Haynes Brothers Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2008

Registered number : 48511

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 31st December 2008.

PRINICPAL ACTIVITIES AND BUSINESS REVIEW

Haynes of Maidstone Limited T/A Haynes Ford is Kent's first Ford Main Dealer, distributing Ford cars and, as a Transit Specialist Dealer, Ford commercial vehicles. The Company is also a Ford car and commercial vehicle authorised repairer and has a Ford accredited Accident Repair Centre. Other franchises include Ford Rapid Fit, Ford Direct used cars and, more recently, the Practical Car and Van Rental Franchise. The Company operates from 8.5 acres of freehold premises at Ashford Road and Parkwood, Maidstone.

Haynes Trucks Limited has the franchise for Iveco trucks, Iveco Daily vans and Irisbus covering most of Kent with depots at Maidstone, Ashford and Canterbury. It also has the Fiat Commercial Vehicle franchise covering Maidstone and most of the Medway Towns.

Haynes Agricultural Limited, as Agricultural Engineers, hold the New Holland franchise for tractors and harvest equipment, as well as other leading makes of agricultural and related equipment, for Kent and part of Sussex. It operates from depots at Maidstone, Eastry and Uckfield.

Haynes Agritec Limited, a more recently formed Agricultural subsidiary, holds the Case IH franchise and JCB agricultural franchise for parts of Kent, Surrey and Sussex. The Company operates from premises at Lingfield, Appledore and part of the much larger freehold premises at Uckfield.

The Kent Diesel Centre Limited in Maidstone has a Bosch service agency, as well as the Delphi, Denso and Siemens franchises and undertakes diesel and electrical reconditioning throughout the South East.

Despite the challenging economic climate that was created by the now infamous 'credit crunch' at the end of 2008, the Company is pleased to report that overall it had another record sales year with Group Sales improving by £2.1m to £72.1m, with most Group companies reporting increased sales. In the agricultural business sales increased by 16% over 07. In the Kent Diesel Centre Limited business sales were up 12% and in the Company's Iveco Truck business sales were up 22%. However, in the Ford Car and Commercial Vehicle division sales were down 7% vs 07.

The Company is pleased to report a pre-tax profit of £253,789 in the year, despite significant interest costs associated with its recent expansion and modernisation and the significant downturn in the economy in the latter part of 08 which affected all businesses. The positive results were largely attributable to a very strong performance by the Haynes of Maidstone business in the first half of the year, driven by strong new car sales, and by a significant improvement in the profitability of the Haynes Trucks, Haynes Agricultural and Haynes Agritec businesses over the prior year. It is the Directors' view that had the UK economy continued as it was tracking up to June for the remainder of the year, then the Company would not only have had a record year for sales but also profitability, as the results of its recent expansion plans finally began to bear the fruit that was expected.

There were four key business developments in the year. Firstly, in March 2008 the Company acquired the freehold, of its previously rented site at Ashford. This gives our Truck Operation a secure future in the area on a good site, very close to the important M20 corridor for European freight. Secondly, in December the Company opened its newly built aftersales facility at Uckfield for its Case IH and JCB parts and service businesses. Thirdly, the Company also opened new used vehicle sales offices in a newly developed showroom extension at Ashford Road, with our used car sales department relocating to this from temporary offices. Both of these developments provide better working facilities for our staff which will, in turn, ensure an even more professional service is provided to our customers. Additionally, the Company took on the Practical Car and Van Rental franchise for its hire business, to assist sales and give it access to a far wider national customer base.

In the opinion of the Directors, whilst trading remains very challenging as a result of the significant downturn in the UK and world economy, the Company has very strong underlying businesses with a wide customer base, good franchises and a committed, experienced staff. The fact that the Company operates in different sectors with some areas less severely exposed to the recession, should assist it to make the most of these difficult times.

CONCLUSION

The Company remains a firm partner with each of its major manufacturer franchises and overall its balance sheet continues to reflect a very strong commercial base from which the Company will continue to expand its business wherever appropriate.

