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HAYNES BROTHERS LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1990

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

HAYNES BROTHERS LIMITED

DIRECTOR'S REPORT

31st December 1990

The director presents the annual report and the audited financial statements of the company for the year ended 31st December 1990.

Principal activities and business review

The company trades under the name "Haynes of Maidstone" as motor and agricultural engineers including Distributorships for Ford cars, vans, trucks and tractors, Iveco Ford trucks and Claas combines. The balance sheet on page 5 continues to reflect a strong commercial base despite the pressure of a highly competitive market.

Profits and dividends

The profit on ordinary activities for the year after tax amounted to £205,959. Dividends of £53,723 were paid during the year in respect of the variable rate preference shares. It is recommended that a dividend of £175 be paid in respect of the 3½% preference shares. The balance of £152,061 is transferred to reserves.

Directors

Mr. D.B. Haynes was a director of the company at 31st December 1990 and served throughout the year.

Directors' shareholdings

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

	At 31st December 1990		At 31st December 1989	
	Shares of £10 each Ordinary	3½% Cumulative preference shares	Shares of £10 each Ordinary	3½% Cumulative preference shares
D.B. Haynes	4,200	225	4,200	225

In addition D.B. Haynes holds £14,000 (1989: £14,000) of the perpetual unsecured loan stock.

The director has no interest in the variable rate preference shares or the non-voting ordinary shares.

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.

HAYNES BROTHERS LIMITED

DIRECTORS' REPORT

31st December 1990
(continued)

Donations

During the year, the company made donations for political and charitable purposes amounting to £4,075 (1989: £2,858).

Fixed assets

The movements in fixed assets during the year are set out in the notes to the financial statements.

No provision is made for depreciation of freehold property in the Town Centre (4.2 acres), Parkwood Industrial Estate (3.8 acres) and at Appledore (0.75 acres). The directors estimate that all three properties together have a current market value at least £4m in excess of the book value.

Auditors

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

By order of the board



G.J. Morgan

Secretary

Registered Office:

35 St. Ford Road
Widnes
L26 5Y

26th June 1991

HAYNES BROTHERS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Haynes Brothers Limited

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1990 and of its profit and source and application of funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Kidsons Impey

Chartered Accountants

London

26th June 1991

HAYNES BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1990

	Note	1990 £	1989 £
Turnover		28,610,815	29,624,346
Cost of sales		<u>26,201,376</u>	<u>27,201,943</u>
Gross profit		2,409,439	2,422,403
Advertising and distribution costs		412,640	421,799
Administrative expenses		<u>1,422,720</u>	<u>1,412,333</u>
Operating profit		574,079	588,271
Interest payable		<u>268,120</u>	<u>135,856</u>
Profit on ordinary activities before taxation		305,959	452,415
Taxation		<u>100,000</u>	<u>149,050</u>
Profit on ordinary activities after taxation		205,959	303,365
Extraordinary item		<u>-</u>	<u>831,425</u>
Profit for the financial year		205,959	1,134,790
Dividends		<u>53,898</u>	<u>240,799</u>
Retained profit for the year		152,061	893,991
Balance brought forward		<u>3,284,502</u>	<u>2,390,511</u>
Balance carried forward		<u>3,436,563</u>	<u>3,284,502</u>

The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED

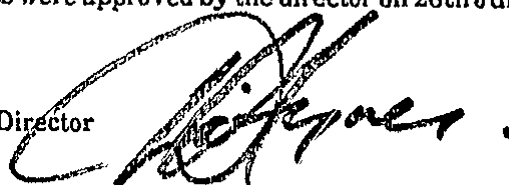
BALANCE SHEET

at 31st December 1990

	Note	1990		1989	
		£	£	£	£
Fixed assets					
Tangible assets			2,013,277		2,022,728
Current assets					
Stocks		3,660,475		3,550,013	
Debtors		2,852,455		3,315,957	
Cash at bank and in hand		<u>6,530</u>		<u>7,363</u>	
		6,319,460		7,073,333	
Creditors: amounts falling due within one year		<u>3,552,377</u>		<u>4,461,762</u>	
Net current assets			<u>2,767,083</u>		<u>2,611,571</u>
Total assets less current liabilities			4,780,360		4,634,299
Creditors: amounts falling due after one year		55,000		55,000	
Provisions for liabilities and charges		<u>38,942</u>		<u>44,942</u>	
			<u>93,942</u>		<u>99,942</u>
Net assets			<u>4,686,418</u>		<u>4,534,357</u>
Capital and reserves					
Called up share capital			415,000		415,000
Capital reserve			9,855		9,855
General reserve			825,000		825,000
Profit and loss account			<u>3,436,563</u>		<u>3,284,502</u>
Shareholders' funds			<u>4,686,418</u>		<u>4,534,357</u>

