

# Haynes Brothers Limited

## REPORT AND FINANCIAL STATEMENTS

31 December 2013

TUESDAY



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COMPANIES HOUSE

Registered number : 48511

# Haynes Brothers Limited

## DIRECTORS' REPORT

For the year ended 31 December 2013

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The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2013.

### RESULTS AND DIVIDENDS

The profit on ordinary activities for the year before tax amounted to £173,849 (2012: loss of £136,574).

No ordinary dividends were paid in the year (2012 : £Nil). No dividend is proposed for the year (2012 : £Nil). A dividend of £175 (2012: £175) was paid in respect of the 3½% preference shares and a dividend of £Nil (2012: £Nil) was charged to interest payable in respect of variable rate preference shares.

### DIRECTORS

The following were Directors of the Company at 31 December 2013 and served throughout the year and subsequently:

A.D.S. Haynes  
L. Haynes  
S. Hyde

### 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.

### 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  
Secretary

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

# Haynes Brothers Limited

## STRATEGIC REPORT

For the year ended 31 December 2013

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The Directors present their Strategic Report for the year ended 31<sup>st</sup> December 2013.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

**Haynes Bros Ltd**, established in 1790 and incorporated in 1896, is the holding company for 5 operating divisions:

**Haynes of Maidstone trading as Haynes Ford** is Kent's first Ford Main Dealer having been appointed in 1911. It distributes 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, and also operates the Ford Direct franchise. The Company operates from 8.5 acres of freehold premises at Ashford Road and Parkwood, Maidstone.

**Haynes Trucks** has the franchise for Iveco trucks and Iveco Daily vans covering most of Kent with freehold depots at Maidstone and Ashford and a rented site at Canterbury. It also has the 'Fiat Professional' Commercial Vehicle franchise covering Maidstone and most of the Medway Towns.

**Haynes Agricultural** 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 Wrotham, Uckfield and Great Chart.

**Haynes Agritec**, holds the Case IH franchise and JCB agricultural franchise for parts of Kent and Sussex respectively. The Company operates from depots at Birchington and 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.

2013 proved to be a more positive year than 2012 following further extensive restructuring and consolidation within the Group, coupled with a slight upturn in the fortunes of the UK economy. During the year Group turnover was up by 3.8%. Turnover increased in Haynes Ford by 5.4%, and within Haynes Trucks by 1.5%. The agricultural companies also increased sales 1.7%. The only area of sales decline was in the Kent Diesel Centre where sales were down 22.6% and the Company has taken action to address this decline and is restructuring this business accordingly.

The Accounts also report a positive reduction in the net pension deficit of £577,148 under the FRS17 accounting standard which in turn has assisted the Company to increase its shareholder funds to now £9m.

2013 was another important year for the Company and saw it win the 2013 Ford Motor Company Chairman's Award for outstanding customer satisfaction for the second consecutive year. In May 2013 the Company also opened its new purpose built Wrotham Heath branch for New Holland, which completes the restructuring of its Agricultural Companies property portfolio, now giving it four dedicated locations from which to optimise the coverage of its significant CNH territories.

Whilst trading still remains very challenging as a result of the highly competitive industries in which the Company operates, the Company has taken considerable action to address its cost base and improve operational efficiencies which will greatly assist the Company when a full 'economic recovery' returns. In the opinion of the Directors, 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 businesses with different economic cycles, should continue to assist it to make the most of these challenging 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.

# Haynes Brothers Limited

## STRATEGIC REPORT

For the year ended 31 December 2013

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### RISKS AND UNCERTAINTIES

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 constantly monitors trends in interest rates and if appropriate takes necessary action to mitigate its exposure.
- 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 monitors levels of current stocks and market conditions before making its purchasing decisions.
- 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 only very limited concentration of credit.

By order of the board



T. J. Pickard  
Secretary

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

# Haynes Brothers Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The Directors are responsible for preparing the Strategic Report and Directors' 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).

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



ANDREW MONTEITH

(Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

MK9 1BP

Date 22<sup>nd</sup> September 2014.

