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HAYNES BROTHERS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER 1977



KIDSONS
Chartered Accountants
LONDON



HAYNES BROTHERS LIMITEDDirectors:

P. F. Haynes
D. B. Haynes

Secretary and Registered Office:

B. H. Fuller F.C.A.
21a, 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 accounts of the company for the year ended 31st December 1977.

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

Exports during the year amounted to £24,865 (1976: Nil).

CHARITABLE CONTRIBUTIONS

These amounted to £773 during the year.

DIRECTORS

Mr. P. F. Haynes retires by rotation and is eligible for re-election. The death of R. B. Haynes on 16th January 1978 is recorded with deep regret.

Directors' interests in shares of the company were:

	<u>Shares of £10 each</u>			
	<u>Ordinary</u>		<u>Non-voting ordinary</u>	
	<u>1977</u>	<u>1976</u>	<u>1977</u>	<u>1976</u>
R. B. Haynes	650	650	-	-
P. F. Haynes	1,150	1,150	400	400
D. B. Haynes	3,550	3,550	-	-
	<u>5,350</u>	<u>5,350</u>	<u>400</u>	<u>400</u>

HAYNES BROTHERS LIMITED

REPORT OF THE DIRECTORS

(CONTINUED)

FIXED ASSETS

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

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

EMPLOYEES

An average of 286 persons were employed during the year, their remuneration amounting to £897,543.

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

June 1978

HAYNES BROTHERS LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

In our opinion the accounts set out on pages 4 to 9, 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 1977 and of the profit and the source and application of funds for the year to that date and comply with the Companies Acts 1948 and 1967.

London, June 1978

KIDSONS
Chartered Accountants

HAYNES BROTHERS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1977

	<u>Note</u>	£	<u>1977</u>	£	£	<u>1976</u>	£
SALES: Car and truck divisions			6,089,524			4,800,315	
Agricultural division			3,010,483			1,873,293	
			<u>9,100,007</u>			<u>6,673,608</u>	
TRADING PROFIT before charging:-			480,641			312,215	
Directors' emoluments	7	65,195			51,495		
Directors' pension contributions		22,000			12,000		
Bank interest		41,068			32,076		
Loan interest: long-term		6,703			7,232		
loan stock		4,125			4,125		
short-term		5,321			778		
Auditors' remuneration		3,300			2,800		
Depreciation	1	17,450			12,847		
before crediting:-							
Interest received		<u>(4,642)</u>			<u>(409)</u>		
			160,520			128,944	
PROFIT BEFORE TAXATION			320,121			183,271	
TAXATION	8		168,000			100,110	
PROFIT AFTER TAXATION			152,121			83,161	
APPROPRIATIONS							
Preference dividend proposed			175			175	
PROFIT RETAINED			151,946			82,986	
UNAPPROPRIATED PROFITS brought forward			443,691			360,705	
UNAPPROPRIATED PROFITS carried forward			<u>595,637</u>			<u>443,691</u>	

HAYNES BROTHERS LIMITED

5.

BALANCE SHEET AT 31ST DECEMBER 1977

<u>ASSETS EMPLOYED</u>	<u>Note</u>	<u>1977</u>		<u>1976</u>	
		£	£	£	£
FIXED ASSETS	1				
Freehold land and buildings		203,067		202,067	
Plant and equipment		104,454		49,818	
			307,521		251,885
INVESTMENT					
Unquoted at directors' valuation			1		1
CURRENT ASSETS					
Stocks	2	1,671,199		1,195,969	
Deposit with Ford Motor Company Limited		233,733		217,050	
Debtors		699,638		553,286	
Cash in hand		1,744		1,714	
		2,606,314		1,968,019	
CURRENT LIABILITIES					
Creditors and deposits received		821,936		737,226	
Directors' accounts		19,218		21,286	
Current taxation		1,867		2,059	
Proposed dividend		175		108	
		843,196		760,679	
NET CURRENT ASSETS			1,763,118		1,207,340
			2,070,640		1,459,226
Represented by:-					
SHAREHOLDERS' FUNDS					
Share capital	3	65,000		65,000	
Reserves	4	655,492		503,546	
			720,492		568,546
DEFERRED TAXATION	5		510,000		342,000
BORROWINGS					
Perpetual unsecured loan stock		55,000		55,000	
Mortgage loans	6	66,500		72,500	
Bank overdraft (secured)		563,648		416,180	
Stocking loan		155,000		5,000	
			840,148		548,680
			2,070,640		1,459,226
P. F. HAYNES)				
D. B. HAYNES)				

