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HAYNES BROTHERS LIMITED

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

31ST DECEMBER 1981

KIDSONS

Chartered Accountants

LONDON



HAYNES BROTHERS LIMITED

1.

Directors:

P.F. Haynes
D.B. Haynes

Secretary and Registered Office:

B.H. Fuller F.C.A.
23 Ashford Road,
Maldstone,
Kent.

Auditors:

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

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31st December 1981.

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 trades as motor and agricultural engineers including Distributorships for Ford cars, vans, trucks and tractors and Claas combines and balers.

EXPORTS

Exports during the year amounted to £7,197 (1980: £45,605).

CHARITABLE CONTRIBUTIONS

These amounted to £1,401 (1980: £980).

DIRECTORS

Mr. P.F. Haynes retires by rotation and is eligible for re-election.

Directors' interests in shares of the company were:

	Shares of £10 each			
	Ordinary		Non-voting ordinary	
	1981	1980	1981	1980
P.F. Haynes	1,150	1,150	400	400
D.B. Haynes	4,200	3,550	--	--
	5,350	4,700	400	400

HAYNES BROTHERS LIMITEDREPORT OF THE DIRECTORS(CONTINUED)

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service.

FIXED ASSETS

Changes in fixed assets during the year are set out in Note 1 on page 6.

The directors' estimate of the current market value of freehold land and buildings is also shown in note 1 on page 6.

EMPLOYEES

An average of 278 (1980: 291) persons were employed during the year, their remuneration amounting to £1,570,186 (1980: 1,497,393).

AUDITORS

The auditors, Messrs. Kidsons, chartered accountants, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1970 as amended.

By Order of the Board

B.H. FULLER

23rd July 1982

Secretary

WAYNES BROTHERS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 8, in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1981 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981, in so far as the provisions of those Acts apply to these financial statements.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

London, 23rd July 1982

KIDSONS
Chartered Accountants

HAYNES BROTHERS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1981

	<u>Note</u>	<u>£</u>	<u>1981</u>	<u>£</u>	<u>1980</u>	<u>£</u>
SALES: Car and truck divisions			10,373,344		10,694,523	
Agricultural division			2,701,372		2,741,416	
			<u>13,074,716</u>		<u>13,435,939</u>	
TRADING PROFIT before charging:-			451,261		475,938	
Directors' emoluments	7	84,378		75,250		
Directors' pension contributions		40,000		25,000		
Bank interest		18,725		48,874		
Loan interest: long term		4,706		5,225		
loan stock		5,500		5,156		
short term		28,988		55,260		
Auditors' remuneration		6,000		5,250		
Depreciation (less profit on sales)	1	31,549		32,890		
			<u>219,846</u>	<u>252,905</u>		
PROFIT BEFORE TAXATION			231,415	223,033		
TAXATION	8		30,830	(342,571)		
PROFIT AFTER TAXATION			200,585	565,604		
APPROPRIATIONS						
Preference dividend proposed			175	175		
PROFIT RETAINED			200,410	565,429		
UNAPPROPRIATED PROFITS brought forward			1,399,921	834,492		
UNAPPROPRIATED PROFITS carried forward	4		<u>1,600,331</u>	<u>1,399,921</u>		

The notes on pages 6 and 7 form part of these financial statements.

HAYNES BROTHERS LIMITED
BALANCE SHEET AT 31ST DECEMBER 1981

5.

<u>ASSETS EMPLOYED</u>	£	<u>1981</u>	£	<u>1980</u>	£
FIXED ASSETS	1				
Freehold land and buildings		349,466		349,466	
Plant and equipment		210,378		211,015	
		559,844		560,481	
INVESTMENT					
Unquoted at directors' valuation			1		1
CURRENT ASSETS					
Stocks	2	2,089,159		1,822,866	
Deposit with Ford Motor Company Limited		444,041		444,115	
Debtors		1,084,483		693,700	
Cash in hand		3,093		2,496	
		3,620,776		2,963,177	
CURRENT LIABILITIES					
Creditors and deposits received		1,692,933		728,156	
Bank overdraft		90,327		419,307	
Stocking loan		100,000		305,000	
Proposed dividend		175		175	
		1,883,435		1,452,638	
NET CURRENT ASSETS		1,737,341		1,510,539	
		2,297,186		2,071,021	
FINANCED BY:					
SHAREHOLDERS' FUNDS					
Share capital	3	65,000		65,000	
Reserves	4	2,035,186		1,834,776	
		2,100,186		1,899,776	
DEFERRED TAXATION	5		97,000		66,245
BORROWINGS					
Perpetual unsecured loan stock		55,000		55,000	
Mortgage loan	6	45,000		50,000	
		100,000		105,000	
		2,297,186		2,071,021	

The financial statements were approved by the Board of Directors on 23rd July 1982.

P.F. HAYNES

D.B. HAYNES

} Directors
[Handwritten signatures]

The notes on pages 6 and 7 form part of these financial statements.

