

HAYNES BROTHERS LIMITED
REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1995

REGISTERED NUMBER: 48511

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



HAYNES BROTHERS LIMITED

DIRECTORS REPORT

31st December 1995

The directors present their annual report and the audited financial statements of the company for the year ended 31st December 1995.

Principal activities and business review

The company trades under the name Haynes of Maidstone Limited as motor engineers including distributorships for Ford cars and Rallye-Sport, Ford commercial vehicles including a Ford Transit Specialist Dealer Franchise and Iveco Ford trucks. The company also trades under the name Haynes Agricultural (Kent) Limited as agricultural engineers including the New Holland Franchise for Ford and Fiat Agri tractors and harvest equipment in Kent together with other franchises for agricultural and turfcare equipment.

With the benefits continuing to match the considerable costs involved in opening a new agricultural depot at Eastry in East Kent in 1992, following the formation of Haynes Agricultural (Kent) Limited, and in the face of the continued pressures generally of a highly competitive market, the balance sheet on page 5 continues to reflect a very strong commercial base.

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 £127,324 (1994: £82,061). Dividends of £24,361 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 and a dividend of £100,000 in respect of the ordinary shares. The balance of £2,788 (1994: £55,569) is added to reserves.

Directors

Mr. D.B. Haynes was a director of the company at 31st December 1995 and served throughout the year.

Subsequent to the year end on 4th March 1996, Mr A.D.S. Haynes was appointed a director.

HAYNES BROTHERS LIMITED

DIRECTORS REPORT

31st December 1995
(continued)

Directors shareholdings

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

| | At 31st December 1995 | | At 31st December 1994 | |
|-------------|-----------------------|----------------------------------|-----------------------|----------------------------------|
| | Shares of £10 each | | Shares of £10 each | |
| | Ordinary | 3½% cumulative preference shares | Ordinary | 3½% cumulative preference shares |
| D.B. Haynes | 4,200 | 225 | 4,200 | 225 |

In addition D.B. Haynes holds £14,000 (1994: £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 £2,218 (1994: £1,373).

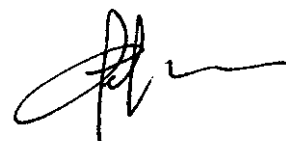
Fixed assets

The movements in fixed assets during the year are set out in the notes to the financial statements. The company's freehold premises in Maidstone were professionally valued in November 1992, and the freehold properties at Appledore and Eastry continue to be shown at cost. In the directors' opinion the current value of these properties exceeds their balance sheet value by at least 10%.

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:

23 Ashford Road
Maidstone
Kent
ME14 5DQ

26th June 1996

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.

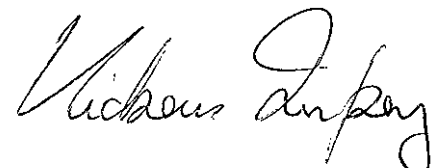
Basis of opinion

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

26th June 1996

HAYNES BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1995

| | Note | 1995 £ | 1994 £ |
|--|------|-------------------|-------------------|
| Turnover | 2 | 27,908,525 | 26,405,139 |
| Cost of sales | | <u>25,728,183</u> | <u>24,419,788</u> |
| Gross profit | | 2,180,342 | 1,985,351 |
| Advertising and distribution costs | | 506,842 | 481,208 |
| Administrative expenses | | <u>1,362,294</u> | <u>1,261,280</u> |
| Operating profit | | 311,206 | 242,863 |
| Interest payable | 3 | <u>(155,432)</u> | <u>(125,855)</u> |
| Profit on ordinary activities before taxation | 3 | 155,774 | 117,008 |
| Taxation | 6 | <u>(28,450)</u> | <u>(34,947)</u> |
| Profit on ordinary activities after taxation | | 127,324 | 82,061 |
| Dividends | 7 | <u>(124,536)</u> | <u>(26,492)</u> |
| Retained profit for the financial year | | 2,788 | 55,569 |
| Balance brought forward | | <u>4,275,979</u> | <u>4,220,410</u> |
| Balance carried forward | | <u>4,278,767</u> | <u>4,275,979</u> |

All activities are classed as continuing. There were no acquisitions during the year.

