

COMPANIES HOUSE COPY

Auto-Sleepers Group Limited

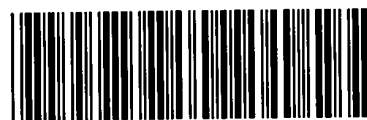
Report and Financial Statements

Year Ended

31 August 2017

Company Number 3978237

THURSDAY



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COMPANIES HOUSE



Auto-Sleepers Group Limited

**Report and financial statements
for the year ended 31 August 2017**

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Directors

M D Crouch
G Scott

Secretary and registered office

G Scott, Orchard Works, Willersey, Broadway, Worcestershire, WR12 7QF

Company number

3978237

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Auto-Sleepers Group Limited

Strategic report for the year ended 31 August 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 August 2017.

Principal activities, review of business and future developments

The company's principal activity is the manufacture and retailing of motor homes and caravans.

The company is a market leader in the UK of Peugeot, Volkswagen, Mercedes and Fiat based motor home sales. It continues to be a recognised converter for the Volkswagen Group United Kingdom Limited, Peugeot Motor Company, and Mercedes Benz UK.

The general improvement in the UK economic climate and renewed consumer confidence led to an overall increase in the new motorhome registrations of +16% (source the National Caravan Council). Despite this the Company continues to operate in a highly competitive market, and the Directors, wish to thank all the employees and business partners for assisting in the development of the business.

Capital investment made in earlier years in new retail sites is now making a significant impact to the profitability of the Company. Operating profit was up 21% at £8,930,402 for the year.

The Company's order book remains strong in line with the Directors' expectations.

All employees are eligible and encouraged to join the Auto-Enrolment pension scheme. Company contributions amounted to £450,410 in the year (2016 £531,144)

The Company meets its own working capital requirements through its own resources. In addition the Company is reliant on certain finance providers for retail stock financing of new vehicles. The Directors have no reason to believe the extent of which will be withdrawn or removed. The current economic climate creates uncertainty over the level of demand for the company's products and stock financing. The Company's projections and forecasts show that it should be able to operate within its own resources for the foreseeable future.

On 31 March 2017, the trade and assets of Marquis South Yorkshire Limited, a fellow subsidiary, were transferred at net book value to Auto-sleepers Group Limited, after which it ceased to trade.

On the 4th September 2017 the Company acquired 100% of the share capital of Michael Jordan Caravans, a caravan and motor home dealer based in Surrey. The acquisition was financed entirely from the Company's own cash resources. This investment will further strengthen the Company's position as a leading motor home and caravan distributor.

Key financial performance indicators

In the opinion of the Directors the key performance indicators of the business are turnover, operating profit and net cash position. Turnover increased by 20.4% to £132,257,595 (2016 - £109,803,917). Operating profit was up 21.2% to £8,930,402 (2016 - £7,373,778). The net cash position (including investments) improved in the year to £10,231,911 (2016 - £9,664,561).

Principal risks and uncertainties

The company's operations expose it to a variety of risks. The company has examined the major risks to the business and concluded that the main risks being credit related, supplies of chassis and the realisable value of stock.

Credit risk

The company has implemented policies that require appropriate credit checks on customers or full payment before delivery.

Auto-Sleepers Group Limited

Strategic report for the year ended 31 August 2017 (*continued*)

Supplies of chassis

Supplies of chassis are sourced through Peugeot, VW, Mercedes and Fiat. The company has little influence over those factories and supplies are sometimes unreliable. To help reduce this risk the company continues to use four different manufacturers for its supplies.

Principal risks and uncertainties (*continued*)

Realisable value of stock is determined by the market place. The company constantly monitors market pricing for adverse trends and takes timely appropriate action to mitigate any effect.

This report was approved by the board on 23/2/2018 and signed on its behalf.



G Scott

Secretary

23/2/18

Auto-Sleepers Group Limited

Directors' report for the year ended 31 August 2017

The directors present their report together with the audited financial statements for the year ended 31 August 2017.

Strategic report

The review of the business, key performance indicators, future developments and the principal risks and uncertainties are not shown in the directors report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the profit for the year.

A dividend of 57.12p per ordinary share was paid during the year (2016 - 40.51p).

Financial instruments

The company holds financial instruments to finance its operations, being trade debtors and trade creditors arising directly from the company's operations. Operations and working capital are funded principally out of retained profits.