RESULTS AND DIVIDENDS

The profit on ordinary activities for the year before tax amounted to £253,789 (2007: £573,720).

Dividends of £75,000 (2007 : £Nil) were paid in the year on the ordinary shares. A final dividend of £30,000 (2007 : £Nil) has been approved. A dividend of £175 (2007: £175) was paid in respect of the 3½% preference shares and a dividend of £24,668 (2007: £21,500) was charged to interest payable in respect of variable rate preference shares.

RISKS

The Company seeks to balance risks with the costs of risk mitigation. The Company's main exposure to risk arises in the following areas:

- the Company has substantial working capital, which is funded by borrowings from the bank and from manufacturers. The interest charged on these borrowings is dependent on underlying base rates and the Company is therefore exposed to interest rate risks.
- the Company has to nominate the vehicles which it wishes to acquire in the coming year and therefore is exposed to the risks associated with this commitment.
- the Company is exposed to pricing risks through the stocks of used vehicles and vehicles for its own use. The pricing risk relating to new vehicles is mitigated by the use of consignment stock.

The Company is not exposed to foreign exchange risk and credit risk is not considered significant as the Company only extends credit in respect of certain activities and there is no concentration of credit.

DIRECTORS

The following were Directors of the Company at 31 December 2008 and served throughout the year and subsequently:

D.B. Haynes
A.D.S. Haynes

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.

DONATIONS

During the year, the Company made donations for charitable purposes amounting to £2,966 (2007: £1,035).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors in office at the date of approval of this report have confirmed that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Company's auditor.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants will be put to the members at the Annual General Meeting.

By order of the board

T.J. Pickard

T. J. Pickard

Secretary

16 July 2009

Registered Office:
Haynes House
23 Ashford Road
Maidstone
Kent
ME14 5DQ

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYNES BROTHERS LIMITED

We have audited the financial statements on pages 6 to 23.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 December 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

28th August 2009.

Haynes Brothers Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Note	2008 £	2007 £
TURNOVER	2	72,108,742	70,025,234
Cost of sales		(67,013,280)	(65,129,690)
Gross profit		5,095,462	4,895,544
Advertising and distribution costs		(1,421,954)	(1,241,745)
Administrative expenses		(2,881,934)	(2,724,072)
OPERATING PROFIT	3	791,574	929,727
Investment income	4	28,000	211,954
Interest payable and similar charges	5	(565,785)	(567,961)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		253,789	573,720
Taxation	7	(70,800)	(112,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	21	182,989	461,720

The operating profit for the year arises from the Company's continuing operations.

Haynes Brothers Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2008

	Note	2008 £	2007 £
Profit for the financial year		182,989	461,720
Actuarial (loss)/gain on defined benefit pension scheme	18	(987,000)	379,000
Deferred tax thereon	7	254,900	(113,700)
Unrealised surplus on the revaluation of freehold premises	20	-	2,932,650
Total recognised gains and losses relating to the year		(549,111)	3,659,670

Haynes Brothers Limited
BALANCE SHEET
As at 31 December 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible assets	10		10,610		15,915
Tangible assets	11		15,241,817		14,185,744
Investments	9		205		205
			15,252,632		14,201,864
CURRENT ASSETS					
Stocks	12	15,850,837		10,131,398	
Debtors	13	5,167,370		6,330,670	
Cash at bank and in hand		502,345		542,470	
		21,520,552		17,004,538	
CREDITORS: amounts falling due within one year	14	(22,138,180)		(17,218,242)	
NET CURRENT LIABILITIES			(617,628)		(213,704)
TOTAL ASSETS LESS CURRENT LIABILITIES			14,635,004		13,988,160
CREDITORS: amounts falling due after more than one year	15		(1,722,797)		(971,667)
NET ASSETS EXCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT			12,912,207		13,016,493
Defined benefit pension scheme deficit	18		(1,301,000)		(751,000)
NET ASSETS INCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT			11,611,207		12,265,493
CAPITAL AND RESERVES					
Called up share capital	19		65,000		65,000
Revaluation reserve	20		9,156,997		9,156,997
Profit and loss account	21		2,389,210		3,043,496
SHAREHOLDERS' FUNDS	22		11,611,207		12,265,493

