

Haynes Brothers Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2001

Registered number : 48511



Haynes Brothers Limited

DIRECTORS' REPORT

31 December 2001

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company trades under the name Haynes of Maidstone Limited as Motor Engineers with a Distributorship for Ford cars and light commercial vehicles, a Ford Transit Specialist Dealer Franchise and a Ford Rent-a-Car and Rent-a-Van Franchise, together with a Bosch Agency.

The company also trades under the name Haynes Trucks Limited with a Distributorship for Iveco Ford Trucks in Maidstone, Ashford and Canterbury.

Haynes Agricultural (Kent) Limited as Agricultural Engineers include the New Holland Franchise for Tractors and Harvest Equipment for Kent and part of East Sussex together with other leading Franchises for agricultural and related equipment.

As a result of a Renault franchise going into receivership, the directors took the first opportunity since 1945 to acquire not only the freehold land and buildings of the premises adjoining the main Ashford Road site, but also the all important vacant possession.

As a result, the combined town centre Ashford Road site now extends to over 5 acres of freehold land.

To take advantage of, in particular, the distinctive showroom and main road frontage, The Car Store (Kent) Limited was formed and an all makes Used Car Centre opened. This was followed by the company securing a Ford Rapid Fit franchise and also relocating Used Vehicle Reconditioning to enable the adjoining Ford Retail Service capacity to be enlarged.

In the next phase the Kent Diesel Centre Limited will be formed and our very successful diesel and electrical reconditioning business will be expanded and transferred into the remaining facilities which have been extensively refurbished. Alterations and improvements to the Maidstone Iveco Ford Service facilities will then be undertaken to further raise the standards of the Iveco Ford Truck franchise.

In the face of the continuing pressures generally of a highly competitive market, the balance sheet on page 7 continues to reflect a very strong commercial base, from which the company will continue wherever possible to expand its business opportunities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements they are required to:

- select suitable accounting policies and apply these consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the financial statements on a going concern basis unless in their view the company will be unable to continue in business.

Haynes Brothers Limited

DIRECTORS' REPORT

31 December 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

They are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

PROFITS AND DIVIDENDS

The profit on ordinary activities for the year after tax amounted to £249,050 (2000: £63,712). Dividends of £23,439 (2000: £26,098) were paid in the year on the variable rate cumulative preference shares. It is recommended that a dividend of £175 (2000: £175) be paid in respect of the 3½% preference shares. The directors also recommend the payment of an interim dividend of £200,000 (2000: final dividend of £20,000) on the ordinary shares. The balance of £25,436 (2000: £17,439) is added to reserves.

DIRECTORS

The following were directors of the company at 31 December 2001 and served throughout the year:

D.B. Haynes
A.D.S. Haynes

DIRECTORS' SHAREHOLDINGS

The interests of the directors in the company's share capital are set out below:

	At 31 December 2001		At 31 December 2000	
	Ordinary	Shares of £10 each 3½% cumulative preference shares	Ordinary	Shares of £10 each 3½% cumulative preference shares
D.B. Haynes	4,200	-	4,200	-
A.D.S. Haynes	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>

The interest of Mr D.B. Haynes in 1,440 ordinary shares of £10 each is non-beneficial and Mr A.D.S. Haynes has an interest as trust beneficiary in these shares.

In addition Mr D.B. Haynes holds £14,000 (2000: £14,000) of the perpetual unsecured loan stock.

DISABLED PERSONS

It is established company policy to offer the same opportunity to disabled people as to all others in matters of recruitment and career advancement, provided they have the ability to perform the tasks required with or without training, and to provide retraining where necessary in cases when disability is incurred during employment with the company.

Haynes Brothers Limited

DIRECTORS' REPORT

31 December 2001

EMPLOYEE INVOLVEMENT

It is company policy to ensure that employees are provided with information on all matters of concern to them. Accordingly appropriate steps are taken to ensure that employees or their representatives are aware of the financial and economic factors affecting the company's performance, are consulted wherever necessary and are encouraged generally to be involved in the company's overall performance.

