# ABI (UK) Limited

## Accounting policies

### Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, the accounting policies set out below and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis which assumes the support of the ultimate parent undertaking. The directors have received a letter from the ultimate parent undertaking confirming that such support will be given for a period not less than twelve months from the date on which these accounts are signed.

### Tangible fixed assets

The cost of tangible fixed assets is 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	20%
Motor vehicles	25%
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.

### Finance and 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 asset 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.

### Stocks and work in progress

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

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. All other monetary assets and liabilities are translated at year end exchange rates and the resulting exchange differences are dealt with in the determination of the result for the financial year.

## **ABI (UK) Limited**

### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

# ABI (UK) Limited

## Notes to the financial statements for the year ended 31 August 2001

### 1 Turnover

Turnover, which excludes value added tax, is analysed by geographical area below:

	2001 £'000	2000 £'000
United Kingdom	26,149	31,044
Europe (excluding United Kingdom)	5,394	10,699
Rest of World	32	52
	31,575	41,795

### 2 Net operating expenses

	2001 £'000	2000 £'000
Administration costs	1,595	1,747

### 3 Directors' emoluments

The emoluments paid or payable to the directors of ABI (UK) Limited were:

	2001 £'000	2000 £'000
Aggregate emoluments	221	228
<b>In respect of the highest paid director:</b>		
Aggregate emoluments	78	94

Directors' emoluments includes an amount of £39,744 in respect of payments made as compensation for loss of office.

# ABI (UK) Limited

## 4 Employee information

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

	2001 Number	2000 Number
Production	360	450
Office and management	43	49
	403	499

	2001 £'000	2000 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	6,863	8,411
Social security costs	600	761
	7,463	9,172

## 5 Interest payable and similar charges

	2001 £'000	2000 £'000
Interest payable on amounts wholly due within five years:		
Lease interest	68	67
Interest on financing of trade debtors	575	466
Interest and similar charges due to related party (note 23)	411	377
	1,054	910

## **ABI (UK) Limited**

### **6 Loss on ordinary activities before taxation**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<hr/>		
Loss on ordinary activities before taxation is stated after charging:		
Costs incurred on aborted acquisition	-	70
Redundancy costs incurred on cessation of Caravan Touring Operations	<b>147</b>	-
Depreciation charge for the period:		
Tangible owned fixed assets	<b>190</b>	141
Tangible fixed assets held under finance leases	<b>198</b>	198
Auditors' remuneration for:		
Audit services	<b>30</b>	26
Other services	<b>4</b>	5
Hire of plant and machinery – operating leases	<b>16</b>	29
Hire of other assets - operating leases	<b>62</b>	45
<hr/>		

### **7 Tax on loss on ordinary activities**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<hr/>		
United Kingdom corporation tax at 31%		
Current	<b>£Nil</b>	£Nil
<hr/>		

### **8 Dividends**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
<hr/>		
Cumulative preference dividend not yet declared	<b>268</b>	180
<hr/>		

# ABI (UK) Limited

## 9 Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 September 2000	2,797	1,254	68	435	4,554
Additions	-	54	2	11	67
Disposals	-	(201)	(36)	-	(237)
Revaluation	203	-	-	-	203
<b>At 31 August 2001</b>	<b>3,000</b>	<b>1,107</b>	<b>34</b>	<b>446</b>	<b>4,587</b>
<b>Depreciation</b>					
At 1 September 2000	83	484	33	161	761
Charge for the year	36	258	7	87	388
Disposals	-	(137)	(19)	-	(156)
Revaluation	(119)	-	-	-	(119)
<b>At 31 August 2001</b>	<b>-</b>	<b>605</b>	<b>21</b>	<b>248</b>	<b>874</b>
<b>Net book value</b>					
<b>At 31 August 2001</b>	<b>3,000</b>	<b>502</b>	<b>13</b>	<b>198</b>	<b>3,713</b>
At 31 August 2000	2,714	770	35	274	3,793

The net book value of tangible fixed assets includes an amount of £345,000 (2000: £543,000) in respect of assets held under finance leases.

The land and buildings were revalued as at 31 August 2001 by independent Chartered Surveyors, PPH Commercial, on the basis of open market value for existing use.

For the land and buildings which are included at valuation:

	2001	2000
	£'000	£'000
Historical cost	2,797	2,797
Depreciation based on historical cost	(119)	(83)
<b>Net book value based on historical cost</b>	<b>2,678</b>	<b>2,714</b>

# ABI (UK) Limited

## 10 Stocks

	2001	2000
	£'000	£'000
Raw materials and consumables	2,368	4,623
Work in progress	247	125
Finished goods	1,155	3,127
	3,770	7,875

## 11 Debtors

	2001	2000
Amounts falling due within one year	£'000	£'000
Trade debtors	6,379	8,302
Other debtors	300	474
Prepayments and accrued income	145	201
	6,824	8,977

## 12 Creditors: amounts falling due within one year

	2001	2000
	£'000	£'000
Bank loans	277	277
Bank overdraft	649	1,240
Amount owed to parent undertaking	-	2,059
Obligations under finance leases	197	197
Financing of trade debtors	4,302	4,629
Trade creditors	4,499	6,170
Other taxation and social security	1,037	199
Other creditors and accruals	376	448
	11,337	15,219

The bank loans and financing of trade debtors are secured by a fixed and floating charge over the assets of the Company.