Employment of disabled persons

It has been the policy of the company throughout the year to encourage the employment and development of suitable disabled persons.

No unnecessary limitations are placed on the type of work which disabled persons can perform and the policy ensures that in appropriate cases, consideration is given to modifications to equipment or premises and to adjustments in working practices.

The policies provides that full and fair consideration will be given to disabled applicants for employment and that existing employees who become disabled will have the opportunity to re train and continue in employment.

Employee involvement

During the year the policy of providing employees with information about the company has continued through the use of internal memos and bulletins. Regular communication occurs between management and employees to allow the free flow of information and ideas.

Financial risk management objectives and policies

Financial risk management objectives and policies have been formulated by the company to control the company's exposure to credit risk and the supplies of chassis risk.

Directors

The directors of the company during the year and up to the date of approval were:

M D Crouch
G Scott

Qualifying third party indemnity provisions

The company has in place qualifying third party indemnity provisions for all of the directors of Auto-sleepers Group Limited.

Auto-Sleepers Group Limited

Directors' report for the year ended 31 August 2017 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, directors' 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 applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). 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 judgements and accounting estimates that are reasonable and prudent; 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.

Post balance sheet events

On the 4th September 2017 the Company acquired 100% of the share capital of Michael Jordan Caravans, a caravan and motor home dealer based in Surrey. The company also acquired a freehold property in Plymouth after the year end.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 23/2/2018 and signed on its behalf.



G Scott
Secretary

23/2/18

Auto-Sleepers Group Limited

Independent auditor's report

To the member of Auto-sleepers Group Limited

Opinion

We have audited the financial statements of Auto-Sleepers Group Limited ("the Company") for the year ended 31 August 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Auto-Sleepers Group Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auto-Sleepers Group Limited

Independent auditor's report (*continued*)

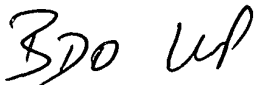
Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Stephen Hale (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date:

14/3/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Auto-Sleepers Group Limited

Statement of comprehensive income for the year ended 31 August 2017

| | Note | 2017 £ | 2016 £ |
|---|------|--------------------|-------------|
| Turnover | 4 | 132,257,595 | 109,803,917 |
| Cost of sales | | 110,565,340 | 91,341,656 |
| Gross profit | | 21,692,255 | 18,462,261 |
| Administrative expenses | | 12,761,853 | 11,088,483 |
| Operating profit | 5 | 8,930,402 | 7,373,778 |
| Dividends received | | 800,000 | - |
| Other interest receivable and similar income | | 28,981 | 31,849 |
| Interest payable and similar charges | 8 | (144,558) | (223,932) |
| Profit before taxation | | 9,614,825 | 7,181,695 |
| Taxation on profit | 9 | (1,719,835) | (1,460,588) |
| Profit and total comprehensive income for the year | | 7,894,990 | 5,721,107 |

There were no recognised gains and losses in the current and prior year other than those included in the statement of comprehensive income.

All amounts relate to continuing activities.

The notes on pages 11 to 26 form part of these financial statements.


Auto-Sleepers Group Limited

Statement of financial position As at 31 August 2017

| Company number 3978237 | Note | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|--|-------------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 2,595,320 | | 2,586,700 |
| Fixed asset investments | 12 | | 3,739,952 | | 3,739,952 |
| | | | <u>6,335,272</u> | | <u>6,326,652</u> |
| Current assets | | | | | |
| Stocks | 13 | 27,535,039 | | 27,589,686 | |
| Debtors | 14 | 1,656,884 | | 2,032,272 | |
| Cash and cash equivalents | 15 | 10,231,911 | | 9,664,561 | |
| | | <u>39,423,834</u> | | <u>39,286,519</u> | |
| Creditors: amounts falling due within one year | 16 | <u>23,793,039</u> | | <u>27,826,094</u> | |
| Net current assets | | | <u>15,630,795</u> | | <u>11,460,425</u> |
| Total assets less current liabilities | | | <u>21,966,067</u> | | <u>17,787,077</u> |
| Creditors: amounts falling due after more than one year | 17 | 500,000 | | 1,500,000 | |
| Provision for liabilities | 19 | <u>749,652</u> | | <u>645,652</u> | |
| | | | <u>1,249,652</u> | | <u>2,145,652</u> |
| | | | <u>20,716,415</u> | | <u>15,641,425</u> |
| Capital and reserves | | | | | |
| Share capital | 21 | | 4,937,100 | | 4,937,100 |
| Share premium account | | | 893,762 | | 893,762 |
| Revaluation reserve | | | 409,903 | | 409,903 |
| Profit and loss account | | | 14,475,650 | | 9,400,660 |
| Shareholders' funds | | | <u>20,716,415</u> | | <u>15,641,425</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 23/2/2018

G Scott
Director

 23/2/18

The notes on pages 11 to 26 form part of these financial statements.

