

**HAYNES BROTHERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

**31ST DECEMBER 1997**

**REGISTERED NUMBER: 48511**

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



# HAYNES BROTHERS LIMITED

## DIRECTORS REPORT

31st December 1997

The directors present their annual report and the audited financial statements of the company for the year ended 31st December 1997.

### Principal activities and business review

The company trades under the name Haynes of Maidstone Limited as Motor Engineers with a Distributorship for Ford cars that includes a Sports and Recreational Specialist Dealer Franchise and a Ford Transit Specialist Dealer Franchise. Additionally, the company holds an Iveco Ford Truck Franchise. The company also trades under the name Haynes Agricultural (Kent) Limited as Agricultural Engineers including the New Holland Franchise for Ford and Fiat Tractors and Harvest Equipment for Kent together with other Franchises for Agricultural and Turfcare Equipment.

In the face of the continuing pressures generally of a highly competitive market, the balance sheet on page 5 continues to reflect a very strong commercial base, from which the company will continue wherever possible to expand its business opportunities.

### Statement of directors' responsibilities

The directors are required under company law to prepare financial statements for each financial year which 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 these financial statements they are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the financial statements on a going concern basis unless in my view the company will be unable to continue in business.

They are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

### Profits and dividends

The profit on ordinary activities for the year after tax amounted to £104,671 (1996: £173,141). Dividends of £26,102 (1996: £28,676) were paid in the year on the variable rate cumulative preference shares. It is recommended that a dividend of £175 be paid in respect of the 3½% preference shares. The directors recommend the payment of a final dividend of £50,000 on the ordinary shares. The balance of £28,394 (1996: £44,290) is added to reserves.

### Directors

The following were directors of the company at 31st December 1997 and served throughout the year.

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

# HAYNES BROTHERS LIMITED

## DIRECTORS REPORT

31st December 1997

(continued)

### Directors shareholdings

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

	At 31st December 1997		At 31st December 1996	
	Shares of £10 each		Shares of £10 each	
	Ordinary	3½% cumulative preference shares	Ordinary	3½% cumulative preference shares
D.B. Haynes	4,200	-	4,200	225
A.D.S. Haynes	-	225	-	-

The interest of Mr D.B. Haynes in 1,440 ordinary shares of £10 each is non-beneficial and Mr A.D.S. Haynes has an interest as trust beneficiary in these shares.

In addition D.B. Haynes holds £14,000 (1996: £14,000) of the perpetual unsecured loan stock.

### 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 political and charitable purposes amounting to £2,870 (1996: £3,171).

### Auditors

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

Mr P.E. Haynes, a partner in Kidsons Impey, has an interest in his capacity as a Trustee, in 150 non-voting ordinary shares of £10 each.

Mr J.R. Hetherington, a former partner in Kidsons Impey, has an interest in his capacity as a Trustee, in 1,150 voting ordinary shares of £10 each and 250 non-voting ordinary shares of £10 each.

By order of the board

G.J. Morgan

Secretary

Registered Office:  
23 Ashford Road  
Maidstone  
Kent  
ME14 5DQ

19th August 1998

# HAYNES BROTHERS LIMITED

## AUDITORS' REPORT

### Auditors' report to the members of Haynes Brothers Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 1 the directors of the company are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impsey

Registered Auditors

Chartered Accountants

London

19th August 1998

# HAYNES BROTHERS LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1997

	Note	1997 £	1996 £
Turnover	2	30,696,285	30,798,180
Cost of sales		<u>(28,378,085)</u>	<u>(28,527,549)</u>
Gross profit		2,318,200	2,270,631
Advertising and distribution costs		(584,596)	(443,502)
Administrative expenses		<u>(1,409,629)</u>	<u>(1,461,993)</u>
Operating profit		323,975	365,136
Interest payable	3	<u>(188,804)</u>	<u>(136,995)</u>
Profit on ordinary activities before taxation	3	135,171	228,141
Taxation	6	<u>(30,500)</u>	<u>(55,000)</u>
Profit on ordinary activities after taxation		104,671	173,141
Dividends	7	<u>(76,277)</u>	<u>(128,851)</u>
Retained profit for the financial year		28,394	44,290
Balance brought forward		<u>4,323,057</u>	<u>4,278,767</u>
Balance carried forward		<u>4,351,451</u>	<u>4,323,057</u>

All activities are classed as continuing.