DONATIONS

During the year, the company made donations for charitable purposes amounting to £3,399 (2000: £4,712).

AUDITORS

Baker Tilly (formerly known as HLB Kidsons) have agreed to offer themselves for re-election as auditors of the company.

Mr P.E. Haynes, a former partner in HLB Kidsons, has an interest in his capacity as a Trustee, in 150 non-voting ordinary shares of £10 each.

Baker Tilly Trustees Limited (formerly known as HLB Kidsons Trustees Limited), has an interest in its capacity as a Trustee, in 1,150 ordinary shares of £10 each and 250 non-voting ordinary shares of £10 each.

By order of the board



G.J. Morgan

Secretary

Registered Office:
23 Ashford Road
Maidstone
Kent
ME14 5DQ

30 July 2002

Haynes Brothers Limited

AUDITORS' REPORT

31 December 2001

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAYNES BROTHERS LIMITED

We have audited the financial statements of Haynes Brothers Limited for the year ended 31 December 2001, which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

Haynes Brothers Limited

AUDITORS' REPORT

31 December 2001

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
BAKER TILLY

Registered Auditors
Chartered Accountants
20-26 Cursitor Street
London
EC4A 1HY

30 July 2002

Haynes Brothers Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
TURNOVER	2	44,854,717	36,335,076
Cost of sales		<u>(41,101,812)</u>	<u>(33,431,039)</u>
Gross profit		3,752,905	2,904,037
Advertising and distribution costs		(934,937)	(861,920)
Administrative expenses		<u>(2,259,905)</u>	<u>(1,765,724)</u>
OPERATING PROFIT		558,063	276,393
Interest payable	3	<u>(233,387)</u>	<u>(189,681)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	324,676	86,712
Taxation	6	<u>(75,626)</u>	<u>(23,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		249,050	63,712
Dividends (including non-equity dividends)	7	<u>(223,614)</u>	<u>(46,273)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		25,436	17,439
BALANCE BROUGHT FORWARD		<u>4,431,654</u>	<u>4,414,215</u>
BALANCE CARRIED FORWARD		<u>4,457,090</u>	<u>4,431,654</u>

All activities are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001 £	2000 £
Profit for the financial year	25,436	17,439
Unrealised surplus on revaluation of properties	<u>190,150</u>	<u>1,269,016</u>
Total recognised gains and losses relating to the year	<u>215,586</u>	<u>1,286,455</u>

Haynes Brothers Limited

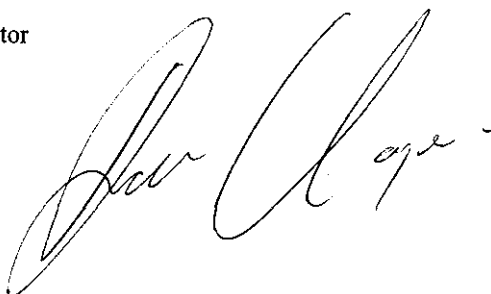
BALANCE SHEET

as at 31 December 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Investments	8		203		202
Tangible assets	9		<u>7,997,305</u>		<u>6,841,072</u>
			7,997,508		6,841,274
CURRENT ASSETS					
Stocks	10	5,289,110		5,628,443	
Debtors	11	3,991,617		3,537,326	
Cash at bank and in hand		<u>3,250</u>		<u>3,933</u>	
		9,283,977		9,169,702	
CREDITORS: amounts falling due within one year	12	<u>(8,036,881)</u>		<u>(6,944,961)</u>	
NET CURRENT ASSETS			<u>1,247,096</u>		<u>2,224,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,244,604		9,066,015
CREDITORS: amounts falling due after more than one year	12	73,317		124,314	
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>30,000</u>		<u>16,000</u>	
			<u>(103,317)</u>		<u>(140,314)</u>
NET ASSETS			<u>9,141,287</u>		<u>8,925,701</u>
CAPITAL AND RESERVES					
Called up share capital	15		415,000		415,000
Revaluation reserve	16		4,269,197		4,079,047
Profit and loss account	16		<u>4,457,090</u>		<u>4,431,654</u>
SHAREHOLDERS' FUNDS	17		<u>9,141,287</u>		<u>8,925,701</u>
ATTRIBUTABLE TO:					
Equity shareholders			8,786,287		8,570,701
Non-equity shareholders			<u>355,000</u>		<u>355,000</u>
			<u>9,141,287</u>		<u>8,925,701</u>

The financial statements were approved by the Board of Directors on 30 July 2002.

