

Retreat Homes & Lodges Limited

**Directors' Report and Financial Statements for the
10 month period ended 31 August 2021**

Registered Number 05231733



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Company information

Directors	R J Jones A Rooke
Banker	Barclays Bank PLC PO Box 190 1 Park Row Leeds LS1 5WU Lloyds Banking Group 150 Fountainbridge Edinburgh EH3 9PE
Solicitor	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY
Company Number	05231733
Registered Office	The Airfield Kirkbride Cumbria CA7 5LF
Auditor	KPMG LLP Chartered Accountants 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Strategic Report

The directors present their strategic report and the financial statements for the 10 month period ended 31 August 2021.

Change of ownership

On 11 June 2021 the company's entire share capital was acquired by ABI Bidco Limited. As a result of this transaction the company's ultimate parent company became HGate Holdings Limited.

Change of accounting period end

The accounting reference date has been changed from 31 October to 31 August.

Principal activity and review of the business

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

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

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Turnover	3,124	2,814
Operating profit / (loss)	232	(183)
Profit after tax / (loss)	183	(158)
Equity shareholders' funds	733	1,202
Average number of employees	43	38

Following a government mandated closure of the company's core customer base in March 2020 UK holiday parks reopened in July 2020 and experienced strong demand from their customers. Since this time the company has seen an increase in demand for caravan holiday homes which has had a positive impact on the 2021 results and the 2022 order book, the directors are optimistic about the outlook for the coming year.

Principal risks and uncertainties

Supply chain

The business faces significant challenge as a result of capacity issues and material shortages within the supply chain as well as the impact of material price inflation. This risk is managed by regularly communicating with suppliers to understand pricing and availability constraints.

Competitive risks

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

COVID-19

The ongoing COVID-19 pandemic has impacted the supply of some raw materials required for the company's products. Supply issues are being managed as they arise through dialogue with suppliers and the monitoring of production schedules. Planned production schedules could be impacted by a COVID outbreak within the production workforce. The business operates a COVID Secure workplace to minimise this risk.

Exposure to foreign exchange risk

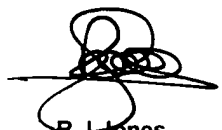
The company manages its exposure to variability in foreign exchange rates by conducting its trade mainly in sterling. The company does not use forward foreign exchange contracts.

Strategic Report (continued)

Exposure to credit, liquidity and cash flow risk

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

This report was approved by the Board on 20 December 2021 and signed on its behalf by:



R. J. Jones
Director

Directors' Report

The directors present their report and financial statements for the 10 month period ended 31 August 2021.

Results and dividends

The profit for the period after taxation amounted to £183,000 (2020: loss of £158,000). The company has paid an interim dividend of £652,090 (2020: £nil) during the period. The directors do not recommend a final dividend (2020: £nil).

Research and development

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

Future developments

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

Going concern

The directors have considered the company's forecasts and projections, taking account of reasonably possible changes in trading performance arising from economic uncertainty created by the COVID-19 pandemic, and these show that the company will be able to continue to operate within its available resources and is well placed to manage its business risks. After making enquiries, the directors have a reasonable expectation that the company has sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

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

A Rooke
R J Jones (Appointed 11 June 2021)

Disabled employees

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

Employee involvement

The Company's policy is to ensure adequate provision for the welfare and health and safety of its employees and of other people who may be affected by its activities. The Company is committed to ensuring there are equal opportunities for all employees, irrespective of age, gender, race, colour, sexual orientation, disability or marital status.

The Company encourages the involvement of its employees and employees are made aware of significant matters through regular updates from the Board of Directors and line managers, informal briefings and team meetings.


Disclosure of information to the auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 20 December 2021 and signed on its behalf by:



R J Jones
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETREAT HOMES & LODGES LIMITED

Qualification and disclaimer of opinion

We were engaged to audit the financial statements of Retreat Homes & Lodges Limited ("the company") for the 10 month period ended 31 August 2021 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion, except for the possible effect solely on the comparative information for the year ended 31 October 2020 of the matter described in the *Basis for modification of opinion* section of our report, the financial statements give a true and fair view of the state of the Company's affairs as at 31 August 2021.