A statement of recognised gains and losses has not been prepared as there are no recognised gains and losses other than the profit for the year.

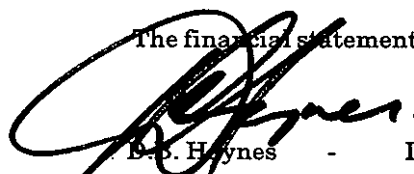
# HAYNES BROTHERS LIMITED

## BALANCE SHEET

at 31st December 1997

	Note	1997		1996	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		8,082		8,082
Tangible assets	9		<u>5,332,615</u>		<u>5,240,218</u>
			5,340,697		5,248,300
<b>Current assets</b>					
Stocks	10	6,024,862		5,390,511	
Debtors	11	2,757,549		2,934,946	
Cash at bank and in hand		<u>2,175</u>		<u>2,070</u>	
			8,784,586		8,327,527
<b>Creditors: amounts falling due within one year</b>	12		<u>5,953,371</u>		<u>5,528,959</u>
<b>Net current assets</b>			<u>2,831,215</u>		<u>2,798,568</u>
<b>Total assets less current liabilities</b>			8,171,912		8,046,868
<b>Creditors: amounts falling due after more than one year</b>	12	575,430		474,280	
<b>Provisions for liabilities and charges</b>	13		<u>20,000</u>		<u>24,500</u>
			595,430		498,780
<b>Net assets</b>			<u>7,576,482</u>		<u>7,548,088</u>
<b>Capital and reserves</b>					
Called up share capital	14		415,000		415,000
Revaluation reserve	15		2,810,031		2,810,031
Profit and loss account	15		<u>4,351,451</u>		<u>4,323,057</u>
<b>Net assets</b>			<u>7,576,482</u>		<u>7,548,088</u>
<b>Attributable to:</b>					
Equity shareholders			7,221,482		7,193,088
Non-equity shareholders			<u>355,000</u>		<u>355,000</u>
			<u>7,576,482</u>		<u>7,548,088</u>

The financial statements were approved by the Board of Directors on 19th August 1998.

  
 E. P. Haynes - Director

# HAYNES BROTHERS LIMITED

## CASH FLOW STATEMENT

for the year ended 31st December 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	a	850,246	539,612
Returns on investment and servicing of finance	c	(218,340)	(165,846)
Taxation		(65,226)	(56,688)
Capital expenditure	c	<u>(192,732)</u>	<u>(140,987)</u>
		373,948	176,091
Equity dividends paid		-	(200,000)
Financing	c	<u>(582,105)</u>	<u>497,905</u>
		<u>(208,157)</u>	<u>473,996</u>

**HAYNES BROTHERS LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
for the year ended 31st December 1997

a) **Reconciliation of operating profit to net cash inflow from operating activities**

	1997 £	1996 £
Operating profit	327,234	365,136
Depreciation charges	112,168	107,410
Profit on disposal of fixed assets	(11,833)	-
(Increase) in stocks	(634,351)	(499,204)
Decrease in debtors	188,049	74,590
Increase in creditors	868,979	342,236
Decrease in deposit with Ford Motor Company	-	149,444
	<u>850,246</u>	<u>539,612</u>

b) **Reconciliation of net cash flow to movement in net debt**

Decrease/increase in cash in the year	(208,157)	(473,996)
Net debt at 1 January	<u>(606,143)</u>	<u>149,444</u>
Net debt at 31 December	<u>(814,300)</u>	<u>(606,143)</u>
Cash at bank and in hand	2,175	2,070
Bank loans and overdrafts	<u>(816,475)</u>	<u>(608,213)</u>
	<u>(814,300)</u>	<u>(606,143)</u>

c) **Gross cash flows**

i) **Returns on investment and servicing of finance**

Interest paid	(192,063)	(136,995)
Non-equity dividends	<u>(26,277)</u>	<u>(28,851)</u>
	<u>(218,340)</u>	<u>(165,846)</u>

ii) **Capital expenditure**

Payment to acquire tangible fixed assets	(250,116)	(179,888)
Receipts from sale of tangible fixed assets	57,384	38,981
Payments to acquire investments	-	(80)
	<u>(192,732)</u>	<u>(140,987)</u>

iii) **Financing**

Bills of exchange	(500,000)	500,000
Capital element of finance leases	(206,405)	(242,651)
Finance leases acquired	<u>124,300</u>	<u>240,556</u>
	<u>(582,105)</u>	<u>497,905</u>



# HAYNES BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

### 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 certain freehold land and buildings which are stated at revalued amounts.

