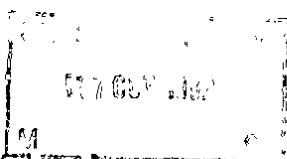


HAYNES BROTHERS LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1991

REGISTERED NUMBER: 48511


Kidsons Impney
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY

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HAYNES BROTHERS LIMITED

DIRECTOR'S REPORT

31st December 1991

The director presents the annual report and the audited financial statements of the company for the year ended 31st December 1991.

Principal activities and business review

The company trades under the name Haynes of Maidstone as motor and agricultural engineers including distributorships for Ford cars and Rallye-Sport, Ford commercial vehicles, Iveco Ford trucks and Ford New Holland tractors and harvest equipment. The balance sheet on page 5 continues to reflect a strong commercial base despite the pressure of a highly competitive market.

Profits and dividends

The profit on ordinary activities for the year after tax amounted to £82,639 (1990: £205,950). Dividends of £56,936 were paid during the year in respect of the variable rate preference shares. It is recommended that a dividend of £175 be paid in respect of the 3½% preference shares. The balance of £10,470 (1990: £152,061) is added to reserves.

Director

Mr. D.B. Haynes was a director of the company at 31st December 1991 and served throughout the year.

Director's shareholdings

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

	At 31st December 1991		At 31st December 1990	
	Shares of £10 each	3½% cumulative preference shares	Shares of £10 each	3½% cumulative preference shares
D.B. Haynes	4,200	225	4,200	225

In addition D.B. Haynes holds £14,000 (1990: £14,000) of the perpetual unsecured loan stock.

The director has no interest in the variable rate preference shares or the non-voting ordinary shares.

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.

HAYNES BROTHERS LIMITED

DIRECTOR'S REPORT

31st December 1991

(continued)

Donations

During the year, the company made donations for political and charitable purposes amounting to £3,191 (1990: £4,075).

Fixed assets

The movements in fixed assets during the year are set out in the notes to the financial statements.

No provision is made for depreciation of freehold property in the Town Centre (4.2 acres), Parkwood Industrial Estate (3.8 acres) and at Appledore (0.75 acres). The director estimates that all three properties together have a current market value at least £4m in excess of the book value.

Auditors

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

On behalf of the board



G.J. Morgan

Secretary

Registered Office:

23 Ashford Road
Maidstone
Kent
ME14 5DQ

31st July 1992

HAYNES BROTHERS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Haynes Brothers Limited

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1991 and of its profit and source and application of funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.


Nicholas Impey

Registered Auditors

Chartered Accountants

London

31st July 1992

HAYNES BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1991

	Note	1991 £	1990 £
Turnover		25,213,725	28,610,815
Cost of sales		<u>23,119,764</u>	<u>26,201,376</u>
Gross profit		2,093,961	2,409,439
Advertising and distribution costs		378,652	412,640
Administrative expenses		<u>1,458,075</u>	<u>1,422,720</u>
Operating profit		257,234	574,079
Interest payable		<u>140,595</u>	<u>268,120</u>
Profit on ordinary activities before taxation	3	116,639	305,959
Taxation	6	<u>49,058</u>	<u>100,000</u>
Profit on ordinary activities after taxation		67,581	205,959
Dividends	7	<u>57,111</u>	<u>53,898</u>
Retained (loss)/profit for the financial year		10,470	152,061
Balance brought forward		<u>3,436,563</u>	<u>3,284,502</u>
Balance carried forward		<u>3,447,033</u>	<u>3,436,563</u>

The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED

BALANCE SHEET

at 31st December 1991

	Note	1991		1990	
		£	£	£	£
Fixed assets					
Investments	8		200		-
Tangible assets	9		<u>2,360,392</u>		<u>2,146,394</u>
			2,360,592		2,146,394
Current assets					
Stocks	10	3,024,130		3,527,358	
Debtors	11	2,483,284		2,652,455	
Cash at bank and in hand		<u>6,698</u>		<u>6,530</u>	
		5,514,112		6,186,343	
Creditors: amounts falling due within one year	12	<u>3,076,816</u>		<u>3,552,377</u>	
Net current assets			<u>2,437,296</u>		<u>2,633,966</u>
Total assets less current liabilities			4,797,888		4,780,360
Creditors: amounts falling due after more than one year	12	55,000		55,000	
Provisions for liabilities and charges	13	<u>46,000</u>		<u>38,942</u>	
			<u>101,000</u>		<u>93,942</u>
Net assets			<u>4,696,888</u>		<u>4,686,418</u>
Capital and reserves					
Called up share capital	14		415,000		415,000
Capital reserve			9,855		9,855
General reserve			825,000		825,000
Profit and loss account			<u>3,447,033</u>		<u>3,436,563</u>
Shareholders' funds			<u>4,696,888</u>		<u>4,686,418</u>