Due to the significance of the matter described in the *Basis for modification of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly we do not express an opinion, as to whether the financial statements:

- give a true and fair view of the Company's profit for the year ended 31 August 2021
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for modification of opinion

The audit evidence available to us was limited because adequate accounting records have not been retained by the company for the period prior to the company's acquisition in June 2021 by ABI Bidco Limited. Consequently we have been unable to obtain sufficient appropriate audit evidence regarding the state of affairs of the Company as at 31 October 2020 and the company's profit for the period ending 31 August 2021. Nevertheless, we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion on the state of the company's affairs as at 31 August 2021.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and sales staff
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETREAT HOMES & LODGES LIMITED (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Company management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue, WIP and treasury impacting entries, those posted to seldom used accounts and unbalanced entries.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The *Qualification and disclaimer of opinion*, *Strategic report and directors' report*, and *Matters on which we are required to report by exception* sections of our report explain the implications of the matter described in the basis for modification of opinion on compliance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETREAT HOMES & LODGES LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matter described in the Basis for modification of opinion section of our report, and the possible consequential effect on the related disclosures in the Strategic Report and Directors' Report, although in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements, we do not express an opinion on the preparation of those reports in accordance with the Companies Act 2006 or whether we have identified material misstatements in those reports.

Matters on which we are required to report by exception

In respect solely of the limitation of our work, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
- in our opinion, adequate accounting records have not been kept; and
- we were unable to determine whether the financial statements are in agreement with the accounting records and returns.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not further modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETREAT HOMES & LODGES LIMITED (continued)

Auditor's responsibilities

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and to issue an auditor's report. However, due to the significance of the matter described in the *Basis for modification of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements other than on the state of the Company's affairs as at 31 August 2021.

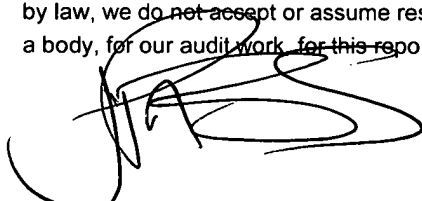
In respect of that qualified opinion, we conducted our audit in accordance with ISAs (UK) and applicable law. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jonathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

20 December 2021

Profit and loss account and other comprehensive income
for the 10 month period ended 31 August 2021

	<i>Note</i>	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Turnover	3	3,124	2,814
Cost of sales		<u>(2,550)</u>	<u>(2,443)</u>
Gross profit		574	371
Administrative expenses		<u>(342)</u>	<u>(554)</u>
Operating profit / (loss)	4	232	(183)
Profit / (loss) on sale of fixed assets		-	-
Interest receivable and similar income		-	-
Interest payable and similar charges	7	<u>(1)</u>	<u>(1)</u>
Profit on ordinary activities before taxation		231	(184)
Tax on profit / (loss) on ordinary activities	8	<u>(48)</u>	<u>26</u>
Profit / (loss) for the financial period		<u>183</u>	<u>(158)</u>

The notes on pages 15 to 24 form an integral part of these financial statements.

All amounts relate to continuing operations.

There was no other comprehensive income for the period other than the profit for the period.


Balance sheet
At 31 August 2021

	Note	31.08.2021	31.10.2020 restated
		£'000	£'000
Fixed assets			
Intangible assets	10	-	2
Tangible assets	11	390	131
Current assets			
Stocks	12	500	324
Debtors	13	76	367
Cash at bank and in hand		298	923
		<u>874</u>	<u>1,614</u>
Creditors: amounts falling due within one year	14	<u>(510)</u>	<u>(520)</u>
Net current assets		<u>364</u>	<u>1,094</u>
Total assets less current liabilities		<u>754</u>	<u>1,227</u>
Provisions for liabilities			
Deferred taxation	8 (c)	<u>21</u>	<u>25</u>
Net assets		<u>733</u>	<u>1,202</u>
Capital and reserves			
Called up share capital	15	<u>-</u>	<u>-</u>
Profit and loss account		<u>733</u>	<u>1,202</u>
Shareholders' funds		<u>733</u>	<u>1,202</u>

The 2020 comparatives have been amended for prior year adjustments. The impact of the adjustments is described in note 2 to the financial statements.