A.D.S. Haynes - Director



Haynes Brothers Limited

CASH FLOW STATEMENT

For the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Net cash inflow/(outflow) from operating activities	a	724,812	(107,269)
Returns on investment and servicing of finance	c	(257,001)	(215,954)
Taxation		(14,626)	(45,000)
Capital expenditure	c	(1,160,065)	(291,518)
Acquisition	c	<u>-</u>	<u>(452,949)</u>
		(706,880)	(1,112,690)
Equity dividends paid		(20,000)	(60,000)
Financing	c	<u>179,996</u>	<u>(28,254)</u>
(DECREASE) IN CASH IN THE YEAR		<u>(546,884)</u>	<u>(1,200,944)</u>

Haynes Brothers Limited
NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 December 2001

a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
		2001	2000
		£	£
Operating profit		558,063	276,393
Depreciation charges		195,265	185,524
(Profit)/loss on disposal of fixed assets		(1,283)	77,198
Decrease/(increase) in stocks		339,333	(98,232)
(Increase) in debtors		(454,292)	(986,864)
Increase in creditors		<u>87,726</u>	<u>438,712</u>
Net cash inflow/(outflow) from operating activities		<u>724,812</u>	<u>(107,269)</u>
b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2001	2000
		£	£
(Decrease) in cash in the year		(546,884)	(1,200,944)
Net loan (acquisitions)/repayments		(179,996)	28,254
Net debt at 1 January		<u>(3,315,653)</u>	<u>(2,142,963)</u>
Net debt at 31 December		<u>(4,042,533)</u>	<u>(3,315,653)</u>
c) GROSS CASH FLOWS			
		2001	2000
		£	£
i) RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(233,387)	(189,681)
Non-equity dividends		<u>(23,614)</u>	<u>(26,273)</u>
		<u>(257,001)</u>	<u>(215,954)</u>
ii) CAPITAL EXPENDITURE			
Payment to acquire tangible fixed assets		(1,251,234)	(313,189)
Receipts from sale of tangible fixed assets		<u>91,169</u>	<u>21,671</u>
		<u>(1,160,065)</u>	<u>(291,518)</u>
iii) FINANCING			
Capital element of finance leases		-	(8,250)
Loans repaid		(20,004)	(20,004)
Loans acquired		<u>200,000</u>	-
		<u>179,996</u>	<u>(28,254)</u>
iv) ACQUISITION			
Purchase of unincorporated business		-	(453,009)
Net cash acquired with business		-	<u>60</u>
		<u>-</u>	<u>(452,949)</u>

Haynes Brothers Limited
NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 December 2001

d)	NET DEBT	At 1 January 2001 £	Cash flow £	At 31 December 2001 £
	Cash at bank and in hand	3,933	(683)	3,250
	Bank loan and overdrafts	<u>(2,705,573)</u>	<u>(546,201)</u>	<u>(3,251,774)</u>
		(2,701,640)	(546,884)	(3,248,524)
	Other loans due within 1 year	(520,004)	(200,000)	(720,004)
	Other loans due after more than 1 year	(93,321)	20,004	(73,317)
	Finance leases	<u>(688)</u>	<u>-</u>	<u>(688)</u>
		<u><u>(3,315,653)</u></u>	<u><u>(726,880)</u></u>	<u><u>(4,042,533)</u></u>

Haynes Brothers Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for freehold land and buildings which are stated at revalued amounts. Consolidated accounts have not been prepared as the company's subsidiaries are dormant and their assets and liabilities are insignificant.