The financial statements were approved and authorised for issue by the Board of Directors on 16 July 2009 and signed on their behalf by:

A.D.S. Haynes - Managing Director

Haynes Brothers Limited
CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	a	1,136,445	60,015
Returns on investment and servicing of finance	c	(385,831)	(567,961)
Taxation		(35,000)	-
Capital expenditure	c	(1,447,983)	(430,857)
		(732,369)	(938,803)
Equity dividends paid		(75,175)	(175)
Cash outflow before financing		(807,544)	(938,978)
Financing	c	784,562	(200,000)
DECREASE IN CASH IN THE YEAR		(22,982)	(1,138,978)

Haynes Brothers Limited
NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 December 2008

a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit	791,574	929,727
Depreciation	466,036	433,521
Profit on disposal of tangible fixed assets	(74,127)	-
Amortisation	5,305	5,305
(Increase)/decrease in stocks	(5,719,439)	57,333
Decrease/(increase) in debtors	1,163,300	(567,510)
Increase/(decrease) in creditors	4,728,796	(573,361)
Defined benefit pension scheme contributions	(225,000)	(225,000)
Net cash inflow from operating activities	1,136,445	60,015

b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
Decrease in cash in the year	(22,982)	(1,138,978)
Net loan repayments	(784,562)	200,000
Net debt at 1 January	(8,834,855)	(7,895,877)
Net debt at 31 December	(9,642,399)	(8,834,855)

c) GROSS CASH FLOWS

i) RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2008	2007
Interest paid	(541,117)	(546,461)
Non-equity dividends	(24,668)	(21,500)
Other interest received	179,954	-
	(385,831)	(567,961)

ii) CAPITAL EXPENDITURE

	2008	2007
Payment to acquire tangible fixed assets	(1,819,583)	(665,192)
Receipts from sale of tangible fixed assets	371,600	234,335
	(1,447,983)	(430,857)

iii) FINANCING

	2008	2007
Bank loans repaid	(125,798)	(100,000)
Other loans repaid	(50,640)	(100,000)
New bank loans	961,000	-
	784,562	(200,000)

d) NET DEBT

	At 1 January 2008	Cash flows	Transfers	At 31 December 2008
	£	£	£	£
Cash at bank and in hand	542,470	(40,125)	-	502,345
Bank overdrafts	(7,305,658)	17,143	-	(7,288,515)
	(6,763,188)	(22,982)	-	(6,786,170)
Other loans due within 1 year	(1,000,000)	50,640	-	(949,360)
Bank loan due within 1 year	(100,000)	15,928	(100,000)	(184,072)
Bank loan due after more than 1 year	(566,667)	(851,130)	100,000	(1,317,797)
Perpetual loan stock	(55,000)	-	-	(55,000)
Non-equity preference shares	(350,000)	-	-	(350,000)
	(8,834,855)	(807,544)	-	(9,642,399)

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. Consolidated accounts have not been prepared as the Company's subsidiaries are dormant and their assets and liabilities are insignificant. As such these financial statements relate to the Company's results and balances. The financial statements have been prepared on a consistent basis with prior years.

Going concern
The Company has net current liabilities of £617,628 as at 31 December 2008 and meets its day to day working capital requirements through an overdraft and loan facility. This is provided by its bank, where the Company has a very long standing relationship, and where, in the opinion of the directors, the security provided by the Company is more than ample to cover its loan obligations.

As noted in the Directors' report the business is operating in challenging times. The current economic conditions create uncertainty of the level of demand for the company's products and the maintenance of profit margins although the Company continues to operate across a range of diversified markets which affords it some protection.

