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HAYNES BROTHERS LIMITED

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

31ST DECEMBER 1982

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,
Maidstone,
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 1982.

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 £5,427 (1981: £7,197).

CHARITABLE CONTRIBUTIONS

These amounted to £316 (1981: £1,401).

DIRECTORS

Mr. D.B. 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	
	1982	1981	1982	1981
P.F. Haynes	1,150	1,150	400	400
D.B. Haynes	4,200	4,200	-	-
	<u>5,350</u>	<u>5,350</u>	<u>400</u>	<u>400</u>

2.

HAYNES BROTHERS LIMITED

REPORT 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 270 (1981: 278) persons were employed during the year, their remuneration amounting to £1,647,025 (1981: 1,570,186).

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

Secretary

18th July 1983

HAYNES 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 1982 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.

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

KIDSONS

Chartered Accountants

London, 18th July 1983

HAYNES BROTHERS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1982

	<u>Note</u>	£	<u>1982</u>	£	£	<u>1981</u>	£
SALES: Car and truck divisions			11,540,031			10,373,344	
Agricultural division			3,450,382			2,701,372	
			<u>14,990,413</u>			<u>13,074,716</u>	
TRADING PROFIT before charging:-			493,023			451,261	
Directors' emoluments	7	88,711			84,378		
Directors' pension contributions		40,000			40,000		
Bank interest		32,055			18,725		
Loan interest: long term		4,212			4,706		
loan stock		5,500			5,500		
short term		14,300			28,988		
Auditors' remuneration		6,500			6,000		
Depreciation (less profit on sales)	1	39,575			31,549		
			<u>230,853</u>		<u>219,846</u>		
PROFIT BEFORE TAXATION			262,170			231,415	
TAXATION	8		64,650			30,830	
PROFIT AFTER TAXATION			<u>197,520</u>			<u>200,585</u>	
APPROPRIATIONS							
Preference dividend proposed			175			175	
PROFIT RETAINED			<u>197,345</u>			<u>200,410</u>	
UNAPPROPRIATED PROFITS brought forward			1,660,331			1,399,921	
UNAPPROPRIATED PROFITS carried forward	4		<u>1,797,676</u>			<u>1,600,331</u>	

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

HAYNES BROTHERS LIMITED
BALANCE SHEET AT 31ST DECEMBER 1982

5.

		<u>1982</u>		<u>1981</u>	
	£		£		£
ASSETS EMPLOYED					
FIXED ASSETS	1				
Freehold land and buildings		349,466		349,466	
Plant and equipment		233,925		210,378	
		583,391		559,844	
INVESTMENT					
Unquoted at directors' valuation			1		1
CURRENT ASSETS					
Stocks	2	2,041,509		2,089,159	
Deposit with Ford Motor Company Limited		513,224		444,041	
Debtors		764,959		1,084,483	
Cash at bank and in hand		239,524		3,093	
		3,559,216		3,620,776	
CURRENT LIABILITIES					
Creditors and deposits received		1,488,252		1,692,933	
Bank overdraft		-		90,327	
Stocking loan		100,000		100,000	
Proposed dividend		175		175	
Current taxation		40,000		-	
		1,628,427		1,883,435	
NET CURRENT ASSETS			1,930,789		1,737,341
			2,514,181		2,297,186
FINANCED BY:					
SHAREHOLDERS' FUNDS					
Share capital	3	65,000		65,000	
Reserves	4	2,232,531		2,035,186	
			2,297,531		2,100,186
DEFERRED TAXATION	5		121,650		97,000
BORROWINGS					
Perpetual unsecured loan stock		55,000		55,000	
Mortgage loan	6	40,000		45,000	
			95,000		100,000
			2,514,181		2,297,186

The financial statements were approved by the Board of Directors on 18th July 1983.