P. F. Haynes

Directors
D. B. Haynes

HAYNES BROTHERS LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER 1977

1. FIXED ASSETS	<u>1977</u>	<u>1976</u>
	£	£
(a) Freehold land and buildings		
At professional valuation in 1946	9,500	9,500
At cost	<u>193,567</u>	<u>192,567</u>
	<u>203,067</u>	<u>202,067</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:	Plant and machinery	Fixtures and fittings	Total
	£	£	£
<u>COST</u>			
31st December 1976	132,498	26,549	159,047
Additions	61,130	11,375	72,505
Disposals	(496)	(494)	(990)
	<u>193,132</u>	<u>37,430</u>	<u>230,562</u>
31st December 1977	<u>193,132</u>	<u>37,430</u>	<u>230,562</u>
<u>DEPRECIATION</u>			
31st December 1976	92,019	17,210	109,229
Provision for year	14,499	2,951	17,450
Adjustment for disposals	(368)	(203)	(571)
	<u>106,150</u>	<u>19,958</u>	<u>126,108</u>
31st December 1977	<u>106,150</u>	<u>19,958</u>	<u>126,108</u>
<u>NET BOOK VALUE</u>			
31st December 1977	<u>86,982</u>	<u>17,472</u>	<u>104,454</u>
31st December 1976	<u>40,479</u>	<u>9,339</u>	<u>49,818</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 1977, but not contracted for, amounted to £200,000 (1976: Nil).

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 LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER 1977(CONTINUED)

4. RESERVES	<u>1977</u>	<u>1976</u>
	£	£
Capital	9,855	9,855
General	50,000	50,000
Unappropriated profits	595,637	443,691
	<u>655,492</u>	<u>503,546</u>
	<u><u> </u></u>	<u><u> </u></u>
5. DEFERRED TAXATION	<u>1977</u>	<u>1976</u>
	£	£
Provision is made for deferred taxation on the liability method to take account of:		
(a) the differing treatment of depreciation for accounting and taxation purposes	50,000	20,000
(b) expenditure which is not allowable for taxation purposes until future years	-	(6,000)
(c) stock appreciation relief	460,000	328,000
	<u>510,000</u>	<u>342,000</u>
	<u><u> </u></u>	<u><u> </u></u>
6. MORTGAGE LOANS		
(a) £65,000 (1976: £70,000) bearing interest at 1½% over Bank Base Rate, with a maximum of 10% p.a.		
(b) £1,500 (1976: £2,500) 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.		

HAYNES BROTHERS LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER 1977(CONTINUED)

7. EMOLUMENTS

The highest paid director earned £38,276 (1976: £33,320), the net after tax amount being £13,550 calculated on a similar basis as the following table.

The following table shows the number of directors and employees whose emoluments fell within the bands stated. The table also shows the net after tax amount assuming that the recipient is a married man without children and with no other source of income.

Emoluments £	Net after tax £	Directors		Employees	
		<u>1977</u>	<u>1976</u>	<u>1977</u>	<u>1976</u>
10 001 to 12,500	6,838 to 7,933	-	2	2	-
12,501 to 15,000	7,933 to 8,856	2	-	-	-

8. TAXATION

	<u>1977</u> £	<u>1976</u> £
Corporation tax at 52%	-	(64,920)
Transfer to deferred taxation	168,000	165,030
	<u>168,000</u>	<u>100,110</u>

HAYNES BROTHERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1977

	£	<u>1977</u>	£	£	<u>1976</u>
SOURCE OF FUNDS					
Profit before taxation		320,121			163,271
Adjustment for items not involving the movement of funds:					
Depreciation		17,450			12,847
Loss (profit) on disposal of fixed assets		(260)			138
TOTAL GENERATED FROM OPERATIONS		<u>337,311</u>			<u>196,256</u>
FUNDS FROM OTHER SOURCES					
Stocking loan		150,000			-
Proceeds from disposal of fixed assets		679			558
		<u>487,990</u>			<u>196,814</u>
APPLICATION OF FUNDS					
Purchase of fixed assets	73,505		13,777		
Mortgage repayments	6,000		6,000		
Dividends paid	175		250		
		<u>79,680</u>		<u>20,027</u>	
INCREASE IN WORKING CAPITAL		<u><u>408,310</u></u>			<u><u>176,787</u></u>
Represented by:					
Increase in stocks		475,230			408,197
Increase in F.M.C. deposit		16,683			42,616
Increase in debtors		146,352			217,062
Increase in creditors		(82,517)			(414,897)
		<u>555,748</u>			<u>252,978</u>
Movement in net liquid funds:					
Increase in bank overdraft	(147,468)		(77,176)		
Increase in cash in hand	30		985		
		<u>147,438</u>		<u>76,191</u>	
		<u><u>408,310</u></u>			<u><u>176,787</u></u>