The financial statements were approved by the director on 31st July 1992

D.B. Haynes

Director



The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1991

	1991		1990	
	£	£	£	£
Source of funds				
Profit on ordinary activities before taxation		116,639		305,959
Adjustment for items not involving the movement of funds:				
Depreciation	124,288		53,575	
Loss on sale of tangible fixed assets	<u>-</u>		<u>999</u>	
		<u>124,288</u>		<u>54,574</u>
Total generated from operations		240,927		360,533
Funds from other sources				
Proceeds from disposal of tangible fixed assets		<u>12,209</u>		<u>50</u>
		253,136		360,583
Application of funds				
Purchase of investments	200		-	
Purchase of tangible fixed assets	350,495		45,173	
Mortgage repayments	-		5,000	
Dividends paid	57,111		53,898	
ACT paid	18,477		82,431	
Corporation tax paid	<u>87,342</u>		<u>120,555</u>	
		<u>(513,625)</u>		<u>(307,057)</u>
(Decrease) increase in working capital		(260,489)		53,526
Represented by:				
(Decrease) increase in stocks		(503,228)		110,462
Increase/(decrease) in debtors		17,652		(244,124)
(Increase) in creditors		(254,977)		(73,643)
(Decrease) in deposit with Ford Motor Company		<u>(186,823)</u>		<u>(619,378)</u>
		(927,376)		(826,683)
Movement in net liquid funds:				
Increase in cash and bank and decrease in bank overdraft		<u>666,887</u>		<u>880,209</u>
		<u>(260,489)</u>		<u>53,526</u>

The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1991

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.

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 which are not depreciated, in equal annual instalments over their estimated useful lives, at the rate of 10% per annum, except for motor vehicles which are written down to their estimated realisable value at the balance sheet date.

Stocks

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

Deferred taxation

Deferred taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the financial statements and as computed for tax purposes.

Assets held under finance leases

For assets under finance leases acquired during the year, 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.

For assets acquired under finance leases in previous years, the assets were not capitalised and the rentals are charged to the profit and loss account on a straight line basis.

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

	1991		1990	
	£	£	£	£
This is stated after charging:				
Interest payable:				
Loans wholly repayable within five years	58,901		4,714	
Loans not wholly repayable within five years	5,500		5,500	
Bank overdraft and other interest	<u>76,194</u>		<u>257,906</u>	
		140,595		268,120
Hire of plant and machinery held under finance leases		23,221		26,355
Depreciation		72,087		53,575
Auditors' remuneration		14,000		13,500
Directors' emoluments (including pension contributions) (see note 4)		<u>236,636</u>		<u>239,735</u>

HAYNES BROTHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 1991
(continued)

4	Directors' emoluments	1991	1990
		£	£
	For management	<u>236,636</u>	<u>239,735</u>
	Emoluments, excluding pension contributions, are analysed as follows:		
	Highest paid director (including pension - related supplement £40,000 (1990: £60,000))	<u>196,636</u>	<u>199,735</u>
5	Employees	Number	Number
	The average number of persons including directors employed by the company during the year was:		
	Service and workshop staff	166	170
	Management and administration	70	72
	Sales staff	<u>26</u>	<u>28</u>
		<u>262</u>	<u>270</u>
	Staff costs:	£	£
	Wages and salaries	3,295,791	3,122,462
	Social security costs	326,433	309,463
	Other pension costs	<u>160,192</u>	<u>159,383</u>
		<u>3,782,416</u>	<u>3,591,308</u>
6	Taxation		
	United Kingdom corporation tax based on the profit for the year at 25% (1990: 34.25%)	26,000	106,000
	Transfer to/(from) deferred taxation	7,058	(6,000)
	(Under) provision in respect of prior years	<u>16,000</u>	<u>-</u>
		<u>49,058</u>	<u>100,000</u>
7	Dividends		
	3½% Cumulative preference shares -proposed	175	175
	Variable rate cumulative preference shares -paid	<u>56,936</u>	<u>53,723</u>
		<u>57,111</u>	<u>53,898</u>
8	Fixed asset investments		£
	At 1st January 1991		Nil
	Additions		<u>200</u>
	At 31st December 1991		<u>200</u>

The additions in the year represent an investment in two dormant agency wholly-owned subsidiary companies, Haynes of Maidstone Limited and Haynes Agricultural (Kent) Limited. Both are incorporated in Great Britain and registered in England and Wales.

