

HAYNES BROTHERS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2000

REGISTERED NUMBER : 48511



HAYNES BROTHERS LIMITED

DIRECTORS REPORT

31 December 2000

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2000.

Principal activities and business review

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

Haynes Trucks Limited was formed during the year, following the company's expansion of its existing Iveco Ford Truck operations in Maidstone by acquiring the full Iveco Ford Truck Franchise of Invicta Trucks Limited in Ashford and Canterbury.

The company also trades under the name Haynes Agricultural (Kent) Limited as Agricultural Engineers including the New Holland Franchise for Tractors and Harvest Equipment for Kent together with other Franchises for agricultural and related equipment.

In the face of the continuing pressures generally of a highly competitive market, the balance sheet on page 6 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 them 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 my view the company will be unable to continue in business.

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 £63,712 (1999: £138,044). Dividends of £26,098 (1999: £28,995) were paid in the year on the variable rate cumulative preference shares. It is recommended that a dividend of £175 be paid in respect of the 3½% preference shares. The directors recommend the payment of a final dividend of £20,000 on the ordinary shares. The balance of £17,439 (1999: £48,874) is added to reserves.

Directors

The following were directors of the company at 31 December 2000 and served throughout the year.

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

HAYNES BROTHERS LIMITED

DIRECTORS REPORT

31 December 2000
(continued)

Directors shareholdings

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

	At 31 December 2000		At 31 December 1999	
	Ordinary	3½% cumulative preference shares	Ordinary	3½% cumulative preference shares
D.B. Haynes	4,200	-	4,200	-
A.D.S. Haynes	-	225	-	225

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 (1999: £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.

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 £4,712 (1999: £4,231).

HAYNES BROTHERS LIMITED

DIRECTORS REPORT

31 December 2000

(continued)

Auditors

HLB Kidsons have agreed to offer themselves for re-election as auditors of the company.

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

HLBK 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

18 July 2001

HAYNES BROTHERS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Haynes Brothers Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 1 the directors of the company are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors

Chartered Accountants

London

18 July 2001

HAYNES BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Note	Continuing activities £	Acquisitions £	Total 2000 £	Total 1999 £
Turnover	2	34,699,776	1,635,300	36,335,076	36,025,031
Cost of sales		<u>(31,922,983)</u>	<u>(1,508,056)</u>	<u>(33,431,039)</u>	<u>(33,283,050)</u>
Gross profit		2,776,793	127,244	2,904,037	2,741,981
Advertising and distribution costs		(802,953)	(58,967)	(861,920)	(804,196)
Administrative expenses		<u>(1,728,925)</u>	<u>(36,799)</u>	<u>(1,765,724)</u>	<u>(1,608,697)</u>
Operating profit		<u>244,915</u>	<u>31,478</u>	276,393	329,088
Interest payable	3			<u>(189,681)</u>	<u>(148,749)</u>
Profit on ordinary activities before taxation	3			86,712	180,339
Taxation	6			<u>(23,000)</u>	<u>(42,295)</u>
Profit on ordinary activities after taxation				63,712	138,044
Dividends (including non-equity dividends)	7			<u>(46,273)</u>	<u>(89,170)</u>
Retained profit for the financial year				17,439	48,874
Balance brought forward				<u>4,414,215</u>	<u>4,365,341</u>
Balance carried forward				<u>4,431,654</u>	<u>4,414,215</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
Profit for the financial year	17,439	48,874
Unrealised surplus on revaluation of properties	<u>1,269,016</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u>1,286,455</u>	<u>48,874</u>