**Haynes Brothers Limited**  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2013

	Note	Profit and loss Pre FRS 17 notional interest 2013 £	FRS 17 notional interest 2013 (note 4) £	Total 2013 £	Profit and loss Pre FRS 17 notional interest 2012 £	FRS 17 notional interest 2012 (note 4) £	Total 2012 £
TURNOVER	2	74,190,391	-	74,190,391	71,486,432	-	71,486,432
Cost of sales		(69,126,102)	-	(69,126,102)	(66,614,406)	-	(66,614,406)
Gross profit		<u>5,064,289</u>	<u>-</u>	<u>5,064,289</u>	<u>4,872,026</u>	<u>-</u>	<u>4,872,026</u>
Advertising and distribution costs		(1,370,498)	-	(1,370,498)	(1,325,697)	-	(1,325,697)
Administrative expenses		(3,115,921)	-	(3,115,921)	(3,244,394)	-	(3,244,394)
OPERATING PROFIT	3	<u>577,870</u>	<u>-</u>	<u>577,870</u>	<u>301,935</u>	<u>-</u>	<u>301,935</u>
Interest payable and similar charges	4	(320,021)	(84,000)	(404,021)	(332,509)	(106,000)	(438,509)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>257,849</u>	<u>(84,000)</u>	<u>173,849</u>	<u>(30,574)</u>	<u>(106,000)</u>	<u>(136,574)</u>
Taxation	6	(45,784)	-	(45,784)	(70,482)	-	(70,482)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	20	<u><u>212,065</u></u>	<u><u>(84,000)</u></u>	<u><u>128,065</u></u>	<u><u>(101,056)</u></u>	<u><u>(106,000)</u></u>	<u><u>(207,056)</u></u>

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

# Haynes Brothers Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2013

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	<i>Note</i>	2013 £	2012 £
Profit/(loss) for the financial year		128,065	(207,056)
Actuarial gain on defined benefit pension scheme	17	619,000	266,000
Deferred tax thereon	6	(166,706)	(133,518)
Revaluation of freehold premises (net)		(4,500)	-
Total recognised gains and losses relating to the year		<u>575,859</u>	<u>(74,574)</u>

### NOTE OF HISTORICAL COST PROFITS & LOSSES

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	173,849	(136,574)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on revalued amount	23,500	21,000
Historical cost profit/(loss) on ordinary activities before tax	<u>197,349</u>	<u>(115,574)</u>



# Haynes Brothers Limited

## BALANCE SHEET

Company Registration No: 48511

As at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	9		-		-
Tangible assets	10		13,047,942		13,597,618
Investments	8		205		205
			<u>13,048,147</u>		<u>13,597,823</u>
<b>CURRENT ASSETS</b>					
Stocks	11	13,508,329		13,003,759	
Debtors	12	5,122,102		4,505,854	
Cash at bank and in hand		6,653		6,431	
		<u>18,637,084</u>		<u>17,516,044</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(20,972,958)</b>		<b>(20,318,898)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(2,335,874)</b>		<b>(2,802,854)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>10,712,273</b>		<b>10,794,969</b>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<b>(446,635)</b>		<b>(527,867)</b>
<b>NET ASSETS EXCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT</b>			<b>10,265,638</b>		<b>10,267,102</b>
Defined benefit pension scheme deficit	17		(1,225,032)		(1,802,180)
<b>NET ASSETS INCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT</b>			<b>9,040,606</b>		<b>8,464,922</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		65,000		65,000
Revaluation reserve	19		7,803,277		7,975,626
Profit and loss account	20		1,172,329		424,296
<b>SHAREHOLDERS' FUNDS</b>	21		<b>9,040,606</b>		<b>8,464,922</b>

The financial statements were approved and authorised for issue by the Board of Directors on 04/09/2014 and signed on their behalf by:

