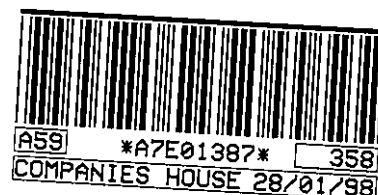


Registered No: 2233597

CONTINENTAL CARAVANS LIMITED
Annual report
for the year ended 31 March 1997



**Directors' report
for the year ended 31 March 1997**

The directors present their report and the audited financial statements for the year ended 31 March 1997.

Principal activity

The principal activity of the company continues to be the wholesale and retail distribution of mobile homes, caravans and associated equipment.

Directors

The directors of the company at 31 March 1997, all of whom have been directors for the whole of the year ended on that date, were:

Mr J P Lewis
Mrs L Lewis
Mr G N Lewis
Mrs R M Ebsworth

Directors' interests in shares of the company

The interests of the directors of the company at 31 March 1997 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Number of ordinary shares of £1 each	
	1997	1996
Mr J P Lewis	510	510
Mrs L Lewis	240	240
Mr G N Lewis	150	150
Mrs R M Ebsworth	50	50

Close company provisions

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year.

The directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 March 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

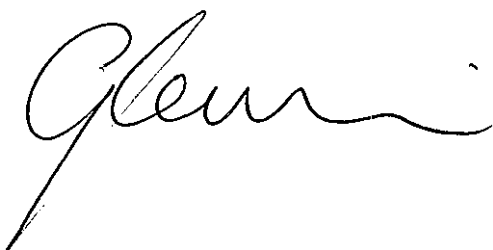
Exemptions

In preparing the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'Glen', written in a cursive style.

**Report of the auditors to the members of
CONTINENTAL CARAVANS LIMITED**

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

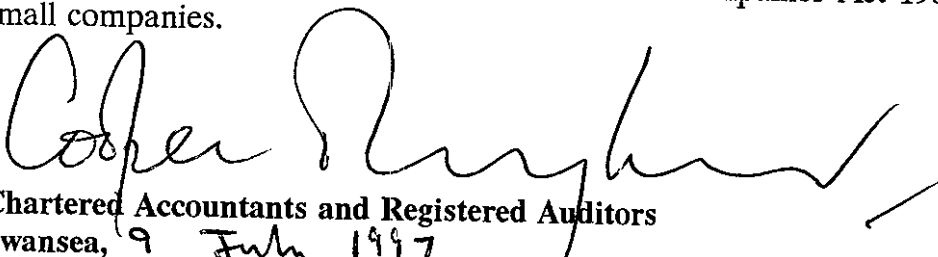
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Chartered Accountants and Registered Auditors
Swansea, 9 July 1997

**Profit and loss account
for the year ended 31 March 1997**

	Notes	1997 £	1996 £
Turnover	2	1,946,440	2,136,558
Cost of sales		(1,483,404)	(1,751,002)
Gross profit		<u>463,036</u>	<u>385,556</u>
Other operating expenses	3	(378,640)	(311,840)
Operating profit		<u>84,396</u>	<u>73,716</u>
Interest payable and similar charges	5	(35,969)	(31,665)
Profit on ordinary activities before taxation	6	48,427	42,051
Tax on profit on ordinary activities		(13,893)	-
Profit for the year		<u><u>34,534</u></u>	<u><u>42,051</u></u>

The company has no recognised gains and losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented.

The turnover and operating profit shown above arose entirely from continuing operations.

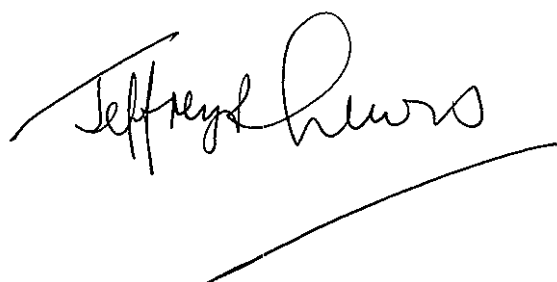
Balance sheet at 31 March 1996

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	8	165,912	145,404
Current assets			
Stocks	9	305,878	318,635
Debtors	10	66,582	88,463
Cash at bank and in hand		6,127	702
		378,587	407,800
Creditors: amounts falling due within one year	11	(284,296)	(329,880)
Net current assets		94,291	77,920
Total assets less current liabilities		260,203	223,324
Creditors: amounts falling due after more than one year	12	(217,173)	(214,828)
Net assets		43,030	8,496
Capital and reserves			
Called-up share capital	13	1,000	1,000
Profit and loss account	14	42,030	7,496
Equity shareholders' funds	15	43,030	8,496

In preparing the company's annual accounts advantage has been taken of special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985 because, in the directors' opinion, as it meets the conditions the company is entitled to these exemptions as a small company.

The financial statements on pages 4 to 12 were approved by the board of directors on 26 June 1997 and were signed on its behalf by:

Director



Notes to the financial statements for the year ended 31 March 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Building improvements	5-20
Plant and machinery	25
Motor vehicles	25
Fixtures, fittings and equipment	25

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase cost and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Turnover

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

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Provision is made for deferred taxation at the rate of corporation tax expected to be in force when the timing differences reverse (the liability method), to the extent that it is anticipated that a liability will crystallise.

Finance and operating leases

Costs in respect of operating leases are charged 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. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction.

Cash flow statement

A cash flow statement is not included in these financial statements as the company is a small company in accordance with section 247(3) of the Companies Act 1985.

2 Turnover

The turnover of the company has arisen entirely in the United Kingdom and relates to the sale of caravans and associated equipment.