The financial statements were approved by the director on 26th June 1991

D.B. Haynes - Director



The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1990

	1990		1989	
	£	£	£	£
Source of funds				
Profit on ordinary activities before taxation		305,959		452,415
Adjustment for items not involving the movement of funds:				
Depreciation	53,575		56,244	
Loss (profit) on sale of tangible fixed assets	<u>999</u>		<u>(23)</u>	
		<u>54,574</u>		<u>56,221</u>
Total generated from operations		360,533		508,636
Funds from other sources				
Proceeds from disposal of tangible fixed assets		<u>50</u>		<u>850,236</u>
		360,583		1,358,872
Application of funds				
Purchase of tangible fixed assets	45,173		1,354,481	
Mortgage repayments	5,000		5,000	
Dividends paid	53,898		240,799	
ACT paid	82,431		13,383	
Corporation tax paid	<u>120,555</u>		<u>386,459</u>	
		<u>307,057</u>		<u>2,000,122</u>
Increase (decrease) in working capital		<u>53,526</u>		<u>(641,250)</u>
Represented by:				
Increase in stocks		110,402		191,049
(Decrease) increase in debtors		(244,124)		455,369
(Increase) decrease in creditors		(73,643)		387,135
(Decrease) in deposit with Ford Motor Company		<u>(619,378)</u>		<u>(18,969)</u>
		(826,683)		1,014,584
Movement in net liquid funds:				
Increase (decrease) in cash and bank		<u>880,209</u>		<u>(1,655,834)</u>
		<u>53,526</u>		<u>(641,250)</u>

The notes on pages 7 to 11 form part of these financial statements.

HAYNES BROTHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 1990

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention except for freehold land and building 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 which is not depreciated, in equal annual instalments over their estimated useful lives at the rate of 10% per annum.

Stocks

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

Deferred taxation

Deferred taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the financial statements and as computed for tax purposes.

Assets held under finance leases

Rental payments are charged directly against profits.

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 1990
(continued)

3	Profit on ordinary activities before taxation	1990	1989
		£	£
	This is stated after charging:		
	Interest payable:		
	Loans wholly repayable within five years	4,714	8,271
	Loans not wholly repayable within five years	5,500	5,500
	Bank overdraft and other interest	<u>257,906</u>	<u>122,085</u>
		268,120	135,856
	Hire of plant and machinery held under finance leases	26,355	26,355
	Depreciation	53,575	56,244
	Auditors' remuneration	13,500	11,000
	Directors' emoluments (including pension contributions) (see note 4)	<u>239,735</u>	<u>228,481</u>
4	Directors' emoluments	1990	1989
		£	£
	For management	<u>239,735</u>	<u>228,481</u>
	Emoluments, excluding pension contributions, are analysed as follows:		
	Highest paid director (including pension - related supplement £60,000 (1989: £60,000))	<u>199,735</u>	<u>188,481</u>
5	Employees	1990	1989
		£	£
	The average number of persons including directors employed by the company during the year was:		
	Service and workshop staff	170	156
	Management and administration	72	71
	Sales staff	<u>28</u>	<u>27</u>
		<u>270</u>	<u>254</u>
	Staff costs:		
	Wages and salaries	3,122,462	2,818,745
	Social security costs	309,463	278,481
	Other pension costs	<u>159,383</u>	<u>165,705</u>
		<u>3,591,308</u>	<u>3,262,931</u>

HAYNES BROTHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 1990
(continued)