P.F. HAYNES)
D.E. HAYNES) Directors

P.F. Haynes
D.E. Haynes

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

HAYNES BROTHERS LIMITEDNOTES ON FINANCIAL STATEMENTS - 31ST DECEMBER 19821. **FIXED ASSETS**

	<u>1982</u> £	<u>1981</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.

<u>COST</u>	<u>Plant and machinery</u> £	<u>Fixtures and fittings</u> £	<u>Total</u> £
(b) Plant, equipment, fixtures and fittings:			
1st January 1982	345,189	89,356	434,545
Additions	30,217	33,120	63,337
Disposals	(8,600)	(67)	(8,667)
31st December 1982	<u>366,806</u>	<u>122,409</u>	<u>489,215</u>
<u>DEPRECIATION</u>			
1st January 1982	182,855	41,312	224,167
Provision for year	28,967	10,700	39,667
Adjustment for disposals	(8,490)	(54)	(8,544)
31st December 1982	<u>203,332</u>	<u>51,958</u>	<u>255,290</u>
<u>NET BOOK VALUE</u>			
31st December 1982	<u>163,474</u>	<u>70,451</u>	<u>233,925</u>
31st December 1981	<u>162,334</u>	<u>48,044</u>	<u>210,378</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 1982, but not contracted for, amounted to £Nil (1981: £14,000) and contracted expenditure not provided in the accounts amount to £Nil (1981: £12,000).

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 1982

(CONTINUED)

4. RESERVES	<u>1982</u> £	<u>1981</u> £
Capital	9,855	9,855
General	425,000	425,000
Unappropriated profits	1,797,676	1,600,331
	<u>2,232,531</u>	<u>2,035,186</u>

5. DEFERRED TAXATION	<u>1982</u> £	<u>1981</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	121,650	109,400
(b) other timing differences	-	(11,670)
(c) advance corporation tax recoverable	-	(730)
	<u>121,650</u>	<u>97,000</u>

The contingent liability in respect of stock relief not provided for in these accounts amounts to £619,000 (1981: £752,700).

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 £65,921 (1981: £62,403). The other director received emoluments within the following range of £20,001 - £25,000 (1981: £20,001 - £25,000).

8. TAXATION	<u>1982</u> £	<u>1981</u> £
Provision for the year at 40%	40,000	-
Transfer to deferred taxation	24,650	30,830
	<u>64,650</u>	<u>30,830</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1982

	£	<u>1982</u>	£	£	<u>1981</u>	£
SOURCE OF FUNDS						
Profit before taxation		262,170			231,415	
Adjustment for items not involving the movement of funds:						
Depreciation		39,667			34,718	
Profit on disposal of fixed assets		(92)			(3,169)	
		<u>301,745</u>			<u>262,964</u>	
TOTAL GENERATED FROM OPERATIONS						
FUNDS FROM OTHER SOURCES						
Proceeds from disposal of fixed assets			215		3,448	
			<u>301,960</u>		<u>266,412</u>	
APPLICATION OF FUNDS						
Purchase of fixed assets	63,337			34,360		
Mortgage repayments	5,000			5,000		
Dividends paid	175			175		
Advance corporation tax	-			75		
			<u>68,512</u>		<u>39,610</u>	
INCREASE IN WORKING CAPITAL						
			<u><u>233,448</u></u>		<u><u>226,802</u></u>	
Represented by:-						
(Decrease)/increase in stocks			(47,650)		266,293	
Increase/(decrease) in F.M.C. deposit			69,183		(74)	
(Decrease)/increase in debtors			(319,524)		390,783	
Decrease/(increase) in creditors			204,681		(964,777)	
Decrease in stocking loan			-		205,000	
			<u>(93,310)</u>		<u>(102,775)</u>	
Movement in net liquid funds:						
Decrease in bank overdraft		90,327		328,980		
Increase in cash at bank and in hand		<u>236,431</u>		<u>597</u>		
			<u>326,758</u>		<u>329,577</u>	
			<u><u>233,448</u></u>		<u><u>226,802</u></u>	

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