#### **Cost of sales**

Cost of sales is stated as all those costs directly incurred by the company, including depreciation, in order to bring each product sold to its saleable condition and to provide the services to customers.

#### **Depreciation**

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

It is the company's policy to maintain its properties in such a condition that their residual value, as assessed at the time of acquisition or subsequent valuation, is at least equal to book value. Having regard to this, it is the opinion of the directors that depreciation of any such freehold property, as required by the Companies Act 1985 and accounting standards, would not be material and accordingly none is provided.

#### **Stocks**

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

The dealership has made arrangements with a limited number of customers which include the commitment to repurchase vehicles at a future date at a pre-determined price. In accordance with Financial Reporting Standard No. 5, the residual interest in these vehicles is included in stock with the corresponding liability included in creditors falling due within one year and creditors falling due after more than one year.

#### **Deferred taxation**

Deferred taxation is provided under the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### **Assets held under finance leases**

For assets under finance leases acquired since 1st January 1991, 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 leased to customers on a short-term basis, the asset being included in agricultural stocks.

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

#### **Pensions**

Contributions are charged to the profit and loss account on the basis of actuarial recommendations to the scheme trustees.

### 2 Turnover

Turnover represents the invoiced value excluding value added tax, of goods sold and services provided to customers.

# HAYNES BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997  
(continued)

3 Profit on ordinary activities before taxation	1997		1996	
	£	£	£	£
This is stated after charging:				
Interest payable:				
Finance charges under finance leases	3,259		-	
Loans wholly repayable within five years	84,641		36,155	
Loans not wholly repayable within five years	5,500		5,500	
Bank overdraft and other interest	<u>98,663</u>		<u>95,340</u>	
		192,063		136,955
Depreciation		112,168		107,410
Auditors' remuneration for audit		18,750		18,000
Auditors' remuneration for other services		<u>18,575</u>		<u>14,355</u>

4 Directors' emoluments	1997	1996
	£	£
Total emoluments	<u>237,515</u>	<u>253,380</u>
Emoluments, for management, excluding pension contributions	<u>237,315</u>	<u>249,958</u>
The emoluments of the highest paid director were	<u>177,139</u>	<u>201,183</u>

### 5 Employees

The average number of persons including directors employed by the company during the year was:

Service and workshop staff	140	138
Management and administration	62	61
Sales staff	<u>25</u>	<u>24</u>
	<u>227</u>	<u>223</u>

#### Staff costs:

	£	£
Wages and salaries	3,517,723	3,453,409
Social security costs	333,033	331,615
Other pension costs	<u>115,686</u>	<u>106,339</u>
	<u>3,966,440</u>	<u>3,891,363</u>

#### Pensions costs

The company operates a 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 funding the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The financial position of the scheme is determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increase in salaries. The most recent valuation available was at 1st April 1996. It was then assumed that share dividends would increase by 4%, pensionable salaries by 6% and investment returns by 9% per annum. This valuation showed that the scheme's assets covered 100% (1993: 89%) of its liabilities.

For the purposes of determining the pension charge in the financial statements, different actuarial assumptions are used, the key change being a higher assumed investment return. These assumptions lead to a pension charge for the year of £115,486 (1996: £102,917).

The contributions of the company for the year were 7.2% (staff) and 2.4% (works) and contributions are to continue at this level until the next triennial valuation. No contributions are paid by employees.

