

HAWKINS MOTORS LIMITED
REPORT AND FINANCIAL STATEMENTS
1 JULY 1999 TO 30 JUNE 2000



PHILLIPS FRITH
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
9 TREGARNE TERRACE
ST AUSTELL
CORNWALL

HAWKINS MOTORS LIMITED

CHAIRMAN

W A J Hawkins Esq

DIRECTORS

W A J Hawkins Esq
Mrs W M Hawkins
B J Frazer Esq
D H Davey Esq
A J Hawkins Esq
W J Hawkins Esq

COMPANY SECRETARY

D H Davey Esq

HAWKINS MOTORS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

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HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

The directors have pleasure in presenting their report and the financial statements for the period ended 30 June 2000.

RESULTS AND DIVIDENDS

	£
Profit after taxation	391,483
Dividend	<u> </u>
Retained profit for the year	<u>391,483</u>

REVIEW OF THE BUSINESS

The principal activities of the company continue to be those of garage proprietors and motor dealers.

The directors expect that losses will be incurred on petrol retailing in the coming year as the company is supplied by an independent wholesaler.

Turnover and margins are otherwise anticipated to be sustained at the levels achieved in the year ended 30 June 2000.

The directors hope that the current instability in the motor industry will be brought to an end in the next 12 months.

TANGIBLE FIXED ASSETS

The movements in tangible fixed assets during the period are set out in note 11 to the financial statements.

CHARITABLE DONATIONS

During the year donations totalling £12,186 were made to charitable organisations.

HAWKINS MOTORS LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company were as follows:

	<u>Ordinary shares of £1 each</u>	
	<u>30 June 2000</u>	<u>1 July 1999</u>
W A J Hawkins Esq	502	502
Mrs W M Hawkins	-	-
B J Frazer Esq	49	49
D H Davey Esq	49	49
A J Hawkins Esq	700	700
W J Hawkins Esq	700	700

CLOSE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

In accordance with section 385 of the Companies Act 1985 (as inserted by Section 119 of the Companies Act 1989), a resolution proposing the reappointment of Phillips Frith as auditors to the company will be put to the annual general meeting.

By Order of the Board



Secretary

HAWKINS MOTORS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

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

AUDITORS' REPORT

TO THE SHAREHOLDERS OF HAWKINS MOTORS LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial 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 the information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**9 Tregarne Terrace
ST AUSTELL**

**PHILLIPS FRITH
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS**

Date 22nd November 2000

HAWKINS MOTORS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000**

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
TURNOVER	2	24,653,440	24,208,676
Change in stocks of finished goods and work-in-progress		(257,835)	8,694
Other operating income	3	<u>274</u>	<u>2,471</u>
		<u>24,395,879</u>	<u>24,219,841</u>
Raw materials and consumables		21,036,130	21,188,012
Other external charges		60,002	44,281
Staff costs	4/5	1,593,604	1,452,300
Depreciation and other amounts written off tangible and intangible fixed assets and investments		95,294	80,198
Other operating charges		<u>989,309</u>	<u>938,295</u>
		<u>23,774,339</u>	<u>23,703,086</u>
OPERATING PROFIT	6	621,540	516,755
Interest payable and similar charges	7	<u>86,597</u>	<u>103,046</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		534,943	413,709
Tax on profit on ordinary activities	8	<u>(143,460)</u>	<u>(93,215)</u>
RETAINED PROFIT FOR THE YEAR	20	<u>391,483</u>	<u>320,494</u>

The profit and loss account contains all the gains and losses recognised in the year and in the previous year.

There is no material difference between the profit for the year as disclosed above and that on the historical cost basis.

The notes on pages 8 to 16 form part of these financial statements.

HAWKINS MOTORS LIMITED**BALANCE SHEET****30 JUNE 2000**

		<u>30/6/2000</u>		<u>30/6/1999</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Intangible assets	10		4,000		5,000
Tangible assets	11/12		1,071,599		921,947
Investments	13		<u>7,800</u>		<u>8,826</u>
			1,083,399		935,773
CURRENT ASSETS					
Stocks	14	2,376,252		2,634,087	
Debtors	15	<u>1,069,579</u>		<u>1,235,971</u>	
		<u>3,445,831</u>		<u>3,870,058</u>	
CREDITORS - amounts falling due within one year					
	16	<u>(2,705,485)</u>		<u>(3,377,893)</u>	
NET CURRENT ASSETS					
			<u>740,346</u>		<u>492,165</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,823,745		1,427,938
CREDITORS - amounts falling due after more than one year					
	17		(19,040)		(19,040)
PROVISION FOR LIABILITIES AND CHARGES					
	18		<u>(30,734)</u>		<u>(26,410)</u>
NET ASSETS					
			<u>1,773,971</u>		<u>1,382,488</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,000		2,000
Revaluation reserve			186,554		186,554
Profit and loss account			<u>1,585,417</u>		<u>1,193,934</u>
SHAREHOLDERS' FUNDS					
Attributable to equity interests	20		<u>1,773,971</u>		<u>1,382,488</u>

Approved by the board on 8/nov/2000 2000 and signed on its behalf by:

W A J. J. J.