Auto-Sleepers Group Limited

Statement of changes in equity for the year ended 31 August 2017

Year ended 31 August 2017

| | Share capital £ | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|---|-----------------------|----------------------------------|-----------------------------|------------------------------------|----------------------|
| 1 September 2016 | 4,937,100 | 893,762 | 409,903 | 9,400,660 | 15,641,425 |
| Comprehensive income for the year | | | | | |
| Profit for the period and total comprehensive income for the year | - | - | - | 7,894,990 | 7,894,990 |
| Total transactions with owners | | | | | |
| Dividends | - | - | - | (2,820,000) | (2,820,000) |
| 31 August 2017 | <u>4,937,100</u> | <u>893,762</u> | <u>409,903</u> | <u>14,475,650</u> | <u>20,716,415</u> |

Year ended 31 August 2016

| | Share capital £ | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|---|-----------------------|----------------------------------|-----------------------------|------------------------------------|----------------------|
| 1 September 2015 | 4,937,100 | 893,762 | 409,903 | 5,679,553 | 11,920,318 |
| Comprehensive income for the year | | | | | |
| Profit for the period and total comprehensive income for the year | - | - | - | 5,721,107 | 5,721,107 |
| Total transactions with owners | | | | | |
| Dividends | - | - | - | (2,000,000) | (2,000,000) |
| 31 August 2016 | <u>4,937,100</u> | <u>893,762</u> | <u>409,903</u> | <u>9,400,660</u> | <u>15,641,425</u> |

| | |
|-------------------------|---|
| Share capital | The nominal value of allotted and fully paid up ordinary share capital. |
| Share premium | The amount by which the amount received exceeds the share capital's nominal value. |
| Revaluation reserve | Cumulative gains and losses on the fair value of certain items of property, plant and equipment. |
| Profit and loss account | Cumulative net gains and losses recognised in the statement of comprehensive income, net of dividends paid. |

The notes on pages 11 to 26 form part of these financial statements.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017

1 General information

Auto-Sleepers Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instrument paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraphs 33.1A and 33.7

This information is included in the consolidated financial statements of Auto-Sleepers Investments Limited as at 31 August 2017 and these financial statements may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax and trade discounts on sales.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment or delivery to the customer. This is with the exception of those motor vehicles sold with September 2017 registration plates where the revenue cannot legally be recognised until on or after 1 September 2017.

Revenue excludes certain vehicles that are subject to sale and repurchase from the chassis manufacturer where in substance the risks and rewards of the inventory are retained by the company, and vehicles transferred at cost to fellow subsidiaries of the Auto-Sleepers Investments Limited group.

Service sales are recognised on completion of the agreed work.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017

2 Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

| | |
|-----------------------|---|
| Freehold property | - over 10 - 25 years |
| Leasehold property | - over the shorter of the estimated useful life of the asset or the remaining life of the lease |
| Plant and machinery | - over 2 - 8 years |
| Motor vehicles | - over 4 years |
| Fixtures and fittings | - over 3 - 5 years |

The assets' residual values, useful life and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

The company accounts for its property, plant and equipment using the cost model. Under previous GAAP, a valuation of certain assets was carried out by Quest Surveyors and Valuers as at 31 August 2014. Under the transitional arrangements of FRS 102 this valuation has been applied as the deemed cost at the revaluation date, subject to annual testing for indicators of impairment.

2.5 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis and includes transport and handling costs. Work in progress includes the cost of direct materials and labour plus attributable overheads based on normal levels of activity. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017

2 Accounting policies (continued)

2.6 Stocks (continued)

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment is recognised immediately in the statement of comprehensive income.