# HAYNES BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997  
(continued)

6 Taxation	1997	1996
	£	£
United Kingdom corporation tax payable based on the profit for the year at 21.75%	35,000	47,000
Transfer (from)/to deferred taxation (Note 13)	<u>(4,500)</u>	<u>8,000</u>
	<u>30,500</u>	<u>55,000</u>
	£	£
3 1/2% Cumulative preference shares -proposed	175	175
Variable rate cumulative preference shares -paid	26,102	28,676
Ordinary shares - interim paid	-	100,000
- final proposed	<u>50,000</u>	<u>-</u>
	<u>76,277</u>	<u>128,851</u>

8 Fixed asset investments	Others	Subsidiary undertakings	Total
	£	£	£
At 31st December 1996	<u>7,880</u>	<u>202</u>	<u>8,082</u>
At 31st December 1997	<u>7,880</u>	<u>202</u>	<u>8,082</u>

The investments in subsidiary undertakings comprise two dormant agency wholly-owned subsidiary companies, Haynes of Maidstone Limited and Haynes Agricultural (Kent) Limited which are incorporated in Great Britain and registered in England and Wales.

The other investment relates to a minority holding in Dealer Truck Services, an unlimited private company formed to hold Iveco Ford dealers' interests in Trucksure Services Limited. This investment is held through a wholly-owned subsidiary company, Haynes Truck (Contracts) Limited, also incorporated in Great Britain and registered in England and Wales.

9 Tangible fixed assets	Freehold Land and Buildings	Fixtures and Fittings	Plant and Equipment	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
1st January 1997	4,790,355	284,784	1,067,359	347,317	6,489,815
Additions	-	7,493	78,655	163,968	250,116
Disposals	<u>-</u>	<u>(24,379)</u>	<u>(177,170)</u>	<u>(96,340)</u>	<u>(297,889)</u>
31st December 1997	<u>4,790,355</u>	<u>267,898</u>	<u>968,844</u>	<u>414,945</u>	<u>6,442,042</u>
<b>Depreciation</b>					
1st January 1997	-	238,646	810,284	200,667	1,249,597
Charge for the year	-	12,422	58,616	41,130	112,168
Disposals	<u>-</u>	<u>(24,379)</u>	<u>(175,158)</u>	<u>(52,802)</u>	<u>(252,339)</u>
31st December 1997	<u>-</u>	<u>226,689</u>	<u>693,742</u>	<u>188,995</u>	<u>1,109,426</u>
<b>Net book amount</b>					
31st December 1997	<u>4,790,355</u>	<u>41,209</u>	<u>275,102</u>	<u>225,950</u>	<u>5,332,615</u>
31st December 1996	<u>4,790,355</u>	<u>46,138</u>	<u>257,075</u>	<u>146,650</u>	<u>5,240,218</u>

All tangible fixed assets are shown at cost with the exception of freehold land and buildings which comprised £4,521,000 at valuation in 1992 and £269,355 at cost. The company's freehold premises in Maidstone were revalued on 19th November 1992 by Montagu Evans Chartered Surveyors on the basis of open market value for existing use. The freehold properties at Appledore and Eastry continue to be shown at cost.

Included in motor vehicles are vehicles being acquired under finance leases with a book value of £111,600 (1996: £25,500) on which the depreciation charge for the year was £14,498.

# HAYNES BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1997

(continued)

10 Stocks	1997 £	1996 £
Cars and commercial vehicles	2,427,977	1,984,274
Vehicle repurchase commitments	728,460	564,980
Agricultural vehicles and implements	1,659,561	1,571,749
Parts stock	<u>1,208,864</u>	<u>1,269,508</u>
	<u>6,024,862</u>	<u>5,390,511</u>

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

At 31st December 1997 the total amount of consignment stock held on a sale or return basis and not recorded in the balance sheet amounted to £2,596,292 (1996: £1,962,080). The principal terms of the consignment agreements, which can be terminated by either side, are such that the company can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices. The dealer was previously required to lodge a financial deposit under these agreements.

Stocks include £728,460 (1996: £564,980) relating to the residual interest on vehicles which include a commitment to repurchase at a future date at a pre-determined price. The corresponding liability is included in creditors falling due within one year and creditors falling due after more than one year to comply with Financial Reporting Standard No. 5.