A.D.S. Haynes - Chairman



# Haynes Brothers Limited

## CASH FLOW STATEMENT

For the year ended 31 December 2013

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	<i>Note</i>	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	a	2,781,929	(133,115)
Returns on investment and servicing of finance	c	(320,021)	(332,509)
Capital expenditure	c	161,746	(223,992)
		<u>2,623,654</u>	<u>(689,616)</u>
Equity dividends paid		(175)	(175)
		<u>2,623,479</u>	<u>(689,791)</u>
Cash inflow / (outflow) before financing		2,623,479	(689,791)
Financing	c	(620,275)	(383,318)
		<u>2,003,204</u>	<u>(1,073,109)</u>
INCREASE / (DECREASE) IN CASH IN THE YEAR		<u>2,003,204</u>	<u>(1,073,109)</u>

**Haynes Brothers Limited**  
**NOTES TO THE CASH FLOW STATEMENT**  
For the year ended 31 December 2013

a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
	2013	2012
	£	£
Operating profit	577,870	301,935
Depreciation	471,930	467,837
(Profit) / loss on disposal of tangible fixed assets	(31,000)	1,685
Increase in stocks	(504,570)	(88,824)
(Increase) /decrease in debtors	(616,246)	682,815
Increase / (decrease) in creditors	3,137,945	(1,251,563)
Defined benefit pension scheme contributions	(254,000)	(247,000)
	<u>2,781,929</u>	<u>(133,115)</u>
b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase/ (decrease) in cash in the year	2,003,204	(1,073,109)
Net loan repayments and cash outflow from lease financing	620,275	383,318
New finance leases	(57,500)	(60,000)
Net debt at 1 January	(9,663,145)	(8,913,354)
	<u>(7,097,166)</u>	<u>(9,663,145)</u>
c) GROSS CASH FLOWS		
i) RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest paid	(320,021)	(332,509)
ii) CAPITAL EXPENDITURE		
Payment to acquire tangible fixed assets	(423,821)	(329,098)
Receipts from sale of tangible fixed assets	585,567	105,106
	<u>161,746</u>	<u>(223,992)</u>
iii) FINANCING		
Bank loans repaid	(519,841)	(380,000)
New other loans	-	43,596
Capital element of hire purchase contract payments	(100,434)	(46,914)
	<u>(620,275)</u>	<u>(383,318)</u>

# Haynes Brothers Limited

## NOTES TO THE CASH FLOW STATEMENT (continued)

For the year ended 31 December 2013

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d)	NET DEBT	At 1 January 2013 £	Cash flows £	Other non- cash changes £	At 31 December 2013 £
	Net cash:				
	Cash at bank and in hand	6,431	222	-	6,653
	Bank overdrafts	(2,367,181)	2,002,982	-	(364,199)
		<u>(2,360,750)</u>	<u>2,003,204</u>	<u>-</u>	<u>(357,546)</u>
	Debt:				
	Other loans due within 1 year	(943,596)	62,841	-	(880,755)
	Bank loan due within 1 year	(5,745,000)	457,000	-	(5,288,000)
	Perpetual loan stock	(55,000)	-	-	(55,000)
	Non-equity preference shares	(350,000)	-	-	(350,000)
	Finance leases	(208,799)	100,434	(57,500)	(165,865)
	Net debt	<u>(9,663,145)</u>	<u>2,623,479</u>	<u>(57,500)</u>	<u>(7,097,166)</u>

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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### 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 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 for the period ending 15 months after the approval of these financial statements. These projections have been prepared on the assumption that these economic conditions will continue. On the basis of these projections and ongoing discussions with the Company's bank, the Directors consider that they will 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 is 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. Surpluses and temporary diminutions arising on valuation are taken to the revaluation reserve. 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.

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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### 1 ACCOUNTING POLICIES (*continued*)

#### *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.

#### *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.

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

#### *Finance leases*

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

#### *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.

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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### 1 ACCOUNTING POLICIES (*continued*)

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.

#### *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 or interest payable and similar charges.

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.