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.

The notes on pages 8 to 13 form part of these financial statements.

HAYNES BROTHERS LIMITED

BALANCE SHEET

at 31st December 1995

| | Note | £ | 1995 £ | £ | 1994 £ |
|--|------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Investments | 8 | | 8,000 | | 8,000 |
| Tangible assets | 9 | | <u>5,206,721</u> | | <u>5,268,921</u> |
| | | | 5,214,721 | | 5,276,921 |
| Current assets | | | | | |
| Stocks | 10 | 4,891,307 | | 4,700,444 | |
| Debtors | 11 | 3,164,183 | | 2,774,347 | |
| Cash at bank and in hand | | <u>5,290</u> | | <u>2,178</u> | |
| | | 8,060,780 | | 7,476,969 | |
| Creditors: amounts falling due within one year | 12 | <u>5,303,958</u> | | <u>4,868,671</u> | |
| Net current assets | | | <u>2,756,822</u> | | <u>2,608,298</u> |
| Total assets less current liabilities | | | 7,971,543 | | 7,885,219 |
| Creditors: amounts falling due after more than one year | 12 | 451,245 | | 339,709 | |
| Provisions for liabilities and charges | 13 | <u>16,500</u> | | <u>44,500</u> | |
| | | | <u>467,745</u> | | <u>384,209</u> |
| Net assets | | | <u>7,503,798</u> | | <u>7,501,010</u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 415,000 | | 415,000 |
| Revaluation reserve | 15 | | 2,810,031 | | 2,810,031 |
| Profit and loss account | 15 | | <u>4,278,767</u> | | <u>4,275,979</u> |
| Net assets | | | <u>7,503,798</u> | | <u>7,501,010</u> |
| Attributable to: | | | | | |
| Equity shareholders | | | 7,148,798 | | 7,146,010 |
| Non-equity shareholders | | | <u>355,000</u> | | <u>355,000</u> |
| | | | <u>7,503,798</u> | | <u>7,501,010</u> |

The financial statements were approved by the Board of Directors on 26th June 1996.

D.B. Haynes

Director



The notes on pages 8 to 13 form part of these financial statements.

HAYNES BROTHERS LIMITED

CASH FLOW STATEMENT

for the year ended 31st December 1995

| | 1995 | | 1994 | |
|--|-----------------|------------------|-----------------|-----------------|
| | £ | £ | £ | £ |
| Net cash outflow from operating activities | | (517,928) | | (787) |
| Returns on investments and servicing of finance | | | | |
| Interest paid | (155,432) | | (122,542) | |
| Dividends paid | <u>(24,536)</u> | | <u>(26,492)</u> | |
| Net cash outflow from returns on investments and servicing of finance | | (179,968) | | (149,034) |
| Taxation | | | | |
| Corporation tax repaid | - | | 156,275 | |
| Corporation tax paid (including advance corporation tax) | <u>(23,452)</u> | | <u>(35,908)</u> | |
| Net tax (paid)/repaid | | (23,452) | | 120,367 |
| Investing activities | | | | |
| Payments to acquire fixed asset investments | - | | (7,800) | |
| Payments to acquire tangible fixed assets | (81,621) | | (89,726) | |
| Receipts from sales of tangible fixed assets | <u>24,225</u> | | <u>31,490</u> | |
| Net cash outflow from investing activities | | <u>(57,396)</u> | | <u>(66,036)</u> |
| Net cash outflow before financing | | (778,744) | | (95,490) |
| Financing | | | | |
| Capital element of finance leases | (113,634) | | (15,311) | |
| Finance leases acquired | <u>208,500</u> | | <u>111,079</u> | |
| | | <u>94,866</u> | | <u>95,768</u> |
| (Decrease/increase in cash and cash equivalents) | | <u>(683,878)</u> | | <u>278</u> |

Notes to the cash flow statement are set out on page 7.