11 Debtors	1997 £	1996 £
Amounts due within one year:		
Trade debtors	2,366,331	2,579,941
Other debtors	167,141	215,081
Prepayments and accrued income	193,628	120,127
Advance corporation tax recoverable	<u>30,449</u>	<u>19,797</u>
	<u>2,757,549</u>	<u>2,934,946</u>

12 Creditors	Amounts falling due within one year		Amounts falling due after more than one year	
	1997 £	1996 £	1997 £	1996 £
Bank loans and overdrafts	816,475	608,213	-	-
Perpetual unsecured loan stock	-	-	55,000	55,000
Other loans	1,083,293	342,000	-	-
Bills of exchange	-	500,000	-	-
Trade creditors	2,854,092	2,885,121	-	-
Corporation tax	31,720	10,199	-	-
Advance corporation tax	12,500	53,595	-	-
Other taxes and social security costs	203,428	184,198	-	-
Other creditors	221,998	219,306	-	-
Accruals and deferred income	347,158	373,845	-	-
Amounts owed to subsidiary undertakings	202	202	-	-
Net obligations under finance leases	124,300	206,405	-	-
Vehicle repurchase commitments	208,030	145,700	520,430	419,280
Proposed dividends	<u>50,175</u>	<u>175</u>	<u>-</u>	<u>-</u>
	<u>5,953,371</u>	<u>5,528,959</u>	<u>575,430</u>	<u>474,280</u>

The finance lease obligations shown above relate to short term leases lasting less than a year where the corresponding assets are included under agricultural vehicle stocks.

**HAYNES BROTHERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1997**  
(continued)

<b>13 Provisions for liabilities and charges</b>	<b>Accelerated capital allowances</b>	<b>Short term timing differences</b>	<b>Total</b>
	£	£	£
Full provision has been made, based on a corporation tax rate of 25%, in respect of corporation tax deferred because of timing differences			
At 1st January 1997	36,500	(12,000)	24,500
Transfer from profit and loss account - movement	<u>(7,500)</u>	<u>3,000</u>	<u>(4,500)</u>
At 31st December 1997	<u>29,000</u>	<u>(9,000)</u>	<u>20,000</u>

<b>14 Called-up share capital</b>	<b>1997 and 1996</b>		
	<b>Number of shares</b>	<b>Authorised</b>	<b>Allotted, Called-up and Fully Paid</b>
		£	£
<b>Equity share capital</b>			
Ordinary shares of £10 each	5,600	56,000	56,000
Non-voting ordinary shares of £10 each	400	<u>4,000</u>	<u>4,000</u>
		<u>60,000</u>	<u>60,000</u>
<b>Non-equity share capital</b>			
Variable rate cumulative preference shares of £1 each	350,000	350,000	350,000
3½% cumulative preference shares of £10 each	500	<u>5,000</u>	<u>5,000</u>
		<u>355,000</u>	<u>355,000</u>
<b>Total share capital</b>		<u>415,000</u>	<u>415,000</u>

The variable rate 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 30th June and 31st 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. The 3½% cumulative preference shares have no rights other than the right to a dividend 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.

<b>15 Reserves</b>	<b>Total</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	£	£	£
1st January 1997	7,133,088	2,810,031	4,323,057
Profit for the financial year	<u>28,394</u>	<u>-</u>	<u>28,394</u>
31st December 1997	<u>7,161,482</u>	<u>2,810,031</u>	<u>4,351,451</u>

**HAYNES BROTHERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1997**  
(continued)

<b>16 Capital commitments and contingent liabilities</b>	<b>1997</b>	<b>1996</b>
	£	£
Capital commitments authorised by the Board and for which contracts had been placed:	<u>Nil</u>	<u>Nil</u>
<b>Contingent liabilities:</b>		
Terminable indemnity re advance payment guarantee	<u>37,000</u>	<u>74,000</u>
<b>17 Reconciliation of movement in shareholders' funds</b>	<b>£</b>	<b>£</b>
Profit for the financial year	104,671	173,141
Dividends	<u>(76,277)</u>	<u>(128,851)</u>
Net addition to shareholders' funds	28,394	44,290
Opening shareholders' funds	<u>7,548,088</u>	<u>7,503,798</u>
Closing shareholders' funds	<u>7,576,482</u>	<u>7,548,088</u>

**18 Related party transactions**

Mr. D.B. Haynes, the Chairman, owns 46% and Mr. A.D.S. Haynes has an interest in 24% of the equity share capital of the company; taken together these shares control 75% of the voting rights.

Included in other loans is a balance of £91,697 (1996: £92,000) owing to Mr D.B. Haynes; no interest is charged on this loan.