The Directors have prepared projections (including a cash flow forecast) for the period ending 12 months after the approval of these financial statements. These projections have been prepared on a prudent basis which assumes that these economic conditions continue. They also take into account actions being taken as part of a de-stocking programme in order to realise cash and a review of the cost base in order to maintain profit levels as far as possible. On the basis of these projections, and the refinancing agreed in March 2009 (see note 16), the Directors consider that they have in place all the finance required to support both the current and future activities.

Turnover
Sales are included in turnover on the following basis:

Trucks, commercial vehicles, cars, parts, tractors and agricultural implements, new agricultural combines	On delivery
Service	On release of the vehicle to the customer

Turnover excludes value added tax, and are net of discounts allowed.

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.

Tangible fixed assets
Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified Chartered Surveyors on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors every five years and an interim valuation is carried out in year three. Other fixed assets are stated at historical cost.

Depreciation
Depreciation is calculated to write off the cost / valuation of all tangible fixed assets, other than freehold land, in equal annual instalments over their estimated useful lives, at the rate of 1% per annum for freehold buildings and 10% - 20% per annum for other assets, except for motor vehicles which are written down to their estimated realisable value at the balance sheet date.

Purchased goodwill
Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 5 years as in the opinion of the Directors this represents the period over which the goodwill is effective.

1 ACCOUNTING POLICIES (*continued*)

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

Consignment stocks are only included within the Company's financial statements when the risks and rewards of ownership are transferred substantially to the Company. Where the risks and rewards of ownership remain with the manufacturer, consignment stocks are not included within the Company's stocks.

Vehicle stocks invoiced to the Company are recognised when the risks and rewards of ownership pass to the Company rather than invoice or delivery date. The risks and rewards of ownership are considered to pass to the Company on the date from which the Company has to pay interest on the invoiced amounts. Prior to that date, the Company bears no stock holding costs.

Non-equity shares
Shares are analysed between equity and non equity shares, dependent on the rights attaching to the shares, and non-equity shares are classed as financial liabilities.

Operating leases
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases
For assets acquired under finance leases 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.

Certain agricultural vehicles are hired to customers on a short-term basis, the asset being included in agricultural stocks.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that there is reasonable expectation that these will be recoverable in the foreseeable future.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Finance costs
Finance costs of debt and non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Where the finance costs for non-equity shares are not equal to the dividends on these instruments, the difference is also accounted for in the profit and loss account as an appropriation of profits.

1 ACCOUNTING POLICIES (*continued*)

Retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other investment income.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with the assets held separately from the Company in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Company has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 TURNOVER

Turnover is derived from the provision of goods and services within the UK and from the Company's principal activity as a motor dealer, and is stated net of VAT.

3 OPERATING PROFIT

	2008	2007
	£	£
This is stated after charging/(crediting):		
Amortisation of goodwill	5,305	5,305
Depreciation - owned assets	466,036	433,521
Profit on disposals	(74,127)	-
Auditor's remuneration for audit	31,850	30,500
Auditor's remuneration for taxation compliance services	11,900	50,795
Operating leases - rent payable	13,750	55,000
- other	29,078	29,079

4 INVESTMENT INCOME

	2008	2007
Expected return on defined benefit pension scheme assets	407,000	370,000
Interest on defined benefit pension scheme liabilities	(379,000)	(338,000)
	28,000	32,000
Other interest receivable	-	179,954
	28,000	211,954

Other interest receivable relates to interest accrued on a VAT refund.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable:		
Bank loans not wholly repayable within five years	93,491	71,047
Loans not wholly repayable within five years	5,500	5,500
Bank overdraft and other interest	442,126	469,914
Dividends on variable rate preference shares	24,668	21,500
	565,785	567,961

6 EMPLOYEES AND DIRECTORS

	2008 Number	2007 Number
The average number of persons including Directors employed by the Company during the year was:		
Sales staff	148	150
Service and workshop staff	129	128
Management and administration	41	41
	318	319

Staff costs for the above persons	£	£
Wages and salaries	7,830,247	7,492,643
Social security costs	766,081	734,546
Pension costs – contributions to defined contribution schemes	144,694	139,188
	8,741,022	8,366,377
DIRECTORS' EMOLUMENTS		
Salary	222,640	219,902
Benefits	66,979	54,435
Total emoluments	289,619	274,337
Emoluments, for management, excluding pension contributions	278,721	264,373
The emoluments of the highest paid director were:		
Salary	136,223	133,485
Benefits	32,443	23,641
	168,666	157,126

Pension contributions of £10,898 (2007: £9,964) were paid in respect of one director, who is the highest paid.