The notes on pages 15 to 24 form an integral part of these financial statements.

These financial statements were approved by the board on 20 December 2021 and were signed on its behalf by:


R J Jones
Director

Registration number 05231733

Statement of changes in equity
for the 10 month period ended 31 August 2021

		Called up Share Capital £'000	Profit and Loss Account £'000	Total Equity £'000
Balance at 1 November 2019	as previously reported	-	1,316	1,316
Prior period adjustment	Note 2	-	44	44
Balance at 1 November 2019	as restated	-	1,360	1,360
Changes in equity:				
Total comprehensive income		-	(158)	(158)
Balance at 31 October 2020	as restated	-	1,202	1,202
Balance at 1 November 2020		-	1,202	1,202
Changes in equity:				
Total comprehensive income		-	183	183
Dividend paid		-	(652)	(652)
Balance at 31 August 2021		-	733	733

The notes on pages 15 to 24 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Statement of compliance and Basis of preparation

Retreat Homes & Lodges Limited is a company limited by shares incorporated in England. The registered office is The Airfield, Kirkbride, Cumbria, CA7 5LF. The financial statements have been prepared in compliance with Financial Reporting Standard 102, as it applies to the financial statements of the Company for the 10 month period ended 31 August 2021. The financial statements are prepared in sterling which is the functional currency of the company and are rounded to the nearest thousand (£'000). The Company proposes to continue to adopt FRS 102 in its next financial statements.

Retreat Homes & Lodges Limited is a wholly owned subsidiary of HGate Holdings Limited, registered in England and Wales.

HGate Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of HGate Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Swinemoor Lane, Beverley, HU17 0LJ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements or material estimation uncertainties affecting the reported financial performance in the current or prior periods.

Going concern

The financial statements have been prepared on a going concern basis.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the Directors report.

The group is financed by interest-bearing loan notes which fall due after February 2026. Full details of the Group's interest-bearing loans and borrowings are included within the financial statements of HGate Holdings Limited. Further to this, the group has use of a £50m invoice discounting facility which is committed for a period of 36 months from February 2020 and is required by the group for working capital purposes. The Directors have a reasonable expectation that the invoice discounting facility will be renewed prior to its expiry date on similar terms.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the group will have sufficient funds to meet its liabilities as they fall due for that period.

In determining forecast assumptions, the Directors considered business performance during the COVID-19 pandemic. Whilst, during the first UK lockdown period there was a significant downturn in trading due to a prolonged factory closure, the group has since returned to normal trading and has exceeded budgeted trading levels due to the increase in market demand for its product.

Given the current uncertainty in the wider economic environment as a result of COVID-19, the Directors have applied a severe yet plausible downside scenario to the base case forecast which includes a 5% reduction in forecast revenue from 1 November 2021. Despite the modelling of this sensitivity, the group is forecast to have sufficient liquidity to continue to meet its liabilities and comply with all applicable covenants throughout the assessment period.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the group will have sufficient funds, through funding from its fellow subsidiary company, ABI (UK) Limited, to meet its liabilities as they fall due for that period.

The directors have received confirmation from ABI (UK) Limited that support will be provided should it be required. The directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The following principal accounting policies have been applied:

Statement of cash flows

The company has taken advantage of the exemption available under FRS 102 Section 1.12(b) not to prepare a statement of cash flows.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Land and buildings	-	over 50 years
Plant and machinery	-	over 5 to 10 years
Motor vehicles	-	over 4 years
Office equipment	-	over 3 years

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

Turnover recognition

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

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably; and
- it is probable that the Company will receive the consideration due under the transaction

Stocks

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

Debtors

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

Research and development

Expenditure on researching and developing new products and production methods is written off to the profit and loss account during the period in which it is incurred.

