

HAYNES BROTHERS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st DECEMBER 1974

KIDSONS  
Chartered Accountants  
LONDON

HAYNES BROTHERS LIMITED

1.

Directors:

R.B. Haynes  
P.F. Haynes  
D.B. Haynes

Secretary:

P.F. Haynes

Registered Office:

21a Ashford Road, Maidstone, Kent.

Auditors:

Kidsons  
Columbia House,  
69 Aldwych, London, WC2B 4DY.

REPORT OF THE DIRECTORS

PROFITS AND DIVIDEND

The results for the year are set out on page 4. No dividend is recommended on the ordinary shares, but the directors recommend a dividend of 3.5% on the preference shares.

ACTIVITIES

The company operates a Ford Main Dealership in cars, trucks and tractors, together with the associated activities of such a franchise.

EXPORTS

There were no exports during the year.

CHARITABLE CONTRIBUTIONS

These amounted to £388 during the year.

DIRECTORS

Directors' interests in shares of the company were:

|             | <u>Shares of £10 each</u> |              |                                |             |
|-------------|---------------------------|--------------|--------------------------------|-------------|
|             | <u>Ordinary</u>           |              | <u>Non-voting<br/>Ordinary</u> |             |
|             | <u>1974</u>               | <u>1973</u>  | <u>1974</u>                    | <u>1973</u> |
| R.B. Haynes | 650                       | 650          | -                              | -           |
| P.F. Haynes | 1,400                     | 1,400        | 400                            | 400         |
| D.B. Haynes | 3,550                     | 3,550        | -                              | -           |
|             | <u>5,600</u>              | <u>5,600</u> | <u>400</u>                     | <u>400</u>  |

Messrs. P.F. Haynes and R.B. Haynes retire by rotation and are eligible for re-election.

HAYNES BROTHERS LIMITEDREPORT OF THE DIRECTORS

(CONTINUED)

## FREEHOLD LAND AND BUILDINGS

The directors' estimate of current market value is in note 1 on page 6.

## EMPLOYEES

An average of 298 persons were employed during the year, their remuneration amounting to £566,113.

## AUDITORS

Messrs. Kidsons, chartered accountants, have expressed their willingness to continue in office.

“ By order of the Board

P.F. HAYNES

Secretary

5th June 1975

BALANCE SHEET AT 31st DECEMBER 1974

| <u>ASSETS EMPLOYED</u>  | <u>Note</u> | <u>1974</u>      |                  | <u>1973</u>    |                |
|---|-------------|------------------|------------------|----------------|----------------|
|   |             | £                | £                | £              | £              |
| <b>FIXED ASSETS</b>   | 1           |                  |                  |                |                |
| Freehold land and buildings                                   |             | 197,494          |                  | 190,097        |                |
| Plant and equipment   |             | 52,647           |                  | 58,143         |                |
| Vehicles on contract hire                                     |             | 2,226            |                  | 4,507          |                |
|   |             |                  | <u>252,367</u>   |                | <u>252,747</u> |
| <b>INVESTMENT</b>   |             |                  |                  |                |                |
| Unquoted at directors' valuation                              |             |                  | 1                |                | 1              |
| <b>NET CURRENT ASSETS</b>                                     |             |                  |                  |                |                |
| Stocks  | 2           | 797,271          |                  | 432,973        |                |
| Deposit with Ford Motor Company Ltd.                          |             | 143,341          |                  | 176,153        |                |
| Debtors, less provision                                       |             | 399,355          |                  | 321,869        |                |
| Cash in hand  |             | 1,552            |                  | 1,195          |                |
|   |             | <u>1,341,519</u> |                  | <u>932,190</u> |                |
| <b>LESS: CURRENT LIABILITIES</b>                              |             |                  |                  |                |                |
| Creditors and deposits received                               |             | 507,872          |                  | 309,664        |                |
| Directors' accounts   |             | 21,900           |                  | 20,524         |                |
| Current taxation  |             | 786              |                  | 60,016         |                |
| Future hire purchase instalments                              |             | 651              |                  | 1,125          |                |
| Proposed dividend   |             | 100              |                  | 175            |                |
|   |             | <u>531,309</u>   |                  | <u>391,504</u> |                |
| <b>NET CURRENT ASSETS</b>                                     |             | 810,210          |                  | 540,686        |                |
| <b>LESS: FUTURE CORPORATION TAX</b><br>(due 1st January 1976) |             | -                |                  | 64,000         |                |
|   |             |                  | <u>810,210</u>   |                | <u>476,686</u> |
|   |             |                  | <u>1,062,578</u> |                | <u>729,434</u> |
| <b>Represented by:</b>  |             |                  |                  |                |                |
| <b>SHAREHOLDERS FUNDS</b>                                     |             |                  |                  |                |                |
| Share capital   | 3           | 65,000           |                  | 65,000         |                |
| Reserves  | 4           | 363,459          |                  | 308,265        |                |
| <b>DEFERRED TAXATION</b>                                      | 5           |                  | 428,459          |                | 373,265        |
|   |             |                  | 158,980          |                | 19,588         |
| <b>BORROWINGS</b>   |             |                  |                  |                |                |
| Perpetual unsecured loan stock                                | 6           | 55,000           |                  | 55,000         |                |
| Mortgage loans  | 7           | 84,500           |                  | 90,500         |                |
| Bank overdraft (secured)                                      |             | 330,639          |                  | 186,081        |                |
| Stocking loan   |             | 5,000            |                  | 5,000          |                |
|   |             |                  | <u>475,139</u>   |                | <u>336,581</u> |
|   |             |                  | <u>1,062,578</u> |                | <u>729,434</u> |