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1991

(continued)

9 Tangible fixed assets	Freehold Land and Buildings £	Fixtures and Fittings £	Plant and Equipment £	Motor vehicles £	Total £
Cost or Valuation					
1st January 1991	1,772,026	234,723	656,906	133,117	2,796,772
Additions	17,258	9,570	200,488	123,179	350,495
Disposals	-	-	-	(12,209)	(12,209)
31st December 1991	<u>1,789,284</u>	<u>244,293</u>	<u>857,394</u>	<u>244,087</u>	<u>3,135,058</u>
Depreciation					
1st January 1991	-	155,049	495,329	-	650,378
Charge for the year	-	17,037	55,050	52,201	124,288
31st December 1991	-	<u>172,086</u>	<u>550,379</u>	<u>52,201</u>	<u>774,666</u>
Net book amount					
31st December 1991	<u>1,789,284</u>	<u>72,207</u>	<u>307,015</u>	<u>191,886</u>	<u>2,360,392</u>
31st December 1990	<u>1,772,026</u>	<u>79,674</u>	<u>161,577</u>	<u>133,117</u>	<u>2,146,394</u>

All tangible fixed assets are shown at cost with the exception of freehold land and buildings which comprised £6,090 at valuation in 1946 and subsequent additions at cost of £1,783,194.

10 Stocks	1991 £	1990 £
Cars and commercial vehicles	1,326,811	1,766,752
Agricultural vehicles and implements	732,204	837,121
Parts stock	965,115	923,485
	<u>3,024,130</u>	<u>3,527,358</u>

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

11 Debtors	1991 £	1990 £
Amounts due within one year:		
Trade debtors	1,899,578	1,884,929
Deposit with Ford Motor Company (note (i))	179,560	366,383
Other debtors	255,717	226,629
Prepayments and accrued income	148,429	174,514
	<u>2,483,284</u>	<u>2,652,455</u>

Note (i): The short term deposit with Ford Motor Company has been reduced by a related short term loan of £426,830 (1990: £500,000).

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1991
(continued)

12 Creditors	Amounts falling due within one year		Amounts falling due after more than one year	
	1991 £	1990 £	1991 £	1990 £
Bank loans and overdrafts	126,506	793,225	-	-
Perpetual unsecured loan stock	-	-	55,000	55,000
Trade creditors	2,027,308	1,902,138	-	-
Corporation tax	28,948	92,767	-	-
Other taxes and social security costs	151,840	125,571	-	-
Other creditors	279,983	295,849	-	-
Accruals and deferred income	382,746	342,652	-	-
Amounts owed to subsidiary undertakings	200	-	-	-
Finance leases	79,110	-	-	-
Proposed dividends	175	175	-	-
	<u>3,076,816</u>	<u>3,552,377</u>	<u>55,000</u>	<u>55,000</u>

13 Provisions for liabilities and charges

The provision included in the balance sheet relates to deferred taxation and consists of the following:-

	1991 £	1990 £
Accelerated capital allowances	46,000	39,000
Advance corporation tax recoverable	-	(58)
	<u>46,000</u>	<u>38,942</u>

14 Called-up share capital

	1991		1990	
	Authorised £	Allotted, Issued and Fully Paid £	Authorised £	Allotted, Issued and Fully Paid £
Ordinary shares of £10 each	56,000	56,000	56,000	56,000
Non-voting ordinary shares of £10 each	4,000	4,000	4,000	4,000
Variable rate preference shares of £1 each	350,000	350,000	350,000	350,000
3½% cumulative preference shares of £10 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>

15 Leasing commitments

Net future commitments due under finance leases (including non-capitalised finance leases) at 31st December 1991 are as follows:-

Year to 31st December 1992	45,829
Years to 31st December 1995	<u>48,488</u>
	<u>94,317</u>

HAYNES BROTHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 1991
(continued)

16 Capital commitments and contingent liabilities

Capital commitments authorised by the Board and for which contracts had been placed amounted to £250,000 (1990: £Nil).

There were no contingent liabilities at the balance sheet date.