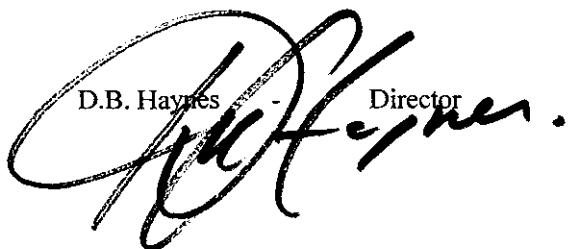
HAYNES BROTHERS LIMITED

BALANCE SHEET

at 31 December 2000

		2000		1999	
	Note	£	£	£	£
Fixed assets					
Investments	8		202		202
Tangible assets	9		<u>6,841,072</u>		<u>5,456,609</u>
			6,841,274		5,456,811
Current assets					
Stocks	10	5,628,443		5,100,377	
Debtors	11	3,537,326		2,550,419	
Cash at bank and in hand		<u>3,933</u>		<u>3,329</u>	
		9,169,702		7,654,125	
Creditors: amounts falling due within one year	12		<u>(6,944,961)</u>		<u>(5,075,672)</u>
Net current assets			<u>2,224,741</u>		<u>2,578,453</u>
Total assets less current liabilities			9,066,015		8,035,264
Creditors: amounts falling due after more than one year	12	124,314		368,018	
Provisions for liabilities and charges	14	<u>16,000</u>		<u>28,000</u>	
			<u>(140,314)</u>		<u>(396,018)</u>
Net assets			<u>8,925,701</u>		<u>7,639,246</u>
Capital and reserves					
Called up share capital	15		415,000		415,000
Revaluation reserve	16		4,079,047		2,810,031
Profit and loss account	16		<u>4,431,654</u>		<u>4,414,215</u>
Net assets			<u>8,925,701</u>		<u>7,639,246</u>
Attributable to:					
Equity shareholders			8,570,701		7,284,246
Non-equity shareholders			<u>355,000</u>		<u>355,000</u>
			<u>8,925,701</u>		<u>7,639,246</u>

The financial statements were approved by the Board of Directors on 18 July 2001.


 D.B. Haynes - Director

HAYNES BROTHERS LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	a	(107,269)	520,882
Returns on investment and servicing of finance	c	(215,954)	(177,919)
Taxation		(45,000)	(8,242)
Capital expenditure	c	(291,518)	(229,200)
Acquisition	c	<u>(452,949)</u>	<u>-</u>
		(1,112,690)	105,521
Equity dividends paid		(60,000)	(40,000)
Financing	c	<u>(28,254)</u>	<u>(160,482)</u>
Decrease in cash in the year		<u>(1,200,944)</u>	<u>(94,961)</u>

NOTES TO CASH FLOW STATEMENT

for the year ended 31 December 2000

a) **Reconciliation of operating profit to net cash inflow from operating activities**

	2000 £	1999 £
Operating profit	276,393	329,088
Depreciation charges	185,524	167,772
Loss on disposal of investments	-	-
Loss/(profit) on disposal of fixed assets	77,198	31,242
Decrease/(increase) in stocks	(98,232)	405,546
(Increase)/decrease in debtors	(986,864)	(428,623)
Increase/(decrease) in creditors	<u>438,712</u>	<u>15,857</u>
	<u>(107,269)</u>	<u>520,882</u>

b) **Reconciliation of net cash flow to movement in net debt**

	2000 £	1999 £
(Decrease) in cash in the year	(1,200,944)	(94,961)
New finance leases	-	-
Net loan repayments	28,254	160,482
Net debt at 1 January	<u>(2,142,963)</u>	<u>(2,208,484)</u>
Net debt at 31 December	<u>(3,315,653)</u>	<u>(2,142,963)</u>

HAYNES BROTHERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2000

c)	Gross cash flows	2000	1999
		£	£
	i) Returns on investment and servicing of finance		
	Interest paid	(189,681)	(148,749)
	Non-equity dividends	<u>(26,273)</u>	<u>(29,170)</u>
		<u>(215,954)</u>	<u>(177,919)</u>
	ii) Capital expenditure		
	Payment to acquire tangible fixed assets	(313,189)	(229,200)
	Receipts from sale of tangible fixed assets	<u>21,671</u>	<u>-</u>
		<u>(291,518)</u>	<u>(229,200)</u>
	iii) Financing		
	Capital element of finance leases	(8,250)	(62,838)
	Loans repaid	<u>(20,004)</u>	<u>(97,644)</u>
		<u>(28,254)</u>	<u>(160,482)</u>
	iv) Acquisitions and disposals		
	Purchase of unincorporated business	(453,009)	-
	Net cash acquired with business	<u>60</u>	<u>-</u>
		<u>(452,949)</u>	<u>-</u>
d)	Net debt	At 1 January	Cash
		2000	flow
		£	£
	Cash at bank and in hand	3,329	604
	Bank loan and overdrafts	<u>(1,504,025)</u>	<u>(1,201,548)</u>
		(1,500,696)	(1,200,944)
	Other loans due within 1 year	(520,004)	-
	Other loans due after more than 1 year	(113,325)	20,004
	Finance leases	<u>(8,938)</u>	<u>8,250</u>
		<u>(2,142,963)</u>	<u>(1,172,690)</u>
e)	Purchase of unincorporated business		Fair value
			£
	Net assets acquired:		
	Tangible fixed assets		86,650
	Stocks		429,834
	Cash in hand		60
	Creditors		<u>(63,536)</u>
			453,008
	Goodwill		<u>1</u>
			<u>453,009</u>
	Satisfied by :		
	Cash		<u>453,009</u>

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

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 dealership 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 falling due within one year and creditors falling due after more than one year.

Deferred taxation

Deferred taxation is provided under the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

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 income as incurred.