Cost of sales

Cost of sales is stated as all those costs directly incurred by the company, including depreciation, in order to bring each product sold to its saleable condition and to provide the services to customers.

Depreciation

Depreciation is calculated to write off the cost of all tangible fixed assets, other than freehold land and buildings, in equal annual instalments over their estimated useful lives, at the rate of 10% - 20% per annum, except for motor vehicles which are written down to their estimated realisable value at the balance sheet date.

It is the company's policy to maintain its properties in such a condition that their residual value, as assessed at the time of acquisition or subsequent valuation, is at least equal to book value. Having regard to this, it is the opinion of the directors that depreciation of any such freehold property, as required by the Companies Act 1985 and accounting standards, would not be material and accordingly none is provided.

Stocks

Stocks are stated at the lower of cost and net realisable value.

The company has made arrangements with a limited number of customers which include the commitment to repurchase vehicles at a future date at a pre-determined price. In accordance with Financial Reporting Standard No. 5, the residual interest in these vehicles is included in stock with the corresponding liability included in creditors.

Deferred taxation

Deferred taxation is provided under the liability method on all timing differences to the extent that it is probable that a liability will crystallise and is calculated at the rate it is estimated that tax will be payable. There was no unprovided deferred taxation at 31 December 2001 (2000: £Nil).

Assets held under finance leases

For assets acquired under finance leases the asset is capitalised and the corresponding liability to the finance company is included in finance lease creditors. Depreciation on such assets is charged to the profit and loss account at rates calculated to write off the capitalised value of the asset over the shorter of its expected useful life and the term of the lease. Finance lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account over the period of the agreement.

Certain agricultural vehicles are leased to customers on a short-term basis, the asset being included in agricultural stocks.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

Contributions are charged to the profit and loss account on the basis of actuarial recommendations to the scheme trustees.

Haynes Brothers Limited
NOTES TO THE FINANCIAL STATEMENTS
31 December 2001

2 **TURNOVER**
 Turnover represents the invoiced value, excluding value added tax, of goods sold and services provided to customers.

3 **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2001		2000
	£	£	£

This is stated after charging:

Interest payable:			
Finance charges under finance leases	-	1,363	
Loans wholly repayable within five years	36,039	37,295	
Loans not wholly repayable within five years	5,500	5,500	
Bank overdraft and other interest	<u>191,848</u>	<u>145,523</u>	
	233,387		189,681
Depreciation:			
- owned assets	195,265		180,573
- assets held under finance leases	-		4,951
Auditors' remuneration for audit	25,250		22,750
Auditors' remuneration for other services	16,290		22,753
Operating leases - rent payable	43,700		43,700
- other	<u>45,203</u>		<u>23,595</u>

4 **DIRECTORS' EMOLUMENTS**

	2001		2000
	£	£	£
Total emoluments	<u>237,243</u>		<u>238,319</u>
Emoluments, for management, excluding pension contributions	<u>237,143</u>		<u>238,219</u>
The emoluments of the highest paid director were	<u>129,576</u>		<u>149,506</u>

Pension contributions of £100 (2000: £100) were paid in respect of one director, who was not the highest paid.

5 **EMPLOYEES**

	2001		2000
	Number	Number	
The average number of persons including directors employed by the company during the year was:			
Service and workshop staff	168	144	
Management and administration	74	67	
Sales staff	<u>34</u>	<u>30</u>	
	<u>276</u>	<u>241</u>	
Staff costs:			
	£	£	
Wages and salaries	4,990,311	4,245,467	
Social security costs	447,046	388,494	
Other pension costs	<u>229,335</u>	<u>147,852</u>	
	<u>5,666,692</u>	<u>4,781,813</u>	

Haynes Brothers Limited
 NOTES TO THE FINANCIAL STATEMENTS
 31 December 2001

5 EMPLOYEES (continued)

Pensions costs

The company operates a defined benefit pension scheme based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions funding the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

During the year the administrators and actuary to the company pension scheme were changed. As a result the information necessary to make the recommended disclosures under the transitional arrangements to FRS17 as at 31 December 2001 are not available. The appropriate disclosures will be made in the financial statements for the year ended 31 December 2002. The information which follows is based on the most recent available actuarial valuation which was undertaken at 1 April 1999 using the projected unit method.