6	Taxation				1990 £	1989 £
	United Kingdom corporation tax based on the profit for the year at 34% (1989: 34%)				106,000	160,000
	Transfer from deferred taxation				(6,000)	(7,000)
	(Over) provision in respect of prior years				<u>-</u>	<u>(3,950)</u>
					<u>100,000</u>	<u>149,050</u>
7	Extraordinary item				1990 £	1989 £
	Surplus on sale of freehold property				<u>-</u>	<u>831,425</u>
8	Dividends				1990 £	1989 £
	3½% Cumulative preference shares - proposed				175	175
	Variable rate cumulative preference shares - paid				53,723	40,624
	Ordinary shares - paid				<u>-</u>	<u>200,000</u>
					<u>53,898</u>	<u>240,799</u>
9	Tangible fixed assets	Freehold Land and Buildings	Fixtures and fittings	Plant and Equipment	Total	
	Cost or Valuation	£	£	£	£	
	1st January 1990	1,772,026	224,176	624,947	2,621,149	
	Additions	-	13,214	31,959	45,173	
	Disposals	<u>-</u>	<u>(2,667)</u>	<u>-</u>	<u>(2,667)</u>	
	31st December 1990	<u>1,772,026</u>	<u>234,723</u>	<u>656,906</u>	<u>2,663,655</u>	
	Depreciation					
	1st January 1990	-	138,838	459,583	598,421	
	Charge for the year	-	17,829	35,746	53,575	
	Disposals	<u>-</u>	<u>(1,618)</u>	<u>-</u>	<u>(1,618)</u>	
	31st December 1990	<u>-</u>	<u>155,049</u>	<u>495,329</u>	<u>650,378</u>	
	Net book amount					
	31st December 1990	<u>1,772,026</u>	<u>79,674</u>	<u>161,577</u>	<u>2,013,277</u>	
	31st December 1989	<u>1,772,026</u>	<u>85,338</u>	<u>165,364</u>	<u>2,022,728</u>	

All tangible fixed assets are shown at cost with the exception of freehold land and buildings which comprised £6,090 at valuation in 1946 and subsequent additions at cost of £1,765,936.

HAYNES BROTHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 1990
(continued)

10 Stocks	1990	1989
	£	£
Cars and commercial vehicles	1,899,869	1,855,689
Agricultural vehicles and implements	837,121	690,130
Parts stock	<u>923,485</u>	<u>1,004,194</u>
	<u>3,660,475</u>	<u>3,550,013</u>

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

11 Debtors	1990	1989
	£	£
Amounts due within one year:		
Trade debtors	1,884,929	1,713,923
Deposit with Ford Motor Company (note (i))	366,383	985,761
Capital debtors	-	450,000
Other debtors	226,629	245,601
Prepayments and accrued income	<u>174,514</u>	<u>120,672</u>
	<u>2,652,455</u>	<u>3,515,957</u>

Note (i): At 31st December 1990, the short term deposit with Ford Motor Company has been reduced by a related short term loan of £500,000.

12 Creditors	Amounts falling due within one year		Amounts falling due after more than one year	
	1990	1989	1990	1989
	£	£	£	£
Bank loans and overdrafts	793,225	1,674,267	-	-
Mortgage loan	-	5,000	-	-
Perpetual unsecured loan stock	-	-	55,000	55,000
Trade creditors	1,902,138	1,796,691	-	-
Stocking loans	-	50,000	-	-
Corporation tax	92,767	125,288	-	-
Other taxes and social security costs	125,571	219,946	-	-
Other creditors	295,849	328,126	-	-
Accruals and deferred income	342,652	262,269	-	-
Proposed dividends	<u>175</u>	<u>175</u>	-	-
	<u>3,552,377</u>	<u>4,461,762</u>	<u>55,000</u>	<u>55,000</u>

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1990
(continued)

13 Provisions for liabilities and charges	1990 £	1989 £
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The provision included in the balance sheet relates to deferred taxation and consists of the following:-

Accelerated capital allowances	39,000	45,000
Advance corporation tax recoverable	<u>(58)</u>	<u>(58)</u>
	<u>38,942</u>	<u>44,942</u>

14 Called-up share capital	1990		1989	
	Authorised £	Allotted, Issued and Fully Paid £	Authorised £	Allotted, Issued and Fully Paid £
Ordinary shares of £10 each	56,000	56,000	56,000	56,000
Non-voting ordinary shares of £10 each	4,000	4,000	4,000	4,000
Variable rate preference shares of £1 each	350,000	350,000	350,000	350,000
3½% cumulative preference shares of £10 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>

15 Leasing commitments

Future commitments due under finance leases at 31st December 1990 are as follows:-	£
Year to 31st December 1991	26,355
Years to 31st December 1994	<u>15,207</u>
	41,562
Less future finance charges	<u>(6,858)</u>
	<u>34,704</u>

16 Capital commitments and contingent liabilities

Capital commitments authorised by the Board and for which contracts had been placed amounted to £Nil (1989: £Nil).

There were no contingent liabilities at the balance sheet date.

An amount of compensation is receivable from the local authority in respect of considerable disturbance affecting the company's Town Centre operations.