Notes (continued)

1 Accounting policies (continued)

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Operating leases: the Company as lessee

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

Pensions

The company contributes to defined contribution scheme for employees and director. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge relates to the contributions payable in the period.

Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

2 Prior period adjustment

Following acquisition by ABI Bidco Limited, the Directors of the Company have revisited its accounting treatment in relation to the presentation of work in progress and warranty provisions. Historically, work in progress amounts were accounted for within debtors, however the Directors now believe they should have been accounted for within stock. In addition, the Directors believe a warranty provision from a number of years ago which has historically been recorded within creditors was not required and have adjusted creditors and reserves to reflect this. These adjustments had no impact on the loss for the year ended 31 October 2020. The effects of these adjustments on the prior year's balance sheet are shown below:

	Previously reported	31 October 2020 Adjustments	Restated
	£'000	£'000	£'000
Fixed assets			
Intangible assets	2	-	2
Tangible assets	131	-	131
Current assets			
Stocks	132	192	324
Debtors	559	(192)	367
Cash at bank and in hand	923	-	923
	1,614	-	1,614
Creditors: amounts falling due within one year	(564)	44	(520)
Net current assets	1,050	44	1,094
Total assets less current liabilities	1,183	44	1,227
Provisions for liabilities			
Deferred taxation	25	-	25
Net assets	1,158	44	1,202
Capital and reserves			
Called up share capital	-	-	-
Profit and loss account	1,158	44	1,202
Shareholders' funds	1,158	44	1,202

Notes (continued)

3 Turnover

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

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
UK	<u>3,124</u>	<u>2,814</u>
	<u>3,124</u>	<u>2,814</u>

4 Operating profit

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Depreciation and amortisation charge for the period:		
▪ Intangible owned fixed assets	2	1
▪ Tangible owned fixed assets	55	42
Operating leases:		
▪ Hire of plant and machinery	1	1
▪ Hire of land and buildings	29	48
	<u>29</u>	<u>48</u>

Audit fees and fees for other services provided by the auditor are borne by and included within the financial statements of ABI (UK) Limited.

5 Directors remuneration

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

	10 month period ended 31.08.2021 £'000
Aggregate remuneration: Remuneration	<u>29</u>

There are no directors accruing retirement benefits under money purchase pension schemes.

6 Staff costs

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Wages and salaries	742	1,067
Social security costs	70	83
Employer pension contributions	14	97
Claims under government Job Retention Scheme	(9)	(240)
	<u>817</u>	<u>1,007</u>

Notes (continued)

7 Staff costs (continued)

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

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Production	36	31
Office and management	7	7
	<u>43</u>	<u>38</u>

8 Interest payable and similar charges

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Interest payable on amounts wholly due within five years:		
Bank interest	<u>1</u>	<u>1</u>

8 Tax

a.) Tax on profit on ordinary activities

The tax charge is made up as follows:

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
<i>Current tax</i>		
UK corporation tax on the profit for the period	52	(20)
Adjustment in respect of previous year	<u>-</u>	<u>-</u>
Total current tax	<u>52</u>	<u>(20)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(9)	(6)
Adjustments in respect of previous periods	-	-
Effects of changes in tax rate periods	5	-
Total deferred tax on closing liability	<u>(4)</u>	<u>(6)</u>
Total tax	<u>48</u>	<u>(26)</u>

Notes (continued)

8 Tax (continued)

b.) Factors affecting current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%). The differences are explained below:

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Profit on ordinary activities before tax	231	(184)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	44	(35)
Effects of:		
Disallowed expenses and non-taxable income	(1)	9
Deferred tax rate changes	5	-
Prior year adjustments	-	-
Total tax for the period (note 8(a))	48	(26)

c.) Deferred tax

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Deferred Tax liability		
At 1 November 2020	25	31
Provided during the period	(9)	(6)
Adjustment in respect of prior year	-	-
Effect of changes of tax rate on closing liability	5	-
At 31 August 2021	21	25
The deferred tax consists of:		
Accelerated capital allowances	21	25
	21	25

d.) Factors that may affect future tax charge

Deferred tax has been provided at 25% (2020: 19%) being the rate enacted at the balance sheet date.