The assumptions which had the most significant effect on the results of the valuation were those relating to the rate of return of investments and the rates of increase in salaries. It was then assumed that share dividends would increase by 4%, pensionable salaries by 6% and investment returns by 9% per annum. The valuation showed that the scheme's assets covered 97% (1996: 100%) of its liabilities on the MFR basis and additional contributions of £18,000 p.a. will be paid until the next valuation.

For the purposes of determining the pension charge in the financial statements, different actuarial assumptions are used, the key change being a higher assumed investment return. These assumptions lead to a pension charge for the year of £229,335 (2000: £147,852).

The contributions of the company for the year were 6.9% for all pensionable salaries. Employee contributions have been at the rate of 3% of pensionable salaries since 1 April 1999.

The company established a stakeholder pension scheme in the year. The contributions of the company varied from 3% - 8%.

6 TAXATION	2001	2000
	£	£
(a) Analysis of tax charge for year		
United Kingdom corporation tax payable based on the profit for the year at 30% (2000: 20%)	82,000	35,000
Adjustment in respect of prior years (credit)	(20,374)	-
Transfer to/(from) deferred taxation (Note 14)	<u>14,000</u>	<u>(12,000)</u>
	<u>75,626</u>	<u>23,000</u>

Haynes Brothers Limited
 NOTES TO THE FINANCIAL STATEMENTS
 31 December 2001

6	TAXATION (continued)	2001	2000
		£	£

(b) Factors affecting tax charge for the year

The tax charge for the year is less than (2000: more than) the applied rate of corporation tax in the United Kingdom for this company of 30% (2000: 20%).

The differences are explained below:

Profit on ordinary activities before taxation	<u>324,676</u>	<u>86,712</u>
Profit on ordinary activities before taxation multiplied by the applied rate of corporation tax of 30% (2000: 20%)	97,403	17,342
Effects of:		
Expenses not deductible for tax purposes	16,629	4,903
Capital allowances in period in excess of depreciation	(3,972)	(2,626)
(Profit)/loss on disposal of fixed assets	(386)	15,440
Leased asset depreciation	-	(990)
Deferred tax movement	14,000	(12,000)
Rounding differences	686	931
Marginal relief	(28,360)	-
Adjustment to taxation of prior years	<u>(20,374)</u>	<u>-</u>
	<u>75,626</u>	<u>23,000</u>

7	DIVIDENDS	2001	2000
		£	£

3½% Cumulative preference shares - proposed (non-equity)	175	175
Variable rate cumulative preference shares - paid (non-equity)	23,439	26,098
Ordinary shares - interim (2000: final) proposed (equity)	<u>200,000</u>	<u>20,000</u>
	<u>223,614</u>	<u>46,273</u>

8	FIXED ASSET INVESTMENTS	Subsidiary	Total
		undertakings	£
		£	£
	At 1 January	202	202
	Addition in year	<u>1</u>	<u>-</u>
	At 31 December 2000	<u>203</u>	<u>202</u>

The investments in subsidiary undertakings, which are shown at cost, comprise four dormant agency wholly-owned subsidiary companies, Haynes of Maidstone Limited, Haynes Agricultural (Kent) Limited, Haynes Trucks Limited (formerly Haynes Truck (Contracts) Limited and The Car Store (Kent) Limited, all of which are incorporated in Great Britain and registered in England and Wales.