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

3	OPERATING PROFIT	2013	2012
		£	£
	This is stated after charging/(crediting):		
	Depreciation - owned assets	428,304	403,162
	Depreciation – leased assets	43,626	64,675
	(Profit)/loss on disposal of fixed assets	(31,000)	1,685
	Auditor’s remuneration for statutory audit	33,000	33,552
	Auditor’s remuneration for taxation services	3,500	3,975
	Auditor’s remuneration for accountancy services	2,000	-
	Operating lease rentals	69,125	57,000
		<u>          </u>	<u>          </u>
4	INTEREST PAYABLE AND SIMILAR CHARGES	2013	2012
		£	£
	Interest payable:		
	Bank loans and overdrafts	223,557	243,405
	Loans not wholly repayable within five years	5,500	5,500
	Other loans	90,964	83,604
		<u>          </u>	<u>          </u>
		320,021	332,509
	Interest on defined benefit pension scheme liabilities	267,000	292,000
	Expected return on scheme assets	(183,000)	(186,000)
		<u>          </u>	<u>          </u>
		84,000	106,000
		<u>          </u>	<u>          </u>
		404,021	438,509
		<u>          </u>	<u>          </u>
5	EMPLOYEES AND DIRECTORS	2013	2012
		Number	Number
	The average number of persons including Directors employed by the Company during the year was:		
	Sales staff	132	130
	Service and workshop staff	111	110
	Management and administration	32	31
		<u>          </u>	<u>          </u>
		275	271
		<u>          </u>	<u>          </u>
	Staff costs for the above persons	£	£
	Wages and salaries	6,799,135	6,800,913
	Social security costs	652,848	659,135
	Pension costs – contributions to defined contribution schemes	96,571	116,964
		<u>          </u>	<u>          </u>
		7,548,554	7,577,012
		<u>          </u>	<u>          </u>
	DIRECTORS’ EMOLUMENTS		
	Emoluments	210,558	210,558
	Benefits	37,023	32,756
	Company contributions to money purchase pension scheme	15,964	15,964
		<u>          </u>	<u>          </u>
	Total emoluments	263,545	259,278
		<u>          </u>	<u>          </u>



Haynes Brothers Limited  
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5 EMPLOYEES AND DIRECTORS (CONTINUED)

The emoluments of the highest paid director were:

Emoluments	199,558	199,558
Benefits	23,692	21,935
Company contributions to money purchase pension scheme	15,964	15,964
	<u>239,214</u>	<u>237,457</u>

Pension contributions of £15,964 (2012: £15,964) were paid in respect of one director, who is the highest paid.

6 TAXATION

	2013	2012
	£	£
(a) Analysis of tax charge for year		
<i>Current tax:</i>		
United Kingdom corporation tax payable based on the result for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination of timing differences		
- timing differences in respect of defined benefit pension scheme deficit	45,784	70,482
Total deferred tax	<u>45,784</u>	<u>70,482</u>
Total tax charge through the profit and loss account	<u>45,784</u>	<u>70,482</u>
	2013	2012
	£	£
(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/(loss) on ordinary activities before taxation	<u>173,849</u>	<u>(136,574)</u>
Profit/( loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax of 23.25% (2012: 24.5%)	40,420	(33,457)
Effects of:		
Expenses not deductible for tax purposes	1,983	2,000
Contributions to defined benefit pension scheme in excess of amounts charged to the profit and loss account	(39,519)	(34,497)
Depreciation in excess of/(less than) capital allowances	(865)	94,408
Other timing differences	(2,019)	(835)
Losses carried forward/(utilised)	-	(27,619)
	<u>-</u>	<u>-</u>

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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### 6 TAXATION (CONTINUED)

	2013 £	2012 £
(c) Analysis of tax credit recognised in the statement of total recognised gains and losses		
<i>Deferred tax:</i>		
Origination of timing differences in respect of defined benefit pension scheme deficit	166,706	133,518
	<u>166,706</u>	<u>133,518</u>

### (d) Factors that may affect future tax charges

The company has tax losses of approximately £651,000 (2012: £682,000) available for offset against future taxable profits. Future tax charges may be reduced by the utilisation of the losses.