P.F. HAYNES )  
 )  
 D.B. HAYNES ) Directors

*P.F. Haynes*  
*D.B. Haynes*

HAYNES BROTHERS LIMITED

NOTES TO THE ACCOUNTS AT 31st DECEMBER 1974

1. **FIXED ASSETS**

|                                   | <u>1974</u>    | <u>1973</u>    |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| (a) Freehold land and buildings   |                |                |
| At professional valuation in 1946 | 9,500          | 9,500          |
| At cost                           | 187,994        | 180,597        |
|                                   | <u>197,494</u> | <u>190,097</u> |

The directors estimate (a) that the Ashford Road and Lenfield House properties in Maidstone and the Appledore property, have a current market value at least £200,000 in excess of their book value; and (b) that the Parkwood Industrial Estate property has also appreciated in value since its acquisition in 1966. No provision is made for depreciation of freehold buildings.

All the properties, except Appledore, are charged.

(b) Plant, equipment and vehicles

|                           | <u>Plant and machinery</u> | <u>Fixtures and fittings</u> | <u>Vehicles on contract hire</u> |
|---------------------------|----------------------------|------------------------------|----------------------------------|
|                           | £                          | £                            | £                                |
| Cost, 1st January 1974    | 112,394                    | 20,187                       | 6,289                            |
| Additions                 | 3,354                      | 2,320                        | -                                |
| Cost of sales             | (161)                      | (123)                        | (2,569)                          |
|                           | <u>115,787</u>             | <u>22,384</u>                | <u>3,720</u>                     |
| Depreciation,             |                            |                              |                                  |
| 1st January 1974          | 63,116                     | 11,322                       | 1,782                            |
| Provision for year        | 9,279                      | 2,010                        | 742                              |
| Adjustment re sales, etc. | (94)                       | (109)                        | (1,030)                          |
|                           | <u>72,301</u>              | <u>13,223</u>                | <u>1,494</u>                     |
| Net book value            |                            |                              |                                  |
| 31st December 1973        | <u>49,278</u>              | <u>8,865</u>                 | <u>4,507</u>                     |
| 31st December 1974        | <u>43,486</u>              | <u>9,161</u>                 | <u>2,226</u>                     |

(c) Depreciation is provided on the cost of plant, machinery, fixtures and fittings at 10% p.a., and on the cost of contract hire vehicles at 20% p.a.

(d) There were no commitments for capital expenditure either at 31st December 1974 or at 31st December 1973.

2. **STOCKS**

These have been valued at the lower of cost and estimated net realisable value, a basis consistent with that used in previous years.

3. **SHARE CAPITAL**

Authorised, issued and fully-paid in shares of £10 each, divided as to:

|       |  |  |
|-------|--|--|
| 500   |  | 5% Cumulative preference shares (now designated 3.5% shares) |
| 5,600 |  | Ordinary shares  |
| 400   |  | Non-voting ordinary shares                                   |

HAYNES BROTHERS LIMITED

NOTES TO THE ACCOUNTS AT 31st DECEMBER 1974

7.  
12

(CONTINUED)

4. RESERVES

|                        | 1974    | 1973    |
|------------------------|---------|---------|
|                        | £       | £       |
| Capital                | 9,855   | 9,855   |
| General                | 50,000  | 50,000  |
| Unappropriated profits | 303,604 | 248,410 |
|                        | 363,459 | 308,265 |
|                        | 363,459 | 308,265 |

5. DEFERRED TAXATION

a) Provision is made for corporation tax at the current rate of 52% deferred by reason of differences between the provision for depreciation of fixed assets and the corresponding allowances for taxation purposes.

|  | 1974    | 1973   |
|--|---------|--------|
|  | £       | £      |
| b) Deferred taxation   | 18,980  | 19,588 |
| Corporation tax postponed by reference to increases in stock levels under proposed legislation | 140,000 | -      |
|  | 158,980 | 19,588 |
|  | 158,980 | 19,588 |

6. PERPETUAL UNSECURED LOAN STOCK

The rate of interest payable on the unsecured loan stock was increased from 5% p.a. to 7½% p.a. with effect from 1st April 1974.

7. MORTGAGE LOANS

- a. £80,000 (1973 £85,000) bearing interest at 1½% over Bank Base Rate, with a maximum of 10% p.a.
- b. £ 4,500 (1973 £ 5,500) bearing interest at a fixed rate of 5½%.

These loans are secured by charges on certain of the company's freehold property and are being repaid as to:

- a. by quarterly instalments of 1,250
- b. by half-yearly instalments of £500

8. DIRECTORS' REMUNERATION

The highest paid director earned £23,975 (1973 - £15,975). The other directors' earnings fell within the following brackets -

|                   |              |
|-------------------|--------------|
| £ 7,501 - £10,000 | Nil (1973-2) |
| £10,001 - £12,500 | 2 (1973-Nil) |