Haynes Brothers Limited
 NOTES TO THE FINANCIAL STATEMENTS
 31 December 2001

9	TANGIBLE FIXED ASSETS	Freehold land and buildings £	Short leasehold property £	Plant and equipment £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
	COST OR VALUATION							
	1 January 2001	6,080,000	1,500	1,043,540	281,824	159,202	605,861	8,171,927
	Revaluation	190,150	-	-	-	-	-	190,150
	Additions	869,850	-	86,455	14,282	31,854	248,793	1,251,234
	Disposals	-	-	(24,052)	(21,389)	-	(95,498)	(140,939)
	31 December 2001	<u>7,140,000</u>	<u>1,500</u>	<u>1,105,943</u>	<u>274,717</u>	<u>191,056</u>	<u>759,156</u>	<u>9,472,372</u>
	DEPRECIATION							
	1 January 2001	-	-	722,158	228,323	56,023	324,351	1,330,855
	Charge for the year	-	-	59,921	10,962	37,853	86,529	195,265
	Disposals	-	-	(17,149)	(21,325)	-	(12,579)	(51,053)
	31 December 2001	-	-	<u>764,930</u>	<u>217,960</u>	<u>93,876</u>	<u>398,301</u>	<u>1,475,067</u>
	NET BOOK AMOUNT							
	31 December 2001	<u>7,140,000</u>	<u>1,500</u>	<u>341,013</u>	<u>56,757</u>	<u>97,180</u>	<u>360,855</u>	<u>7,997,305</u>
	31 December 2000	<u>6,080,000</u>	<u>1,500</u>	<u>321,382</u>	<u>53,501</u>	<u>103,179</u>	<u>281,510</u>	<u>6,841,072</u>

All tangible fixed assets are shown at cost with the exception of freehold land and buildings comprising £2,870,803 at cost. The company's freehold premises in Maidstone, Appledore and Eastry were revalued on 31 October 2000 by Montagu Evans Chartered Surveyors on the basis of open market value for existing use.

The directors have not updated the valuation because they are not aware of any material change in value. The addition of property in the year of £869,850 has been revalued as at 31 October 2000, even though not owned at this date, for the purposes of consistency.

The freehold land and buildings shown in the accounts at the revalued amount of £7,140,000 have, in the opinion of the directors, an open market value, without limiting it to existing use, considerably in excess of the book value. The company's bankers hold a first legal mortgage over the freehold property known as land lying to the south of Sutton Road, Parkwood, Maidstone, Kent.

Included in computer equipment is equipment being acquired under finance leases with a book value of £Nil (2000: £9,906) on which depreciation charge for the year was £Nil (2000: £4,951).

Haynes Brothers Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

10	STOCKS	2001 £	2000 £
	Cars and commercial vehicles	2,760,892	2,339,119
	Vehicle repurchase commitments	30,993	249,593
	Agricultural vehicles and implements	708,991	1,088,359
	Parts stock	<u>1,788,234</u>	<u>1,951,372</u>
		<u>5,289,110</u>	<u>5,628,443</u>

The replacement cost of stocks is not materially different from the balance sheet value.

At 31 December 2001 the total amount of consignment stock held on a sale or return basis and not recorded in the balance sheet amounted to £2,415,754 (2000: £2,295,589). The principal terms of the consignment agreements, which can be terminated by either side, are such that the company can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices. The dealer was previously required to lodge a financial deposit under these agreements.

Stocks include £30,993 (2000: £249,593) relating to the residual interest on vehicles which include a commitment to repurchase at a future date at a pre-determined price. The corresponding liability is included in creditors falling due within one year and creditors falling due after more than one year to comply with Financial Reporting Standard No. 5.

11	DEBTORS	2001 £	2000 £
	Amounts due within one year:		
	Trade debtors	3,041,967	2,695,281
	Other debtors	468,671	320,167
	Prepayments and accrued income	<u>480,979</u>	<u>521,878</u>
		<u>3,991,617</u>	<u>3,537,326</u>