9 Dividends

	10 month period ended 31.08.2021 £'000	Year ended 31.10.2020 £'000
Dividend on ordinary shares	652	-

Notes *(continued)*

10 Intangible fixed assets

	31.08.2021 £'000	31.10.2020 £'000
Cost		
At 1 November 2020 and 31 August 2021	5	5
Amortisation		
At 1 November 2020	3	2
Charge for the period	2	1
At 31 August 2021	5	3
Net book value		
At 31 August 2021	-	2
At 1 November 2020	2	3

11 Tangible fixed assets

	Land and Buildings £'000	Plant and Machinery £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 November 2020	-	192	159	33	384
Additions	305	9	-	-	314
Disposals	-	(16)	-	(22)	(38)
At 31 August 2021	305	185	159	11	660
Depreciation					
At 1 November 2020	-	138	87	28	253
Charge for the period	1	16	37	1	55
Disposals	-	(16)	-	(22)	(38)
At 31 August 2021	1	138	124	7	270
Net book value					
At 31 August 2021	304	47	35	4	390
At 1 November 2020	-	54	72	5	131

Notes (continued)

12 Stocks

	31.08.2021	31.10.2020 restated
	£'000	£'000
Raw materials and consumables	266	132
Work in progress	234	192
	<u>500</u>	<u>324</u>

The replacement cost of the above stocks is not significantly different from the book values. Stocks recognised as an expense in the period were £1,586,000 (2020: £1,404,000).

13 Debtors

	31.08.2021	31.10.2020 restated
	£'000	£'000
Debtors falling due within one year:		
Trade debtors		302
Other debtors	76	45
Corporation tax	-	20
	<u>76</u>	<u>367</u>

14 Creditors: amounts falling due within one year

	31.08.2021	31.10.2020 restated
	£'000	£'000
Trade creditors	204	253
Corporation tax	52	-
Other taxation and social security costs	22	22
Other creditors	78	113
Accruals and deferred income	146	132
Amounts owed to group companies	8	-
	<u>510</u>	<u>520</u>

Amounts owed to group undertakings are interest free and repayable on demand.

15 Called up share capital

	No.	31.08.2021 £	No.	31.10.2020 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	100	100
'A' Ordinary shares of £1 each	1	1	1	1
'B' Ordinary shares of £1 each	1	1	1	1
'C' Ordinary shares of £1 each	1	1	1	1
'D' Ordinary shares of £1 each	1	1	1	1
		<u>104</u>		<u>104</u>

Notes (continued)

16 Capital commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements was £nil (2020: £Nil).

17 Pensions

The company operates a defined contribution pension scheme whereby contributions are made to the scheme operated by a number of major insurance companies. The amount charged to the profit and loss account is disclosed in note 6. There are £3,000 of contributions outstanding at the period-end (2020: £1,000).

18 Other financial commitments

At 31 August 2021 the company had commitments under non-cancellable operating leases as set out below:

	Land and buildings 2021 £'000	Other 2021 £'000	Total 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000	Total 2020 £'000
In less than 1 year	-	1	1	48	1	49
Between 2 and 5 years	-	3	3	192	4	196
After more than 5 years	-	-	-	76	-	76
	-	4	4	316	5	321

18 Related party transactions

The group has taken advantage of the exemption available under FRS 102 Section 33.1a not to disclose transactions with other group companies which are members of the group headed by HGate Holdings Limited.

19 Ultimate parent undertaking

At 31 August 2021, the ultimate parent company was HGate Holdings Limited.

The smallest and largest group in which the results of the company are consolidated and publicly available is that headed by HGate Holdings Limited. A copy of their financial statements can be obtained from Swinemoor Lane, Beverley, HU17 0LJ.