Where the nature of the agreement with the supplier confers the benefit and associated risk of ownership to the company on consignment, such stocks and the corresponding creditor are included on the statement of financial position, although the legal title remains with the supplier until sold.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income or expense'.

2.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017 (continued)

2 Accounting policies (continued)

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Financial instruments

Other than occasional forward currency contracts, the company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other amounts receivable and payable and loans to and from related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Forward exchange contracts are fair valued at each reporting date with the gain or loss recognised in the statement of comprehensive income.

2.16 Creditors

Short term creditors are measured at transaction price.

2.17 Provisions

A provision is recognised when the company has an obligation but the amount and timing are uncertain. These are measured at management's best estimate of the amount required to settle the obligation at the reporting date.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017 (continued)

2 Accounting policies (continued)

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.19 Operating leases - Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allow lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.20 Research and development costs

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

2.21 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Business combinations

Where a business combination meets the definition of a group reorganisation this is accounted for using the principles of merger accounting, with the trading results, assets and liabilities of the merging entity being included from the date of acquisition.

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

- *Work in progress*

Work in progress includes labour and overheads, these attributable costs are based on management's estimate of absorption of costs in the manufacturing process.

- *Stock provisions*

The company has recognised provisions for impairment of stock. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

- *Warranty provisions*

The company has recognised a three year warranty provision for motorhome and caravan sales. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and industry factors.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4 Turnover

| | 2017 £ | 2016 £ |
|----------------------------------|-------------|-------------|
| Analysis by geographical market: | | |
| United Kingdom | 125,663,235 | 105,623,951 |
| Rest of the world | 6,594,360 | 4,179,966 |
| | <hr/> | <hr/> |
| | 132,257,595 | 109,803,917 |
| | <hr/> | <hr/> |

Turnover is wholly attributable to the principal activity of the company.

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (continued)

5 Operating profit

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| This has been arrived at after charging/(crediting): | | |
| Research and development – current year's expenditure | 347,514 | 422,488 |
| Depreciation of tangible fixed assets | 382,850 | 380,825 |
| Profit on disposal of tangible fixed assets | (208) | (500) |
| Hire of plant and machinery - operating leases | 36,898 | 27,955 |
| Hire of other assets - operating leases | 725,382 | 739,412 |
| Exchange differences | (107,832) | (141,375) |
| Contributions to defined contribution scheme | 439,495 | 512,648 |
| Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts | 31,500 | 30,000 |
| | <u>31,500</u> | <u>30,000</u> |

6 Employees

| | 2017 £ | 2016 £ |
|---|-------------------|------------------|
| Staff costs (including directors) consist of: | | |
| Wages and salaries | 9,353,844 | 8,544,939 |
| Social security costs | 874,573 | 776,506 |
| Other pension costs | 439,495 | 512,648 |
| | <u>10,667,912</u> | <u>9,834,093</u> |

The average number of employees (including directors) during the year was

| | Number | Number |
|--------------------------|------------|------------|
| Sales and administration | 271 | 227 |
| Manufacturing | 111 | 119 |
| | <u>382</u> | <u>346</u> |

7 Directors remuneration

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Directors' emoluments | 189,582 | 187,360 |
| Company contributions to defined contribution pension scheme | 43,125 | 43,125 |
| | <u>43,125</u> | <u>43,125</u> |

There is 1 director in the group's defined contribution pension scheme during the year (2016 - 1).

The total amount payable to the highest paid director in respect of emoluments was £96,306 (2016 - £95,366). Company pension contributions of £43,125 (2016 - £43,125) were made to a money purchase scheme on their behalf.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £988,387 (2016: £891,729).

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (*continued*)

8 Interest payable and similar charges

| | 2017 £ | 2016 £ |
|----------------------------|----------------|----------------|
| Loans from group companies | 100,000 | 150,000 |
| Other interest payable | 44,558 | 73,932 |
| | <u>144,558</u> | <u>223,932</u> |

9 Taxation on profit from ordinary activities

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| <i>UK corporation tax</i> | | |
| Current tax on profits of the year | 1,768,985 | 1,434,642 |
| Adjustment in respect of previous periods | (9,689) | (20,876) |
| | <u>1,759,296</u> | <u>1,413,766</u> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | (39,461) | 30,693 |
| Adjustment in respect of previous periods | - | 7,781 |
| Effect of changes in tax rate | - | 8,348 |
| | <u>(39,461)</u> | <u>46,822</u> |
| Movement in deferred tax provision | <u>(39,461)</u> | <u>46,822</u> |
| Taxation on profit on ordinary activities | <u>1,719,835</u> | <u>1,460,588</u> |