HAYNES BROTHERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31st December 1995

1 Reconciliation of operating profit to net cash (outflow) inflow from operating activities

| | 1995 £ | 1994 £ |
|--|------------------|-----------------|
| Operating profit | 311,206 | 242,863 |
| Depreciation charges | 119,596 | 100,945 |
| Loss on sale of tangible fixed assets | - | 1,305 |
| (Increase) in stocks | (190,863) | (537,770) |
| (Increase) in debtors | (922,981) | (441,245) |
| (Decrease)/increase in creditors | (393,031) | 677,887 |
| Decrease/(increase) in deposit with Ford Motor Company | <u>558,145</u> | <u>(44,772)</u> |
| | <u>(517,928)</u> | <u>(787)</u> |

2 Analysis of changes in cash and cash equivalents during the year

| | 1995 £ | 1994 £ |
|-------------------------------|--------------------|------------------|
| Balance at 1st January 1995 | (396,261) | (396,539) |
| Net cash (outflow)/inflow | <u>(683,878)</u> | <u>278</u> |
| Balance at 31st December 1995 | <u>(1,080,139)</u> | <u>(396,261)</u> |

3 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

| | 1995 £ | 1994 £ | Change in the year £ |
|--------------------------|--------------------|------------------|----------------------------|
| Cash at bank and in hand | 5,290 | 2,178 | 3,112 |
| Bank overdraft | <u>(1,085,429)</u> | <u>(398,439)</u> | <u>(686,990)</u> |
| | <u>(1,080,139)</u> | <u>(396,261)</u> | <u>(683,878)</u> |

4 Analysis of changes in financing during the year

| | Finance leases and hire purchase agreements £ | Perpetual unsecured loan stock £ | Total £ |
|-------------------------------------|---|---|----------------|
| Balance at 1st January 1995 | 113,634 | 55,000 | 168,634 |
| Cash outflow from financing | (113,634) | - | (113,634) |
| Hire purchase agreements undertaken | <u>208,500</u> | <u>-</u> | <u>208,500</u> |
| Balance at 31st December 1995 | <u>208,500</u> | <u>55,000</u> | <u>263,500</u> |

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

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 customers which include the commitment to repurchase vehicles at a future date at a pre-determined price. To comply with Financial Reporting Standard No. 5, the residual interest in these vehicles is now included in stock, with the corresponding liability included in creditors falling due within one year and creditors falling due after more than one year. The comparative figures have been restated accordingly.

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.

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 1995
(continued)

| 3 Profit on ordinary activities before taxation | 1995 | 1994 |
|---|----------------|----------------|
| | £ | £ |
| This is stated after charging: | | |
| Interest payable: | | |
| Finance charges under finance leases | - | 2,977 |
| Loans wholly repayable within five years | 66,249 | 41,256 |
| Loans not wholly repayable within five years | 5,500 | 5,500 |
| Bank overdraft and other interest | <u>83,683</u> | <u>76,122</u> |
| | 155,432 | 125,855 |
| Hire of plant and machinery held under finance leases | - | 647 |
| Depreciation | 119,596 | 100,945 |
| Loss on sale of tangible fixed assets | - | 1,262 |
| Auditors' remuneration for audit | 17,000 | 16,000 |
| Auditors' remuneration for other services | 13,999 | 11,520 |
| Directors' emoluments | <u>203,236</u> | <u>207,332</u> |

4 Directors' emoluments

Emoluments, which are for management, excluding pension contributions, are analysed as follows:

| | | |
|-----------------------|----------------|----------------|
| Highest paid director | | |
| Salary | 181,987 | 186,500 |
| Assessable benefits | <u>21,249</u> | <u>20,832</u> |
| | <u>203,236</u> | <u>207,332</u> |

5 Employees

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

| | 1995 Number | 1994 Number |
|-------------------------------|----------------|----------------|
| Service and workshop staff | 137 | 136 |
| Management and administration | 61 | 61 |
| Sales staff | <u>24</u> | <u>24</u> |
| | <u>222</u> | <u>221</u> |

Staff costs:

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,302,957 | 3,114,801 |
| Social security costs | 316,183 | 302,856 |
| Other pension costs | <u>101,745</u> | <u>104,517</u> |
| | <u>3,720,885</u> | <u>3,522,174</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.