3 Other operating expenses

	1997 £	1996 £
Distribution costs	56,148	56,326
Administrative expenses	330,940	260,860
	<hr/>	<hr/>
	387,088	317,186
Less: other operating income	(8,448)	(5,346)
	<hr/>	<hr/>
	378,640	311,840
	<hr/>	<hr/>

4 Employee information

The average weekly number of persons (including executive directors) employed during the year, all of whom were involved in the retail sale of caravans and accessories, was 8 (1996: 9).

	1997 £	1996 £
Staff costs (for the above persons):		
Wages and salaries	97,400	89,458
Social security costs	7,860	7,900
	<hr/>	<hr/>
	105,260	97,358
	<hr/>	<hr/>

5 Interest payable and similar charges

	1997	1996
	£	£
On bank loans, overdrafts and other loans:		
Repayable in more than 5 years, by instalments	20,304	2,650
Repayable within 5 years, not by instalments	8,832	25,768
On hire purchase contracts	6,833	3,247
	<u>35,969</u>	<u>31,665</u>

6 Profit for the year

	1997	1996
	£	£
The profit for the year is stated after charging:		
Directors' emoluments	60,089	60,163
Depreciation charge for the year:		
Tangible owned fixed assets	20,354	25,360
Fixed assets held under HP agreements	14,446	9,240
Auditors' remuneration for audit	2,400	2,200
Operating lease rentals - land and buildings	42,732	24,322
	<u>42,732</u>	<u>24,322</u>

7 Taxation

	1997	1996
	£	£
United Kingdom corporation tax at 24%:		
Current	12,000	-
Adjustment in respect of prior years	1,893	-
	<u>13,893</u>	<u>-</u>

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 April 1996	87,326	157,899	73,148	318,373
Additions	12,586	91,404	54	104,044
Disposals	-	(62,629)	-	(62,629)
At 31 March 1997	99,912	186,674	73,202	359,788
Depreciation				
At 1 April 1996	40,401	70,157	62,411	172,969
Charge for year	5,676	22,620	6,504	34,800
Eliminated in respect of disposals	-	(13,893)	-	(13,893)
At 31 March 1997	46,077	78,884	68,915	193,876
Net book value				
At 31 March 1997	53,835	107,790	4,287	165,912
Net book value				
At 31 March 1996	46,925	87,742	10,737	145,404

The land and buildings are improvements to the company's leasehold premises. The net book value of tangible fixed assets includes an amount of £83,490 (1996: £64,872) in respect of assets held under hire purchase agreements.

9 Stocks

	1997 £	1996 £
Goods for resale	305,878	318,635

At 31 March 1997 goods for resale amounting to £84,300 (1996: £22,248) had been supplied by creditors subject to reservation of title.

10 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	64,700	67,282
Other debtors	1,882	3,181
Prepayments	-	18,000
	66,582	88,463

11 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	45,381	63,949
Trade creditors	186,591	231,594
Accruals	15,852	10,243
Corporation tax	12,000	-
Hire purchase instalments due within one year	16,491	11,542
Other taxation and social security payable	7,187	8,435
Directors' loan account	794	4,117
	<u>284,296</u>	<u>329,880</u>

The bank loans and overdrafts are secured by fixed and floating charges on all the assets of the company.

12 Creditors: amounts falling due after one year

	1997 £	1996 £
Bank loans	190,813	196,498
Hire purchase obligations	26,360	18,330
	<u>217,173</u>	<u>214,828</u>

The hire purchase obligations to which the company is committed are:

	1997 £	1996 £
In one year or less	16,491	11,542
Between two and five years	26,360	18,330
	<u>42,851</u>	<u>29,872</u>

Bank loans

The bank loans are repayable as follows:

	1997 £	1996 £
In one year or less	3,037	1,297
Between one and two years	4,778	3,037
Between two and five years	24,774	19,553
In five years or more	161,261	173,908
	<u>193,850</u>	<u>197,795</u>

Bank loans repayable in five years or more

	1997 £	1996 £
Two term loans repayable over 15 years from February 1996. Interest is charged at a rate of 10.8% per annum	161,261	173,908
	<u>161,261</u>	<u>173,908</u>

13 Called-up share capital

	1997 £	1996 £
Authorised 100,000 ordinary shares of £1	100,000	100,000
Allotted, called up and fully paid 1,000 (1996: 1,000) ordinary shares of £1	1,000	1,000
	<u>101,000</u>	<u>101,000</u>

14 Profit and loss account

	1997 £	1996 £
Retained profit/(accumulated losses) at 1 April 1996	7,496	(34,555)
Profit for the year	34,534	42,051
Retained profits at 31 March 1997	<u>42,030</u>	<u>7,496</u>

15 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	8,496	(33,555)
Profit for the year	34,534	42,051
Closing shareholders' funds	<u>43,030</u>	<u>8,496</u>

16 Capital commitments

No capital expenditure has been contracted for but not provided for in the financial statements.

17 Related party transactions

- (a) The company paid rent of £42,732 (1996: £24,322) to Mr J P and Mrs L Lewis, who are directors of the company, during the year. There were no rents outstanding at 31 March 1997.

At 31 March 1996 the company had annual commitments under a non-cancellable operating lease which expires in more than five years with Mr J P and Mrs L Lewis, amounting to £24,732.

- (b) The company employs Mrs L Lewis, who is Mr G N Lewis' wife. Mrs Lewis' salary was £10,140.

18 Controlling party

Mr J P Lewis, the managing director, is the controlling party by virtue of his controlling interest in the company's equity capital.