Pensions

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

2 Turnover

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

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

(continued)

3	Profit on ordinary activities before taxation	2000		1999	
		£	£	£	£
	This is stated after charging:				
	Interest payable:				
	Finance charges under finance leases	1,363		4,595	
	Loans wholly repayable within five years	37,295		34,026	
	Loans not wholly repayable within five years	5,500		5,500	
	Bank overdraft and other interest	<u>145,523</u>		<u>104,628</u>	
			189,681		148,749
	Depreciation				
	- owned assets		180,573		162,821
	- assets held under finance leases		4,951		4,951
	Auditors' remuneration for audit		22,750		20,500
	Auditors' remuneration for other services		22,753		37,499
	Operating leases - rent payable		<u>18,521</u>		<u>3,531</u>
4	Directors' emoluments			2000	1999
				£	£
	Total emoluments			<u>238,319</u>	<u>242,513</u>
	Emoluments, for management, excluding pension contributions			<u>238,219</u>	<u>242,313</u>
	The emoluments of the highest paid director were			<u>149,506</u>	<u>166,152</u>
	Pension contributions of £100 (1999: £200) were paid in respect of one director, who was not the highest paid.				
5	Employees				
	The average number of persons including directors employed by the company during the year was:				
	Service and workshop staff			144	139
	Management and administration			67	64
	Sales staff			<u>30</u>	<u>28</u>
				<u>241</u>	<u>231</u>
	Staff costs:				
				£	£
	Wages and salaries			4,245,467	3,821,458
	Social security costs			388,494	350,264
	Other pension costs			<u>147,852</u>	<u>136,194</u>
				<u>4,781,813</u>	<u>4,307,916</u>

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

(continued)

5 **Employees (continued)**

Pensions costs

The company operates a 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.

The financial position of the scheme is determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increase in salaries. The most recent valuation available was at 1st April 1999. It was then assumed that share dividends would increase by 4%, pensionable salaries by 6 % and investment returns by 9 % per annum. This 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 £147,852 (1999: £136,194).

The contributions of the company for the year were 10.3% (staff) and 2.4% (works) until 30 April 2000 and changed to 6.9% for all pensionable salaries from 1 May 2000. Employee contributions have been at the rate of 3% of pensionable salaries since 1 April 1999.

6	Taxation	2000 £	1999 £
	United Kingdom corporation tax payable based on the profit for the year at 20% (1999: 20.15%)	35,000	45,000
	Over-provision in respect of earlier years	-	(9,705)
	Transfer to deferred taxation (Note 14)	<u>(12,000)</u>	<u>7,000</u>
		<u>23,000</u>	<u>42,295</u>
7	Dividends	£	£
	3½% Cumulative preference shares - proposed (non-equity)	175	175
	Variable rate cumulative preference shares - paid (non-equity)	26,098	28,995
	Ordinary shares - final proposed (equity)	<u>20,000</u>	<u>60,000</u>
		<u>46,273</u>	<u>89,170</u>
8	Fixed asset investments	Subsidiary undertakings £	Total £
	At 31 December 2000	<u>202</u>	<u>202</u>
	At 31 December 1999	<u>202</u>	<u>202</u>

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

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

(continued)

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 2000	4,810,984	-	1,014,909	287,519	92,887	533,679	6,739,978
	Revaluations	1,269,016	-	-	-	-	-	1,269,016
			1,500					
	Additions	-	-	125,554	2,586	66,315	203,885	399,840
	Disposals	-	-	(96,923)	(8,281)	-	(131,703)	(236,907)
	31 December 2000	<u>6,080,000</u>	<u>1,500</u>	<u>1,043,540</u>	<u>281,824</u>	<u>159,202</u>	<u>605,861</u>	<u>8,171,927</u>
	Depreciation							
	1 January 2000	-	-	722,684	226,148	24,023	310,514	1,283,369
	Charge for the year	-	-	70,953	10,456	32,000	72,115	185,524
	Disposals	-	-	(71,479)	(8,281)	-	(58,278)	(138,038)
	31 December 2000	-	-	<u>722,158</u>	<u>228,323</u>	<u>56,023</u>	<u>324,351</u>	<u>1,330,855</u>
	Net book amount							
	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>
	31 December 1999	<u>4,810,984</u>	-	<u>292,225</u>	<u>61,371</u>	<u>68,864</u>	<u>223,165</u>	<u>5,426,609</u>

All tangible fixed assets are shown at cost with the exception of freehold land and buildings comprising £2,000,953 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 freehold land and buildings shown in the accounts at the revalued amount of £6,080,000 have, in the opinion of the directors, an open market value, without limiting it to existing use, considerably in excess of the book value.

Included in computer equipment is equipment being acquired under finance leases with a book value of £9,906 (1999: £14,856) on which depreciation charge for the year was £4,951.