The tax assessed for the year is different than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Profit on ordinary activities before tax | 9,614,825 | 7,181,695 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 20%/19% (2016 - 20.00%) | <u>1,826,817</u> | <u>1,436,339</u> |
| Effects of: | | |
| Expenses not deductible for tax purposes | 55,889 | 25,156 |
| Income not taxable for tax purposes | (156,647) | (25,096) |
| Fixed asset differences | (4,688) | 32,347 |
| Adjustment to tax charge in respect of previous periods | (9,689) | (13,095) |
| Effect of change in tax rate | 8,153 | 4,937 |
| | <u>1,719,835</u> | <u>1,460,588</u> |
| Total tax charge for year | <u>1,719,835</u> | <u>1,460,588</u> |

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 *(continued)*

9 Taxation on profit from ordinary activities *(continued)*

Factors affecting future tax charges

The UK Government announced a reduction in the standard rate of corporation tax from 20% to 19% effective 1 April 2017. This rate reduction became substantively enacted in March 2017.

The UK government also announced a further reduction to the standard rate of corporation tax by 2% to 17% from 1 April 2020. These tax rate reductions have been substantively enacted to date and therefore have been reflected in the financial statements.

10 Dividends

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Ordinary shares | | |
| Interim paid of 57.12p (2016 - 40.51p) per share | <u>2,820,000</u> | <u>2,000,000</u> |

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (*continued*)

| 11 Tangible assets | Freehold land and buildings £ | Leasehold land and buildings £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Assets in the course of construction £ | Total £ |
|---|--|---|-----------------------------|------------------------|-------------------------------|---|------------|
| <i>Cost</i> | | | | | | | |
| At 1 September 2016 | 2,464,897 | 930,240 | 2,777,944 | 123,855 | 1,138,502 | 24,468 | 7,459,906 |
| Additions | 15,775 | - | 154,562 | 29,150 | 131,735 | 60,248 | 391,470 |
| Disposals | - | - | - | (21,142) | - | - | (21,142) |
| Transfer of completed assets from assets in construction | - | - | - | - | 24,468 | (24,468) | - |
| At 31 August 2017 | 2,480,672 | 930,240 | 2,932,506 | 131,863 | 1,294,705 | 60,248 | 7,830,234 |
| <i>Depreciation</i> | | | | | | | |
| At 1 September 2016 | 554,342 | 810,177 | 2,427,894 | 96,352 | 984,441 | - | 4,873,206 |
| Change for the year | 131,660 | 26,816 | 121,049 | 17,083 | 86,242 | - | 382,850 |
| Disposals | - | - | - | (21,142) | - | - | (21,142) |
| At 31 August 2017 | 686,002 | 836,993 | 2,548,943 | 92,293 | 1,070,683 | - | 5,234,914 |
| <i>Net book value</i> | | | | | | | |
| At 31 August 2017 | 1,794,670 | 93,247 | 383,563 | 39,570 | 224,022 | 60,248 | 2,595,320 |
| At 31 August 2016 | 1,910,555 | 120,063 | 350,050 | 27,503 | 154,061 | 24,468 | 2,586,700 |

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (*continued*)

11 Tangible fixed assets (*continued*)

Land amounting to £890,000 (2016 - £890,000) is not depreciated.

12 Fixed asset investments

Group
undertakings
£

Cost or valuation

At 1 September 2016 and 31 August 2017

3,739,952

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

| | Class of share capital held | Proportion of share capital held | Nature of business |
|--|-----------------------------------|--|--|
| <i>Subsidiary undertakings</i> | | | |
| Auto-Sleepers Limited | Ordinary | 100% | Dormant |
| Marquis Motorhomes Limited | Ordinary | 100% | Dormant |
| Southern Cross Motor Caravan Centre Limited | Ordinary | 100% | Dormant |
| Berkshire Motor Caravan Centre Limited | Ordinary | 100% | Dormant |
| Surrey Motor Caravan Centre Limited | Ordinary | 100% | Dormant |
| Marquis South Yorkshire Limited* | Ordinary | 100% | Non trading at year-end (formerly retailing of motorhomes) |

* Indirect shareholding

The registered office for all subsidiary undertakings is Orchard Works, Willersey, Broadway, Worcestershire, WR12 7QF.