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

(continued)

5 Employees (continued)

Pension costs (continued)

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 1993. It was then assumed that share dividends would increase by 4%, pensionable salaries by 7% and investment returns by 9% per annum. This valuation showed that the scheme's assets covered 89% (1990: 83%) 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 £101,745 (1994: £104,517).

The contributions of the company for the year were 7½% (staff) and 2½% (works) and contributions are to continue at this level until the next triennial valuation. No contributions are paid by employees.

6 Taxation

| | 1995 £ | 1994 £ |
|--|---------------|---------------|
| United Kingdom corporation tax payable based on the profit for the year at 25% | 57,000 | 24,000 |
| Transfer from/(to) deferred taxation (Note 13) | (28,000) | 8,000 |
| (Over) under provision in respect of prior years | (550) | 2,947 |
| | <u>28,450</u> | <u>34,947</u> |

7 Dividends

| | £ | £ |
|--|----------------|---------------|
| 3½% Cumulative preference shares -proposed | 175 | 175 |
| Variable rate cumulative preference shares -paid | 24,361 | 26,317 |
| Ordinary shares - proposed final | 100,000 | - |
| | <u>124,536</u> | <u>26,492</u> |

8 Fixed asset investments

| | Others £ | Subsidiary undertakings £ | Total £ |
|--|--------------|---------------------------------|--------------|
| At 31st December 1994 and 31st December 1995 | <u>7,800</u> | <u>200</u> | <u>8,000</u> |

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

The other investments relate to a minority holding in Dealer Truck Services, an unlimited private company formed to hold Iveco Ford dealers' interests in Trucksure Services Limited.

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995

(continued)

| 9 Tangible fixed assets | Freehold Land and Buildings £ | Fixtures and Fittings £ | Plant and Equipment £ | Motor Vehicles £ | Total £ |
|--------------------------|--|----------------------------------|-----------------------------|------------------------|------------------|
| Cost or valuation | | | | | |
| 1st January 1995 | 4,790,355 | 271,129 | 945,196 | 334,542 | 6,341,222 |
| Additions | - | 6,957 | 54,289 | 20,375 | 81,621 |
| Disposals | - | - | - | (51,295) | (51,295) |
| 31st December 1995 | <u>4,790,355</u> | <u>278,086</u> | <u>999,485</u> | <u>303,622</u> | <u>6,371,548</u> |
| Depreciation | | | | | |
| 1st January 1995 | - | 213,580 | 703,673 | 155,048 | 1,072,301 |
| Charge for the year | - | 12,894 | 51,483 | 55,219 | 119,596 |
| Disposals | - | - | - | (27,070) | (27,070) |
| 31st December 1995 | - | <u>226,474</u> | <u>755,156</u> | <u>183,197</u> | <u>1,164,827</u> |
| Net book amount | | | | | |
| 31st December 1995 | <u>4,790,355</u> | <u>51,612</u> | <u>244,329</u> | <u>120,425</u> | <u>5,206,721</u> |
| 31st December 1994 | <u>4,790,355</u> | <u>57,549</u> | <u>241,523</u> | <u>179,494</u> | <u>5,268,921</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.

10 Stocks

| | 1995 £ | 1994 £ |
|--------------------------------------|------------------|------------------|
| Cars and commercial vehicles | 1,914,596 | 1,736,006 |
| Vehicle repurchase commitments | 504,630 | 408,489 |
| Agricultural vehicles and implements | 1,285,135 | 1,353,214 |
| Parts stock | <u>1,186,946</u> | <u>1,202,735</u> |
| | <u>4,891,307</u> | <u>4,700,444</u> |

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

At 31st December 1994 the total amount of consignment stock held on a sale or return basis and not recorded in the balance sheet amounted to £2,237,151 (1994: £2,137,559). 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 is also required to lodge a financial deposit under these agreements.

Stocks include £504,630 (1994: £408,489) 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.