10	Stocks	2000 £	1999 £
	Cars and commercial vehicles	2,339,119	2,012,110
	Vehicle repurchase commitments	249,593	520,373
	Agricultural vehicles and implements	1,088,359	948,961
	Parts stock	<u>1,951,372</u>	<u>1,618,933</u>
		<u>5,628,443</u>	<u>5,100,377</u>

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

At 31 December 2000 the total amount of consignment stock held on a sale or return basis and not recorded in the balance sheet amounted to £2,295,589 (1999: £3,592,603). 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 £249,593 (1999: £520,373) 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

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

(continued)

11	Debtors		2000	1999
			£	£
	Amounts due within one year:			
	Trade debtors		2,695,281	2,062,424
	Other debtors		320,167	232,446
	Prepayments and accrued income		<u>521,878</u>	<u>255,549</u>
			<u><u>3,537,326</u></u>	<u><u>2,550,419</u></u>
12	Creditors	Amounts falling due within one year	Amounts falling due After more than one year	
		2000	2000	1999
		£	£	£
	Bank loans and overdrafts	2,705,573	1,504,025	-
	Perpetual unsecured loan stock	-	-	55,000
	Other loans	520,004	520,004	38,321
	Trade creditors	2,545,963	1,786,212	-
	Corporation tax	35,000	44,957	-
	Other taxes and social security costs	166,805	133,196	-
	Other creditors	315,235	235,037	-
	Accruals and deferred income	416,716	517,246	-
	Amounts owed to subsidiary undertakings	202	202	-
	Net obligations under finance leases	688	8,938	-
	Vehicle repurchase commitments	218,600	265,680	30,993
	Proposed dividends	<u>20,175</u>	<u>60,175</u>	-
		<u><u>6,944,961</u></u>	<u><u>5,075,672</u></u>	<u><u>124,314</u></u>
				<u><u>368,018</u></u>
13	Leasing obligations	2000	2000	1999
		Land and buildings	Other	Land and buildings
		£	£	£
	Commitments due under operating leases for the year to 31 December 2001 are as follows:			
	Leases expiring:			
	In less than one year	-	12,639	-
	Within two to five years	-	32,564	-
	After more than five years	<u>43,700</u>	-	-
		<u><u>43,700</u></u>	<u><u>45,203</u></u>	<u><u>23,595</u></u>

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000
(continued)

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 1st January 1999	30,500	(2,500)	28,000
	Transfer from profit and loss account-movement	<u>(12,000)</u>	-	<u>(12,000)</u>
	At 31 December 2000	<u>18,500</u>	<u>(2,500)</u>	<u>16,000</u>

15	Called-up share capital		2000 and 1999	
		Number of shares	Authorised £	Allotted, Called-up and Fully Paid £
	Equity share capital			
	Ordinary shares of £10 each	5,600	56,000	56,000
	Non-voting ordinary shares of £10 each	400	<u>4,000</u>	<u>4,000</u>
			<u>60,000</u>	<u>60,000</u>
	Non-equity share capital			
	Variable rate cumulative preference shares of £1 each	350,000	350,000	350,000
	3½% cumulative preference shares of £10 each	500	<u>5,000</u>	<u>5,000</u>
			<u>355,000</u>	<u>355,000</u>
	Total share capital		<u>415,000</u>	<u>415,000</u>

The variable rate 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.

16	Reserves	Total £	Revaluation reserve £	Profit and loss account £
	1st January 1999	7,224,246	2,810,031	4,414,215
	Profit for the financial year	17,439	-	17,439
	Surplus on property revaluations	<u>1,269,016</u>	<u>1,269,016</u>	-
	31 December 2000	<u>8,510,701</u>	<u>4,079,047</u>	<u>4,431,654</u>

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

(continued)

17	Capital commitments and contingent liabilities	2000	1999
		£	£
	Capital commitments authorised by the Board and for which contracts had been placed:	<u>Nil</u>	<u>Nil</u>
	Contingent liabilities:		
	Indemnity re advance payment guarantee	<u>Nil</u>	<u>Nil</u>
18	Reconciliation of movement in shareholders' funds	2000	1999
		£	£
	Profit for the financial year	63,712	138,044
	Dividends	(46,273)	(89,170)
	Other recognised gains and losses relating to the year	<u>1,269,016</u>	<u>-</u>
	Net addition to shareholders' funds	1,286,455	48,874
	Opening shareholders' funds	<u>7,639,246</u>	<u>7,590,372</u>
	Closing shareholders' funds	<u>8,925,701</u>	<u>7,639,246</u>
19	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.		
20	Acquisitions		
	With effect from 25 July 2000, the company acquired the business and assets of the Iveco franchise of Invicta Trucks for a cash consideration of £453,009.		
	The assets acquired comprised as follows:-		£
	Goodwill		1
	Fixed assets		86,650
	Stock		429,834
	Cash in hand		60
	Creditors		<u>(63,536)</u>
			<u>453,009</u>