13 Stocks

| | 2017 £ | 2016 £ |
|-------------------------------------|-------------------|-------------------|
| Raw materials and consumables | 1,560,639 | 989,060 |
| Work in progress | 878,499 | 965,825 |
| Finished goods and goods for resale | 25,095,901 | 25,634,801 |
| | 27,535,039 | 27,589,686 |

Vehicle stocks held under consignment stocking agreements which are deemed to be assets of the company are included on the statement of financial position from the point of consignment.

The corresponding liability to the manufacturers is included within creditors. Stocks are held on consignment until adopted. At 31 August 2017, the amount held as consignment stock was £7,166,750 (2016 - £9,873,133).

Stock recognised in costs of sales during the year as an expense was £108,688,409 (2016 - £94,064,416).

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017 (continued)

13 Stocks (continued)

Impairment losses relating to damaged or obsolete inventories and included within cost of sales amounted to £13,432 (2016 - £90,385).

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

| | 2017 £ | 2016 £ |
|-----------------------------------|------------------|------------------|
| Trade debtors | 547,517 | 1,048,592 |
| Prepayments and accrued income | 964,671 | 880,722 |
| Other debtors | 50,505 | - |
| Deferred taxation | 83,893 | 44,432 |
| Amount owed by group undertakings | 10,298 | 58,526 |
| | <u>1,656,884</u> | <u>2,032,272</u> |

All amounts shown under debtors fall due for payment within one year, except deferred tax balances.

Amounts owed by group undertakings are interest free, unsecured and repayable within 12 months.

The impairment gain recognised in the statement of comprehensive income for the period in respect of bad and doubtful trade debts was £10,181 (2016 – charge of £36,003).

Trade debtors is stated after a year end provision of £12,762 (2016 - £22,943).

| | Deferred taxation £ |
|--|---------------------------|
| At 1 September 2016 | 44,432 |
| Charged to statement of comprehensive income | 39,461 |

| | |
|-------------------|---------------|
| At 31 August 2017 | <u>83,893</u> |
|-------------------|---------------|

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
|--|-----------|-----------|

Deferred taxation

The amount of deferred tax provided for is as follows:

| | | |
|--------------------------------|---------------|---------------|
| Fixed asset timing differences | 32,392 | (6,628) |
| Short term timing differences | 51,501 | 51,060 |
| | <u>83,893</u> | <u>44,432</u> |

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (continued)

15 Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|-------------------|------------------|
| Cash equivalents | - | 806,035 |
| Cash at bank and in hand | 10,231,911 | 8,858,526 |
| | <u>10,231,911</u> | <u>9,664,561</u> |

Cash equivalents are amounts held as cash on deposit.

16 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 12,178,240 | 15,916,380 |
| Amounts owed to group undertakings | 4,739,952 | 5,239,952 |
| Corporation tax | 838,905 | 659,561 |
| Other taxation and social security | 662,095 | 577,827 |
| Payments on account | 3,430,771 | 3,302,365 |
| Other creditors | 96,037 | 134,570 |
| Accruals and deferred income | 1,847,039 | 1,995,439 |
| | <u>23,793,039</u> | <u>27,826,094</u> |

17 Creditors: amounts falling due after one year

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | 500,000 | 1,500,000 |

The amounts owed to Auto-Sleepers Holdings Limited amounting to £500,000 (2016 - £1,500,000) are unsecured and bear interest.

18 Financial instruments

The company's financial instruments may be analysed as follows:

| | 2017 £ | 2016 £ |
|---|------------|------------|
| Financial assets | | |
| Financial assets measured at amortised cost | 10,789,726 | 10,771,679 |
| Financial assets | | |
| Financial assets measured at fair value through profit and loss | 50,505 | - |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 19,361,268 | 24,786,341 |

Auto-Sleepers Group Limited

Notes forming part of the financial statements for the year ended 31 August 2017 (*continued*)

18 Financial instruments (*continued*)

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors and amounts owed by group undertakings.