7 TAXATION

		2008	2007
(a)	Analysis of tax charge for year	£	£
	Current tax:		
	United Kingdom corporation tax payable based on the result for the year	-	35,000
	Total current tax	-	35,000
	Deferred tax:		
	Origination of timing differences		
	- timing differences in respect of defined benefit pension scheme deficit	70,800	77,000
	Total deferred tax	70,800	77,000
	Total tax charge through the profit and loss account	70,800	112,000

		2008	2007
		£	£
(b)	Factors affecting tax charge for the year		
	The tax assessed for the year varies from the applied rate of corporation tax in the United Kingdom and the differences are explained below:		
	Profit on ordinary activities before taxation	253,789	573,720
	Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30% (2007: 30%)	76,137	172,116
	Effects of:		
	Expenses not deductible for tax purposes (primarily entertainment and dividends classified as interest)	11,813	10,097
	Contributions to defined benefit pension scheme in excess of amounts charged to the profit and loss account	(67,500)	(77,000)
	Depreciation is excess of capital allowances	13,257	(8,806)
	Other timing differences	(8,530)	(13,151)
	Losses utilised	(25,177)	(48,256)
		-	35,000
(c)	Analysis of tax charge recognised in the statement of total recognised gains and losses		
	Deferred tax:		
	Origination of timing differences in respect of defined benefit pension scheme deficit	254,900	(113,700)

(d) Factors that may affect future tax charges

The company has tax losses of approximately £112,000 (2007 : £175,000) available for offset against future taxable profits. Future tax charges may be reduced by the utilisation of the losses and by the recognition of related deferred tax assets.

8	EQUITY DIVIDENDS	2008	2007
		£	£
	3½% Cumulative preference shares	175	175
	Ordinary shares final paid - £12.50 (2007 : Nil)	75,000	-
	Ordinary shares final payable - £5.00 (2007 : £Nil)	30,000	-
		105,175	175

9	FIXED ASSET INVESTMENTS: SUBSIDIARY UNDERTAKINGS	£
	1 January 2008 and 31 December 2008	205

The investments in subsidiary undertakings, which are shown at cost, comprise five dormant agency wholly-owned subsidiary companies, Haynes of Maidstone Limited, Haynes Agricultural Limited, Haynes Trucks Limited, Haynes Agritec Limited and The Kent Diesel Centre Limited all of which are incorporated in Great Britain and registered in England and Wales.

10	INTANGIBLE FIXED ASSETS	Goodwill
		£
	Cost	
	1 January 2008 and 31 December 2008	26,525
	Amortisation	
	1 January 2008	10,610
	Charge for the year	5,305
	31 December 2008	15,915
	Net book amount	
	31 December 2008	10,610
	31 December 2007	15,915

11	TANGIBLE FIXED ASSETS	Freehold premises	Leasehold premises	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Total
		£	£	£	£	£	£	£
	COST OR VALUATION							
	1 January 2008	12.540.181	1.500	1.557.974	1.010.431	486.758	859.763	16,456.607
	Additions	1,218.375	-	91.245	43.570	44.605	421.788	1.819.583
	Disposals	-	-	(32.226)	(18,116)	-	(369,230)	(419.572)
	31 December 2008	13,758,556	1.500	1,616,993	1.035,885	531.363	912.321	17,856,618
	DEPRECIATION							
	1 January 2008	27.500	-	1.064.410	431.043	369.255	378.655	2.270.863
	Charge for the year	30.500	-	102,460	93,146	52.999	186.931	466.036
	Disposals	-	-	(30,567)	(18,116)	-	(73.415)	(122,098)
	31 December 2008	58.000	-	1.136.303	506.073	422.254	492.171	2,614.801
	NET BOOK AMOUNT							
	31 December 2008	13,700.556	1.500	480.690	529.812	109.109	420.150	15.241.817
	31 December 2007	12.512.681	1.500	493.564	579.388	117.503	481.108	14.185.744