### 7 EQUITY DIVIDENDS

	2013 £	2012 £
3½% Cumulative preference shares	175	175
	<u>175</u>	<u>175</u>

### 8 FIXED ASSET INVESTMENTS: SUBSIDIARY UNDERTAKINGS

1 January 2013 and 31 December 2013	<u>205</u>
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The investments in subsidiary undertakings, which are shown at cost, comprise five dormant 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.

### 9 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
1 January 2013 and 31 December 2013	26,525
Amortisation	
1 January 2013 and 31 December 2013	<u>26,525</u>
Net book amount	
31 December 2012 and 31 December 2013	<u>-</u>

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

10	TANGIBLE FIXED ASSETS	Freehold premises £	Leasehold premises £	Plant and equipment £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
	<b>COST OR VALUATION</b>							
	1 January 2013	12,265,000	1,500	1,493,523	1,313,392	901,736	1,057,719	17,032,870
	Additions	-	2,533	52,309	24,762	77,471	324,246	481,321
	Disposals	(440,000)	-	-	-	(575)	(236,129)	(676,704)
	Revaluation	(100,000)	-	-	-	-	-	(100,000)
	31 December 2013	11,725,000	4,033	1,545,832	1,338,154	978,632	1,145,836	16,737,487
	<b>DEPRECIATION</b>							
	1 January 2013	62,000	-	1,226,801	889,172	720,019	537,260	3,435,252
	Charge for the year	33,500	-	69,501	100,492	91,832	176,605	471,930
	Disposals	-	-	-	-	(230)	(121,907)	(122,137)
	Release on revaluation	(95,500)	-	-	-	-	-	(95,500)
	31 December 2013	-	-	1,296,302	989,664	811,621	591,958	3,689,545
	<b>NET BOOK AMOUNT</b>							
	31 December 2013	11,725,000	4,033	249,530	348,490	167,011	553,878	13,047,942
	31 December 2012	12,203,000	1,500	266,722	424,220	181,717	520,459	13,597,618

The net book value of motor vehicles includes £184,864 (2012:£ 208,799) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £43,626 (2012: £64,675).

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 £3,921,723 (2012: £4,660,439) and accumulated depreciation of £Nil (2012 : £62,000).

The Company's freehold premises in Maidstone, Ashford and Uckfield were revalued on 31 March 2013 by Montagu Evans Chartered Surveyors on the basis of open market value for existing use.

11	STOCKS	2013 £	2012 £
	Cars and commercial vehicles	6,675,995	5,430,209
	Agricultural vehicles and implements	4,059,360	5,217,807
	Parts stock	2,772,974	2,355,743
		<u>13,508,329</u>	<u>13,003,759</u>

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

At 31 December 2013 the total amount of interest bearing consignment stock included above amounted to £3,927,851 (2012: £1,784,160). Excluded from the above is non interest bearing consignment stock of £4,690,166 (2012: £5,933,075).

**Haynes Brothers Limited**  
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12	DEBTORS	2013	2012
		£	£
	Amounts due within one year:		
	Trade debtors	3,156,845	2,612,087
	Other debtors	672,268	717,769
	Deferred taxation	48,359	48,359
	Prepayments and accrued income	1,244,631	1,127,639
		<u>5,122,102</u>	<u>4,505,854</u>

Deferred taxation provided in the financial statements is as follows:

	Amount provided	
	2013	2012
	£	£
Short term timing differences	3,766	3,766
Unrelieved trading losses	-	-
Excess of tax allowances over depreciation	44,593	44,593
	<u>48,359</u>	<u>48,359</u>

A deferred tax asset has been recognised on the basis of an expected improvement in trading conditions. There is an unrecognised deferred tax asset of £149,740 (2012: £157,000) in respect of unrelieved trading losses.

13	CREDITORS: Amounts falling due within one year	2013	2012
		£	£
	Bank loans (secured)	5,288,000	5,745,000
	Bank overdrafts (secured)	364,199	2,367,181
	Other loans (secured)	880,755	943,596
	Trade creditors	11,612,064	9,922,903
	Amounts owed to subsidiary undertakings	205	205
	Other taxes and social security costs	926,763	172,650
	Other creditors	324,781	150,715
	Accruals and deferred income	1,451,961	930,716
	Finance leases	124,230	85,932
		<u>20,972,958</u>	<u>20,318,898</u>

Other loans are secured on the company's stock. Finance leases are secured on the related assets.