Financial assets measured at fair value through profit and loss comprise the gains on forward exchange contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

19 Provisions for liabilities

| | Product warranties £ |
|--|-------------------------|
| At 1 September 2016 | 645,652 |
| Charged to statement of comprehensive income | 303,834 |
| Utilised in year | (199,834) |
| | <hr/> |
| At 31 August 2017 | 749,652 |
| | <hr/> |

The provision for product warranties relates to expected warranty claims on products sold in the last three years. It is expected that the majority of this expenditure will be incurred within the next two financial years and that all will be incurred within three years of the statement of financial position date.

20 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £439,495 (2016 - £512,648). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Share capital

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| <i>Allotted, called up and fully paid</i> | | |
| 4,937,100 ordinary shares of £1 each | 4,937,100 | 4,937,100 |
| | <hr/> | <hr/> |

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (*continued*)

22 Commitments under operating leases

The group had total minimum lease payments under non-cancellable operating leases as set out below:

| | Land and buildings 2017 £ | Other 2017 £ | Land and buildings 2016 £ | Other 2016 £ |
|---|------------------------------------|--------------------|------------------------------------|--------------------|
| Not later than 1 year | 498,300 | 71,708 | 708,300 | 34,041 |
| Later than 1 year and not later than 5 years | 1,410,958 | 172,311 | 1,887,709 | 70,490 |
| Later than 5 years | 552,500 | - | 722,500 | - |
| | <u>2,461,758</u> | <u>244,019</u> | <u>3,318,509</u> | <u>104,531</u> |

23 Financial commitments

Foreign exchange forward contracts

At year end the company had entered into forward contracts to sell £944,436 (2016: £Nil) and buy €1,080,000 (2016: €Nil). The fair value gain of £50,505 has been recognised in other debtors (2016 - £Nil).

Auto-Sleepers Group Limited

Notes forming part of the financial statements
for the year ended 31 August 2017 (*continued*)

24 Related party disclosures

The company has taken advantage of the exemption conferred by section 33.1A of FRS 102 not to disclose transactions with other wholly owned subsidiaries within the group as consolidated accounts, including the subsidiary undertakings, are publically available.

| | Interest received from related parties £ | Sales to related parties £ | Purchases from related parties £ | Amounts owed to/(from) related parties £ |
|---|--|-------------------------------------|--|---|
| 2017 | | | | |
| Auto-Trail V.R. Limited | - | 107,112 | 2,122,022 | 301,106 |
| Grove Products (Caravan Accessories) | - | - | 391,549 | 96,209 |
| E T Riddiough (Sales) Limited | - | - | 44,192 | 9,613 |
| Benimar | - | 1,628 | 19,784,904 | 2,015,235 |
| Mobilvetta – SEA SpA | - | 7,456 | 4,056,471 | (7,456) |
| SEA Service – SEA SpA | - | - | 9,386 | 5,253 |
| Trigano MDC | - | - | 11,614 | 603 |
| Trigano Service | - | - | 505 | 505 |
| Trigano VDL Caravan | - | - | 1,303,847 | - |
| Trigano Group | 9,892 | - | - | (692) |
| 2016 | | | | |
| Auto-Trail V.R. Limited | - | 113,023 | 1,888,843 | 126,994 |
| Grove Products (Caravan Accessories) | - | - | 282,309 | 80,107 |
| E T Riddiough (Sales) Limited | - | - | 22,047 | 4,904 |
| Benimar | - | - | 10,358,565 | 123,089 |

The entities listed above are all members of the Trigano Group which includes SEA Holdings S.p.A. SEA Holdings S.p.A is a shareholder in Auto-Sleepers Investments Limited.

25 Ultimate parent company

The company's immediate parent company is Auto-Sleepers Holdings Limited, registered in England and Wales and its ultimate parent company is Trigano Sa, registered in France.

The smallest group in which the results of the company are consolidated is that headed by Auto-Sleepers Investments Limited, incorporated in England. The largest group in which the results of the company are consolidated is that headed by Trigano Sa, incorporated in France. The consolidated accounts of this company are available to the public.

26 Business combinations

The trade and assets of Marquis South Yorkshire Limited were transferred at net book value to Auto-sleepers Group Limited on 31 March 2017, after which Marquis South Yorkshire Limited ceased to trade. The results have been included in Auto-Sleepers Group Limited from 31 March and accounted for using the principles of merger accounting. The results of Marquis South Yorkshire division since its transfer to the year-end are turnover of £6,172,660 and profit of £368,000.