11 TANGIBLE FIXED ASSETS (CONTINUED)

All tangible fixed assets are shown at cost with the exception of freehold land and buildings which are shown at valuation and have an original cost of £4,599,559. (2007: £3,383,184).

The Company's freehold premises in Maidstone, Appledore, Eastry and Uckfield were revalued on 24 June 2007 by Montagu Evans Chartered Surveyors on the basis of open market value for existing use.

The Company's bankers hold a first legal mortgage over the Company's freehold properties in Ashford Road, Maidstone, Ashford and Uckfield, together with land at Parkwood, Maidstone.

12 STOCKS

	2008 £	2007 £
Cars and commercial vehicles	8,617,954	4,670,746
Agricultural vehicles and implements	4,658,289	3,067,935
Parts stock	2,574,594	2,392,717
	15,850,837	10,131,398

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

At 31 December 2008 the total amount of consignment stock amounted to £5,230,281 (2007: £1,649,693).

The Company has been invoiced £6,201,101 (2007 : £5,061,281) in respect of vehicles which are excluded from the above stock values as the Company does not bear all the risks and rewards of ownership of this stock. In particular, the Company bears no stock holding costs and the stock is subject to appropriation by other dealers.

13 DEBTORS

	2008 £	2007 £
Amounts due within one year:		
Trade debtors	4,057,885	4,430,779
Other debtors	491,639	647,325
Prepayments and accrued income	617,846	1,252,566
	5,167,370	6,330,670

14 CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Bank loans (secured)	184,072	100,000
Bank overdrafts (secured)	7,288,515	7,305,658
Other loans	949,360	1,000,000
Trade creditors	10,862,276	5,854,273
Corporation tax	-	35,000
Final dividend payable	30,000	-
Amounts owed to subsidiary undertakings	205	205
Other taxes and social security costs	1,828,890	1,488,887
Other creditors	130,671	150,958
Accruals and deferred income	864,191	1,283,261
	22,138,180	17,218,242

15	CREDITORS: Amounts falling due in more than one year	2008 £	2007 £
	Perpetual unsecured loan stock	55,000	55,000
	Bank loans (secured)	1,317,797	566,667
	Non-equity shares - variable cumulative preference shares	350,000	350,000
		1,722,797	971,667

		2008 £	2007 £
16	ANALYSIS OF DEBT MATURITY		
	Bank loans		
	Due within 1-2 years	184,072	100,000
	Due within 2-5 years	552,217	300,000
	Due in more than 5 years	581,508	166,667
		1,317,797	566,667
	Due within 1 year	184,072	100,000
		1,501,869	666,667

The bank loans and overdraft are guaranteed by way of a first legal mortgage over the Company's freehold properties at Ashford Road, Maidstone, Ashford and Uckfield, together with land at Parkwood, Maidstone. One bank loan is repayable by 2015 by equal quarterly instalments, and interest is charged at 1% per annum over the bank's loan base rate. The new bank loan taken out in the year is repayable by 2013 by equal monthly instalments, and interest is charged at 1% per annum over the bank's loan base rate.

The company refinanced its borrowings in March 2009. The overdraft and loan facility was replaced with a term loan of £7,000,000. The loan is repayable in instalments by 2011. Interest will be payable at LIBOR plus 2.25%. The loan continues to be secured on the assets as noted above together with an overdraft facility of £2,000,000.

17 PROVISIONS FOR LIABILITIES AND CHARGES: DEFERRED TAXATION

No provision has been made for deferred tax arising on revaluation of freehold properties that are held for continuing use in the business. The Company has no estimate as to the potential amount of tax that would be payable if the premises were sold at their book values.