## ABI (UK) Limited

### 13 Creditors: amounts falling due after more than one year

	2001	2000
	£'000	£'000
Amount owed to fellow subsidiary undertaking	1,406	-
Bank loans	671	949
Obligations under finance leases	144	347
	2,221	1,296

The amount owed to fellow subsidiary undertaking represents a loan of £1,174,000 from Klesch & Company Limited together with accrued interest and related costs of £232,000 (see note 23).

#### Maturity of financial liabilities

The net financial obligations to which the Company is committed are:

	Bank loans	Finance leases	2001	2000
	£'000	£'000	Total	Total
	£'000	£'000	£'000	£'000
In one year or less	277	197	474	474
Between one and two years	278	144	422	475
Between two and five years	393	-	393	821
	948	341	1,289	1,770

### 14 Provisions for liabilities and charges

No provision is required for deferred taxation. The deferred taxation asset arising in respect of the losses for the period has not been recognised.



# ABI (UK) Limited

## 15 Called up share capital

	2001 £'000	2000 £'000
<b>Authorised</b>		
2,000,000 ordinary shares of £1 each	2,000	2,000
3,000,000 6% cumulative preference shares of £1 each	3,000	3,000
2,059,000 15% cumulative preference shares of £1 each	2,059	-
	<b>7,059</b>	<b>5,000</b>
<b>Allotted, called up and fully paid</b>		
2,000,000 ordinary shares of £1 each	2,000	2,000
3,000,000 6% cumulative preference shares of £1 each	3,000	3,000
2,059,000 15% cumulative preference shares of £1 each	2,059	-
	<b>7,059</b>	<b>5,000</b>

On 23 May 2001, the authorised share capital of the company was increased to £7,059,000 through the creation of 2,059,000 15% cumulative preference shares of £1 each and on the same date 2,059,000 shares were issued to the parent undertaking thus repaying the amount owed to the parent undertaking.

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 of 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.

## 16 Reserves

	Revaluation reserve £'000	Profit and loss £'000
At 1 September 2000	-	(870)
Revaluation in year (note 9)	322	-
Loss for the year	-	(6,030)
Cumulative preference dividend not yet declared	-	268
<b>At 31 August 2001</b>	<b>322</b>	<b>(6,632)</b>

## ABI (UK) Limited

### 17 Reconciliation of movements in shareholders' funds'

	Equity	Non equity	Total
	£'000	£'000	£'000
Opening shareholders' funds	837	3,293	4,130
Revaluation in year (note 9)	322	-	-
Loss for the year	(5,762)	-	(5,762)
Dividends	(268)	268	-
Shares issued during the period (note 15)	-	2,059	2,059
<b>Closing shareholders' funds</b>	<b>(4,871)</b>	<b>5,620</b>	<b>749</b>

### 18 Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements was £nil as at 31 August 2001 (2000: £nil).

### 19 Financial commitments

At 31 August 2001 the Company had annual commitments of £nil under non-cancellable operating leases (2000: £nil).

## ABI (UK) Limited

### 20 Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities

	2001	2000
	£'000	£'000
Operating (loss)/profit	(4,708)	627
Depreciation	388	339
Decrease/(increase) in stocks	4,105	(1,748)
Decrease/(increase) in trade debtors	1,923	(4,571)
Decrease in prepayments	56	10
Decrease/(increase) in other debtors	174	(2)
(Decrease)/increase in trade creditors	(1,671)	1,826
Increase in other taxation and social security creditor	838	24
Decrease in other creditors and accruals	(72)	(33)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,033</b>	<b>(3,528)</b>

### 21 Analysis of net debt

	1 September 2000	Cash flows	31 August 2001
	£'000	£'000	£'000
Bank overdraft	(1,240)	591	(649)
Finance leases	(544)	203	(341)
Financing of trade debtors	(4,629)	327	(4,302)
Bank loan	(1,226)	278	(948)
Loans from group undertakings	(2,059)	885	(1,174)
<b>Net debt</b>	<b>(9,698)</b>	<b>2,284</b>	<b>(7,414)</b>

## **ABI (UK) Limited**

### **22 Ultimate controlling party**

The immediate parent undertaking is KCP (Holdings) Limited, a company registered in Bermuda. The ultimate parent and controlling party is Klesch Capital Partners, L.P., a Bermudan based limited partnership. The ultimate parent undertaking has indicated its intention to continue to provide financial support to the company to enable it to meet its liabilities as they fall due.

### **23 Related party transactions**

Klesch & Company Limited is the investment adviser to Klesch Capital Partners, L.P. and is controlled by a director, A G Klesch. Management charges and expenses (excluding interest payable and similar charges as disclosed in note 5) of £315,458 (2000: £303,948) were charged by Klesch & Company Limited to the Company in the year ended 31 August 2001. At 31 August 2001, the balance outstanding to Klesch & Company Limited was £342,370 (2000: £120,236).

Additionally, as at 31 August 2001, £1,174,000 of loan finance and £232,000 of related costs was owed by the company to Klesch & Company Limited. After the year-end this balance of £1,406,000 was transferred to KCP (Holdings) Limited (the immediate parent undertaking) who have confirmed that they will not seek repayment of this amount within the period not less than twelve months from the date on which these accounts are signed unless alternative financing has been provided.