12	CREDITORS	Amounts falling due within one year		Amounts falling due after more than one year	
		2001 £	2000 £	2001 £	2000 £
	Bank overdrafts	3,251,774	2,705,573	-	-
	Perpetual unsecured loan stock	-	-	55,000	55,000
	Other loans	720,004	520,004	18,317	38,321
	Trade creditors	2,460,026	2,545,963	-	-
	Corporation tax	82,000	35,000	-	-
	Other taxes and social security costs	370,032	166,805	-	-
	Other creditors	367,134	315,235	-	-
	Accruals and deferred income	553,852	416,716	-	-
	Amounts owed to subsidiary undertakings	203	202	-	-
	Net obligations under finance leases	688	688	-	-
	Vehicle repurchase commitments	30,993	218,600	-	30,993
	Proposed dividends	<u>200,175</u>	<u>20,175</u>	-	-
		<u>8,036,881</u>	<u>6,944,961</u>	<u>73,317</u>	<u>124,314</u>

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13	LEASING OBLIGATIONS	2001 Land and Buildings £	2001 Other £	2000 Land and Buildings £	2000 Other £
	Commitments due under operating leases for the year to 31 December 2002 are as follows:				
	Leases expiring:				
	In less than one year	-	36,327	-	12,639
	Within two to five years	-	13,149	-	32,564
	After more than five years	<u>43,700</u>	<u>-</u>	<u>43,700</u>	<u>-</u>
		<u>43,700</u>	<u>49,476</u>	<u>43,700</u>	<u>45,203</u>

14	PROVISIONS FOR LIABILITIES AND CHARGES	Accelerated capital allowances £	Short term timing differences £	Total £
	Full provision has been made, based on a corporation tax rate of 20%, in respect of corporation tax deferred because of timing differences:			
	At 1 January 2001	18,500	(2,500)	16,000
	Transfer from profit and loss account	<u>14,000</u>	<u>-</u>	<u>14,000</u>
	At 31 December 2001	<u>32,500</u>	<u>(2,500)</u>	<u>30,000</u>

15	CALLED-UP SHARE CAPITAL	2001 and 2000	
		Number of shares	Allotted, called-up and fully paid £
	EQUITY SHARE CAPITAL		Authorised £
	Ordinary shares of £10 each	5,600	56,000
	Non-voting ordinary shares of £10 each	<u>400</u>	<u>4,000</u>
		<u>6,000</u>	<u>60,000</u>
	NON-EQUITY SHARE CAPITAL		
	Variable rate cumulative preference shares of £1 each	350,000	350,000
	3½% cumulative preference shares of £10 each	<u>500</u>	<u>5,000</u>
		<u>350,500</u>	<u>355,000</u>
	TOTAL SHARE CAPITAL		<u>415,000</u>

The variable rate cumulative preference shares have no rights other than the right to a dividend of 1½% over average bank base rate for the preceding year payable in arrears on 30 June and 31 December and the right on a return of assets on liquidation or otherwise for the capital paid up to be repaid together with any arrears or accruals of the cumulative preference dividend before any amounts are repaid to any other shareholder. The 3½% cumulative preference shares have no rights other than the right to a dividend of 3½% payable annually and the right to second preference behind the variable rate cumulative preference shares on a return of assets on liquidation or otherwise.

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16	RESERVES	Total £	Revaluation reserve £	Profit and loss account £
	1 January 2001	8,510,701	4,079,047	4,431,654
	Profit for the financial year	25,436	-	25,436
	Surplus on property revaluation	<u>190,150</u>	<u>190,150</u>	<u>-</u>
	31 December 2001	<u>8,726,287</u>	<u>4,269,197</u>	<u>4,457,090</u>

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	Profit for the financial year	249,050	63,712
	Dividends	(223,614)	(46,273)
	Other recognised gains and losses relating to the year	<u>190,150</u>	<u>1,269,016</u>
	Net addition to shareholders' funds	215,586	1,286,455
	Opening shareholders' funds	<u>8,925,701</u>	<u>7,639,246</u>
	Closing shareholders' funds	<u>9,141,287</u>	<u>8,925,701</u>

18 RELATED PARTY TRANSACTIONS

Mr D.B. Haynes, the Chairman, owns 46% and Mr A.D.S. Haynes has an interest in 24% of the equity share capital of the company; taken together these shares control 75% of the voting rights.