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995
(continued)

11 Debtors

| | 1995 £ | 1994 £ |
|---|------------------|------------------|
| Amounts due within one year: | | |
| Trade debtors | 2,604,524 | 1,748,915 |
| Deposits with motor vehicle manufacturers (see note 10 above) | 149,444 | 707,589 |
| Other debtors | 237,333 | 198,639 |
| Prepayments and accrued income | 147,882 | 119,204 |
| Advance corporation tax recoverable | <u>25,000</u> | <u>-</u> |
| | <u>3,164,183</u> | <u>2,774,347</u> |

12 Creditors

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---|--|------------------|---|----------------|
| | 1995 £ | 1994 £ | 1995 £ | 1994 £ |
| Bank loans and overdrafts | 1,085,429 | 398,439 | - | - |
| Perpetual unsecured loan stock | - | - | 55,000 | 55,000 |
| Other loans | 125,000 | 500,000 | - | - |
| Trade creditors | 2,915,441 | 2,994,481 | - | - |
| Corporation tax | 53,685 | 20,687 | - | - |
| Advance corporation tax | 25,000 | - | - | - |
| Other taxes and social security costs | 98,354 | 86,218 | - | - |
| Other creditors | 218,078 | 339,401 | - | - |
| Accruals and deferred income | 365,711 | 291,656 | - | - |
| Amounts owed to subsidiary undertakings | 200 | 200 | - | - |
| Net obligations under finance leases | 208,500 | 113,634 | - | - |
| Vehicle repurchase commitments | 108,385 | 123,780 | 396,245 | 284,709 |
| Proposed dividends | <u>100,175</u> | <u>175</u> | <u>-</u> | <u>-</u> |
| | <u>5,304,208</u> | <u>4,744,891</u> | <u>451,245</u> | <u>339,709</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.

13 Provisions for liabilities and charges

| | Accelerated capital allowances £ | Short term timing differences £ | Total £ |
|--|---|--|-----------------|
| Full provision has been made, based on a corporation tax rate of 25% (1994: 33%), in respect of corporation tax deferred because of timing differences | | | |
| At 1st January 1995 | 55,500 | (11,000) | 44,500 |
| Transfer from profit and loss account - movement | (5,500) | (12,000) | (17,500) |
| - change in rate | <u>(13,500)</u> | <u>3,000</u> | <u>(10,500)</u> |
| At 31st December 1995 | <u>36,500</u> | <u>(20,000)</u> | <u>16,500</u> |

HAYNES BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 1995
(continued)

14 Called-up share capital

| | | 1995 and 1994 | |
|---|---------------------|-----------------|---|
| | Number of shares | Authorised £ | Allotted, Called-up and Fully Paid £ |
| Equity share capital | | | |
| 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> |
| Non-equity share capital | | | |
| 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> |
| Total share capital | | <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.

15 Reserves

| | Total £ | Revaluation reserve £ | Profit and loss account £ |
|-------------------------------|------------------|-----------------------------|---------------------------------|
| 1st January 1995 | 7,086,010 | 2,810,031 | 4,275,979 |
| Profit for the financial year | <u>2,788</u> | <u>-</u> | <u>2,788</u> |
| 31st December 1995 | <u>7,088,798</u> | <u>2,810,031</u> | <u>4,278,767</u> |

16 Capital commitments and contingent liabilities

| | 1995 £ | 1994 £ |
|--|----------------|----------------|
| Capital commitments authorised by the Board and for which contracts had been placed: | <u>Nil</u> | <u>Nil</u> |
| Contingent liabilities: | | |
| Terminable indemnity re advance payment guarantee | <u>185,000</u> | <u>185,000</u> |

17 Reconciliation of movement in shareholders' funds

| | £ | £ |
|-------------------------------------|------------------|------------------|
| Profit for the financial year | 127,324 | 82,061 |
| Dividends | <u>(124,536)</u> | <u>(26,492)</u> |
| Net addition to shareholders' funds | 2,788 | 55,569 |
| Opening shareholders' funds | <u>7,501,010</u> | <u>7,445,441</u> |
| Closing shareholders' funds | <u>7,503,798</u> | <u>7,501,010</u> |