Other creditors of £120,526 (2012 : Nil) are secured on the company's Trade debtors.

14	CREDITORS: Amounts falling due in more than one year	2013	2012
		£	£
	Perpetual unsecured loan stock	55,000	55,000
	Non-equity shares - variable cumulative preference shares	350,000	350,000
	Finance leases	41,635	122,867
		<u>446,635</u>	<u>527,867</u>

**Haynes Brothers Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2013

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14	CREDITORS: Amounts falling due in more than one year (continued)	2013 £	2012 £
	NET OBLIGATIONS UNDER FINANCE LEASES		
	Repayable within one year	124,230	85,932
	Repayable within two and five years	41,635	122,867
		165,865	208,799
	Included in liabilities due within one year	(124,230)	(85,932)
		41,635	122,867
15	ANALYSIS OF DEBT MATURITY	2013 £	2012 £
	Bank loans		
	Due within 1 year	5,288,000	5,745,000
		5,288,000	5,745,000

The Company's balance sheet shows net current liabilities due to the classification of £5,288,000 in loans as due within one year at 31 December 2013.

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. The bank also has a debenture over the assets of the company.

The bank has guaranteed two bonds to suppliers totalling £370,000 (2012: £370,000).

Interest at an average rate of 3.4% above LIBOR is payable on the bank loan.

Interest at 3.25% above base rate is payable on the overdraft.

Interest at 8.10% above FHBR is payable on the other loan.

16 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.

# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

### 17 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 2013. The results of that valuation have been projected to 31 December 2013 and then recalculated based on the assumptions set out below. The liabilities have been calculated on the projected unit method.

Key assumptions	At 31 December 2013	At 31 December 2012
LPI increases for pensions in payment	2.40%	2.70%
Liability discount rate	4.60%	3.70%
Inflation assumption	3.40%	2.70%
Revaluation of deferred pensions	2.40%	2.70%
Future expected lifetime of current pensioner at age 65:		
Male aged 65 now:	21.3	21.3
Female aged 65 now:	23.4	24.7
Future expected lifetime of future pensioner at age 65:		
Male aged 45 now:	21.4	23.1
Female aged 45 now:	23.5	26.7

	As at 31 December 2013		As at 31 December 2012	
	Long-term rate of return expected	Value £'000	Long-term rate of return expected	Value £'000
Equities	6.45%	3,824	5.3%	3,136
Bonds	3.45%	615	3.15%	499
Property	6.45%	132	5.3%	428
Cash	3.45%	90	2.3%	76
		4,661		4,139
Total market value of assets		4,661		4,139
Present value of scheme liabilities		(6,212)		(6,479)
		(1,551)		(2,340)
Deficit in the scheme		(1,551)		(2,340)
Related deferred tax asset		326		538
		(1,225)		(1,802)
Net pension liability		(1,225)		(1,802)

The expected rate of return on scheme assets are those that the actuary considered reasonable at 26 April 2013, being the date of their report.

**Haynes Brothers Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2013

17 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (continued)

AMOUNTS RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2013 £	2012 £
Actual return less expected return on pension scheme assets	474,000	100,000
Changes in assumptions underlying the present value of the scheme liabilities	145,000	166,000
	<u>619,000</u>	<u>266,000</u>
<b>ANALYSIS OF THE AMOUNT CHARGED TO INTEREST PAYABLE</b>		
	2013 £	2012 £
Expected return on pension scheme assets	183,000	186,000
Interest on pension scheme liabilities	(267,000)	(292,000)
	<u>(84,000)</u>	<u>(106,000)</u>
<b>CHANGE IN THE FAIR VALUE OF SCHEME ASSETS</b>		
Balance at 1 January 2013	4,139,000	4,164,000
Expected return on scheme assets	183,000	186,000
Actuarial gain	474,000	100,000
Employer contributions	254,000	247,000
Benefits paid	(389,000)	(558,000)
Balance at 31 December 2013	<u>4,661,000</u>	<u>4,139,000</u>

The actual return on scheme assets in the year was £657,000 (2012: £286,000).