18 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME

The Company operates a defined benefit pension scheme based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. Contributions to the scheme are agreed with the scheme trustees, on the basis of actuarial recommendations. With effect from 1 October 2003 the Company decided to discontinue future pension benefits accrued in the scheme, with members being entitled to pension or cash sum payable from Normal Retirement Date.

A full actuarial valuation was carried out as at 1 April 2007. The results of that valuation have been projected to 31 December 2008 and then recalculated based on the assumptions set out below. The liabilities have been calculated on the projected unit method.

18 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (continued)

Key assumptions	At 31 December 2008	At 31 December 2007	At 31 December 2006	At 31 December 2005
LPI increases for pensions in payment	2.50%	3.00%	2.80%	2.50%
Liability discount rate	6.50%	5.80%	5.10%	4.75%
Inflation assumption	2.70%	3.30%	3.10%	2.75%
Revaluation of deferred pensions	2.70%	3.30%	3.10%	2.75%
Future expected lifetime of current pensioner at age 65:				
Male born in 1943:	20.8	19.4	-	-
Female born in 1943:	24.2	22.4	-	-
Future expected lifetime of future pensioner at age 65:				
Male born in 1963:	21.9	20.3	-	-
Female born in 1963:	25.3	23.3	-	-

	As at 31 December 2008		As at 31 December 2007		As at 31 December 2006		As at 31 December 2005	
	Long-term rate of return expected	Value £'000	Long-term rate of return expected	Value £'000	Long-term rate of return expected	Value £'000	Long-term rate of return expected	Value £'000
Equities	8.00%	2,585	8.00%	3,529	8.00%	3,865	8.00%	3,864
Bonds	4.20%	915	5.00%	1,209	5.00%	677	5.00%	480
Property	8.00%	354	8.00%	448	8.00%	169	8.00%	196
Cash	3.75%	24	5.00%	5	5.00%	427	5.00%	235
Total market value of assets		3,878		5,191		5,138		4,775
Present value of scheme liabilities		(5,685)		(6,264)		(6,847)		(6,890)
(Deficit) in the scheme		(1,807)		(1,073)		(1,709)		(2,115)
Related deferred tax asset		506		322		513		635
Net pension (liability)		(1,301)		(751)		(1,196)		(1,480)

The expected rate of return on scheme assets are those that the actuary considered reasonable at 22 January 2009, being the date of his report.

AMOUNTS RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(1,414)	(113)
Changes in assumptions underlying the present value of the scheme liabilities	427	492
	(987)	379

18 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (continued)

ANALYSIS OF THE AMOUNT CREDITED TO INVESTMENT INCOME

	2008 £'000	2007 £'000
Expected return on pension scheme assets	407	370
Interest on pension scheme liabilities	(379)	(338)
	28	32

CHANGE IN THE FAIR VALUE OF SCHEME ASSETS

	2008 £'000	2007 £'000
Balance at 1 January 2008	5,191	5,138
Expected return on scheme assets	407	370
Actuarial loss	(1,414)	(113)
Employer contributions	225	225
Benefits paid	(531)	(429)
Balance at 31 December 2008	3,878	5,191

The actual return on scheme assets in the year was (£1,007,000) (2007 : £257,000).

CHANGE IN THE PRESENT VALUE OF SCHEME LIABILITIES

	2008 £'000	2007 £'000
Balance at 1 January 2008	(6,264)	(6,847)
Interest cost	(379)	(338)
Actuarial gain	427	492
Benefits paid	531	429
Balance at 31 December 2008	(5,685)	(6,264)

MOVEMENT IN DEFICIT IN THE YEAR

	2008 £'000	2007 £'000
(Deficit) in scheme at start of year	(1,073)	(1,709)
Contributions	225	225
Other finance income	28	32
Actuarial (loss)/gain	(987)	379
(Deficit) in scheme at year end	(1,807)	(1,073)

18 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (continued)

HISTORY OF EXPERIENCE GAINS AND LOSSES	2008	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	(1,414)	(113)	130	526	130
Percentage of the scheme assets	(36%)	(2%)	3%	11%	3%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	-	-	49	-	-
Percentage of the present value of the scheme liabilities	0%	0%	1%	0%	0%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(987)	379	191	(45)	(122)
Percentage of the present value of the scheme liabilities	(17%)	6%	3%	(1%)	(2%)

The Company expects to contribute £152,000 to the scheme during the year ending 31 December 2009.