NOTES ON FINANCIAL STATEMENTS - 31ST DECEMBER 1981

1. FIXED ASSETS	<u>1981</u> £	<u>1980</u> £
(a) Freehold land and buildings		
At professional valuation in 1946	9,500	9,500
At cost	339,966	339,966
	<u>349,466</u>	<u>349,466</u>

The directors estimate that the Ashford Road and Parkwood Industrial Estate properties in Maidstone and the Appledore property, have a current market value at least £1,000,000 in excess of their book value. No provision is made for depreciation of freehold properties. Only the Parkwood property is charged as indicated in note 6.

(b) Plant, equipment, fixtures and fittings:	<u>Plant and machinery</u> £	<u>Fixtures and fittings</u> £	<u>Total</u> £
<u>COST</u>			
1st January 1981	338,128	73,037	411,165
Additions	16,859	17,501	34,360
Disposals	(9,798)	(1,182)	(10,980)
	<u>345,189</u>	<u>89,356</u>	<u>434,545</u>
<u>DEPRECIATION</u>			
1st January 1981	165,167	34,983	200,150
Provision for year	27,234	7,484	34,718
Adjustment for disposals	(9,546)	(1,155)	(10,701)
	<u>182,855</u>	<u>41,312</u>	<u>224,167</u>
<u>NET BOOK VALUE</u>			
31st December 1981	<u>162,334</u>	<u>48,044</u>	<u>210,378</u>
31st December 1980	<u>172,961</u>	<u>38,054</u>	<u>211,015</u>

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

(d) Authorised capital expenditure at 31st December 1981, but not contracted for, amounted to £14,000 (1980: £75,000) and contracted expenditure not provided in the accounts amount to £12,000 (1980: £25,000).

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

NOTES ON FINANCIAL STATEMENTS - 31ST DECEMBER 1981

(CONTINUED)

4. RESERVES	<u>1981</u> £	<u>1980</u> £
Capital	9,855	9,855
General	425,000	425,000
Unappropriated profits	1,600,331	1,399,921
	<u>2,035,186</u>	<u>1,834,776</u>

5. DEFERRED TAXATION	<u>1981</u> £	<u>1980</u> £
<p>This has been provided where there is reasonable probability that such taxation will become payable in the foreseeable future. The calculation, on the liability method, takes account of:</p>		
(a) the differing treatment of depreciation for accounting and taxation purposes	109,400	108,550
(b) other timing differences	(11,670)	(41,650)
(c) advance corporation tax recoverable	(730)	(655)
	<u>97,000</u>	<u>66,245</u>

The contingent liability in respect of stock relief not provided for in these accounts amounts to £752,700 (1980: £666,000).

6. MORTGAGE LOAN

This loan is secured by a charge on the company's freehold property at Parkwood and is being repaid by quarterly instalments of £1,250.

It bears interest at 1½% over Bank Base Rate with a maximum of 10% p.a.

7. EMOLUMENTS

The highest paid director earned £62,403 (1980: £55,925). The other director received emoluments within the following range of £20,001 - £25,000 (1980: £15,001 - £20,000).

8. TAXATION	<u>1981</u> £	<u>1980</u> £
Transfer to deferred taxation	30,830	(340,100)
Adjustment re prior years	-	(2,471)
	<u>30,830</u>	<u>(342,571)</u>

HAYNES BROTHERS LIMITED

8.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1981

	£	<u>1981</u>	£	£	<u>1980</u>	£
SOURCE OF FUNDS						
Profit before taxation		231,415			223,033	
Adjustment for items not involving the movement of funds:						
Depreciation		34,718			32,911	
Profit on disposal of fixed assets		(3,169)			(21)	
		<hr/>			<hr/>	
TOTAL GENERATED FROM OPERATIONS		262,964			255,923	
FUNDS FROM OTHER SOURCES						
Proceeds from disposal of fixed assets			3,448			852
			<hr/>			<hr/>
			266,412			256,775
APPLICATION OF FUNDS						
Purchase of fixed assets	34,360			104,266		
Mortgage repayments	5,000			5,000		
Dividends paid	175			175		
Advance corporation tax	75			75		
			<hr/>			<hr/>
			39,610			109,516
			<hr/>			<hr/>
INCREASE IN WORKING CAPITAL			226,802			147,259
			<hr/> <hr/>			<hr/> <hr/>
Represented by:-						
Increase/(decrease) in stocks		266,293			(199,526)	
(Decrease) in F.M.C. deposit		(74)			(59,786)	
Increase/(decrease) in debtors		390,783			(153,211)	
(Increase)/decrease in creditors		(964,777)			249,677	
Decrease in stocking loan		205,000			-	
			<hr/>			<hr/>
			(102,775)			(162,846)
Movement in net liquid funds:						
Decrease in bank overdraft	328,980			310,727		
Increase/(decrease) in cash in hand	597			(622)		
			<hr/>			<hr/>
			329,577			310,105
			<hr/>			<hr/>
			226,802			147,259
			<hr/> <hr/>			<hr/> <hr/>

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