**CHANGE IN THE PRESENT VALUE OF SCHEME LIABILITIES**

	2013 £	2012 £
Balance at 1 January 2013	(6,479,000)	(6,911,000)
Interest cost	(267,000)	(292,000)
Actuarial gain	145,000	166,000
Benefits paid	389,000	558,000
Balance at 31 December 2013	<u>(6,212,000)</u>	<u>(6,479,000)</u>

**MOVEMENT IN DEFICIT IN THE YEAR**

Deficit in scheme at start of year	(2,340,000)	(2,747,000)
Contributions	254,000	247,000
Other finance expense	(84,000)	(106,000)
Actuarial gain/(loss)	619,000	266,000
(Deficit) in scheme at year end	<u>(1,551,000)</u>	<u>(2,340,000)</u>

**Haynes Brothers Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2013

17 RETIREMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (continued)

HISTORY OF EXPERIENCE GAINS AND LOSSES	2013	2012	2011	2010	2009
Difference between the expected and actual return on scheme assets:					
Amount (£)	474,000	100,000	(671,000)	146,000	205,000
Percentage of the scheme assets	10%	2%	(16%)	3%	5%
Experience gains and losses on scheme liabilities:					
Amount (£)	-	-	-	-	-
Percentage of the present value of the scheme liabilities	0%	0%	0%	0%	0%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£)	619,000	266,000	(1,227,000)	87,000	(388,000)
Percentage of the present value of the scheme liabilities	10%	4%	(18%)	(5%)	(6%)

The Company expects to contribute £255,000 to the scheme during the year ending 31 December 2014.

18 SHARE CAPITAL

	Number of Shares	Authorised £	2013 and 2012 Allotted, called-up and fully paid £
<b>TREATED AS EQUITY</b>			
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
<b>TREATED AS NON-EQUITY</b>			
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 (non-redeemable) 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 2006 requirements as to distributions) absolute these shares are treated as non-equity shares.



# Haynes Brothers Limited

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2013

19	REVALUATION RESERVE	2013	2012
		£	£
	At 1 January 2013	7,975,626	7,975,626
	Revaluation in year	(4,500)	-
	Transferred to profit and loss account on disposal	(167,849)	-
	At 31 December 2013	<u>7,803,277</u>	<u>7,975,626</u>
20	PROFIT AND LOSS ACCOUNT	2013	2012
		£	£
	At 1 January 2013	424,296	499,045
	Profit / (Loss) for the financial year	128,065	(207,056)
	Other recognised gains and losses	452,294	132,482
	Equity dividends paid	(175)	(175)
	Transfer from revaluation reserve on disposal	167,849	-
	At 31 December 2013	<u>1,172,329</u>	<u>424,296</u>
21	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2013	2012
		£	£
	At 1 January 2013	8,464,922	8,539,671
	Profit / (Loss) for the financial year	128,065	(207,056)
	Other recognised gains and losses	452,294	132,482
	Equity dividends paid	(175)	(175)
	Revaluation (Net)	(4,500)	-
	Net increases / (deduction) from shareholders' funds	<u>575,684</u>	<u>(74,749)</u>
	At 31 December 2013	<u>9,040,606</u>	<u>8,464,922</u>
22	LEASING OBLIGATIONS	2013	2012
		Land and Buildings	Land and Buildings
		£	£
	Commitments due under operating leases as at 31 December 2013 are as follows:		
	Leases expiring:		
	Within one year	57,000	12,000
	Within two to five years	-	45,000
	More than five years	48,500	-
		<u>105,500</u>	<u>57,000</u>

The above shows the payments the Company is committed to make during the future years in respect of Operating Leases, analysed by lease maturity date.

#### 23 RELATED AND CONTROLLING PARTIES

Mr A D S Haynes is the ultimate controlling party.