19 SHARE CAPITAL

			2008 and 2007
	Number of Shares	Authorised £	Allotted, called-up and fully paid £
TREATED AS EQUITY			
Ordinary shares of £10 each	5,600	56,000	56,000
Non-voting ordinary shares of £10 each	400	4,000	4,000
3½% cumulative preference shares of £10 each	500	5,000	5,000
	6,500	65,000	65,000
TREATED AS NON-EQUITY			
Variable rate cumulative preference shares of £1 each	350,000	350,000	350,000

The 3½% cumulative preference shares have no rights other than the right to a dividend, subject to the Directors resolving to make dividend distributions, of 3½% payable annually and the right to second preference behind the variable rate cumulative preference shares on a return of assets on liquidation or otherwise. As the right to the dividend is at the option of the Company, these shares are treated as equity shares.

The variable rate cumulative preference shares have no rights other than the right to a dividend of 1½% over average bank base rate for the preceding year payable in arrears on 30 June and 31 December and the right on a return of assets on liquidation or otherwise for the capital paid up to be repaid together with any arrears or accruals of the cumulative preference dividend before any amounts are repaid to any other shareholder. As the right to the dividend is (subject only to compliance with the Companies Act 1985 requirements as to distributions) absolute these shares are treated as non-equity shares.

20 REVALUATION RESERVE

	2008 £	2007 £
1 January 2008	9,156,997	6,224,347
Revaluation in the year	-	2,932,650
31 December 2008	9,156,997	9,156,997

		2008 £	2007 £
21	PROFIT AND LOSS ACCOUNT		
	At 1 January 2008	3,043,496	2,316,651
	Profit for the financial year	182,989	461,720
	Other recognised gains and losses	(732,100)	265,300
	Equity dividends paid	(75,175)	(175)
	Equity dividend payable	(30,000)	-
	At 31 December 2008	2,389,210	3,043,496

		2008 £	2007 £
22	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
	At 1 January 2008	12,265,493	8,605,998
	Profit for the financial year	182,989	461,720
	Other recognised gains and losses	(732,100)	3,197,950
	Equity dividends paid	(75,175)	(175)
	Equity dividend payable	(30,000)	-
	Net (deduction from)/increase in shareholders' funds	(654,286)	3,659,495
	Closing shareholders' funds	11,611,207	12,265,493

		2008 Land and Buildings £	2008 Other £	2007 Land and Buildings £	2007 Other £
23	LEASING OBLIGATIONS				
	Commitments due under operating leases as at 31 December 2008 are as follows:				
	Leases expiring:				
	In less than one year	-	3,712	-	25,366
	Within two to five years	-	-	-	3,712
	After more than five years	-	-	55,000	-
		-	3,712	55,000	29,078

		2008 £	2007 £
24	CAPITAL COMMITMENTS		
	Capital expenditure contracted for but not provided in the financial statements	95,792	-

25 RELATED AND CONTROLLING PARTIES

Mr D.B. Haynes, the Chairman, owns 46% and Mr A.D.S. Haynes, the Managing Director, owns 24% of the equity share capital of the Company; taken together these shares control 75% of the voting rights. Ordinary dividends of £34,500 and £18,000 were paid to Mr D.B. Haynes and Mr A.D.S. Haynes respectively during the year. Ordinary dividends of £13,800 and £7,200 were payable to Mr D.B. Haynes and Mr A.D.S. Haynes respectively at the year end.