Director

The notes on pages 8 to 16 form part of these financial statements.

HAWKINS MOTORS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000**

	<u>Notes</u>	<u>2000</u>		<u>1999</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating Activities					
Net cash inflow from operating activities	22		442,283		945,521
Return on investments and servicing of finance					
Interest paid		<u>(86,249)</u>		<u>(106,285)</u>	
Net cash outflow return on investments and servicing of finance			(86,249)		(106,285)
Taxation					
Corporation tax paid		<u>(73,302)</u>		<u>(58,535)</u>	
Tax paid			(73,302)		(58,535)
Capital Expenditure					
Payments to acquire: Tangible fixed assets		<u>(242,920)</u>		<u>(410,072)</u>	
Net cash (outflow) from Capital Expenditure			<u>(242,920)</u>		<u>(410,072)</u>
Net cash inflow before Financing			39,812		370,629
(Decrease) in long term loans		(223,233)		(207,633)	
(Decrease)/increase in directors' loans		<u>(11,287)</u>		<u>64,682</u>	
Net cash (outflow) from financing			<u>(234,520)</u>		<u>(142,951)</u>
(Decrease)/increase in cash in the period	23		<u>(194,708)</u>		<u>227,678</u>
Reconciliation of net cash flow to movement in net debt	23				
(Decrease)/increase in cash		(194,708)		227,678	
Cash outflow from long term loans		223,233		207,633	
Cash outflow/(inflow) from directors' loans		<u>11,287</u>		<u>(64,682)</u>	
Movement in net debt in the period			39,812		370,629
Net debt at 30 June 1999			<u>(447,260)</u>		<u>(817,889)</u>
Net debt at 30 June 2000			<u>(407,448)</u>		<u>(447,260)</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

1 ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain freehold land and buildings and investment assets, and in accordance with applicable accounting standards.

b) DEPRECIATION OF INTANGIBLE ASSETS

The time share apartment rights are held in perpetuity and accordingly no depreciation is provided. The rights are valued annually and any permanent diminution is charged to the profit and loss account.

c) DEPRECIATION OF TANGIBLE ASSETS

Depreciation is provided on all tangible fixed assets in use, other than freehold land, at rates and bases calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life, as follows:-

Freehold buildings	-	2% per annum on the straight line method
Revalued buildings	-	over remaining life at date of revaluation
Leasehold properties	-	the lease term (30 years)
Leasehold improvements	-	over remaining life at date of improvement
Plant, machinery and equipment	-	20% per annum on the reducing balance method
Computer systems	-	20% per annum on the straight line method
Motor vehicles	-	25% per annum on the reducing balance method
Cruiser	-	5% per annum on the straight line method

d) STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value.

The company has applied the accounting treatment required by Financial Reporting Statement 5 to its consignment stock. Where the interest free consignment period has expired, vehicles are included in the balance sheet as stock with a matching liability for the purchase price included in trade creditors.

e) DEFERRED TAXATION

Deferred taxation is accounted for on all timing differences except where the directors are able to foresee that no tax liability is likely to arise for at least three years ahead and where there is no indication, that after this period, the situation is likely to change.

f) LEASES AND HIRE PURCHASE CONTRACTS

Where assets are acquired by leasing arrangements, and hire purchase contracts which are of a financing nature, which give rights approximating to ownership the amount representing the outright purchase price of such assets is included in tangible fixed assets.

Depreciation is provided at rates designed to write off this cost in equal annual amounts over the shorter of the estimated useful lives of the assets or the period of the leases. Assets acquired on hire purchase contracts which are of a financing nature are written off over their estimated useful lives.

The capital element of future payments is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

Expenditure on leases and hire purchase contracts other than those defined above is charged to the profit and loss account in the period to which it relates.

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

2 TURNOVER

Turnover represents the net amount invoiced to customers less trade discounts, plus manufacturers bonuses and commissions, excluding value added tax and sales of fixed assets.

All turnover originated in the United Kingdom.

	<u>Turnover</u>		<u>Pre-tax Profit</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Car sales and ancillary services	<u>24,652,440</u>	<u>24,208,676</u>	<u>534,943</u>	<u>413,709</u>

3 OTHER OPERATING INCOME

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Miscellaneous income	<u>274</u>	<u>2,471</u>

4 DIRECTORS' EMOLUMENTS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Emoluments	276,886	266,678
Pension contributions	37,608	44,675
Benefits in kind	<u>25,204</u>	<u>20,255</u>
	<u>339,698</u>	<u>331,608</u>

Highest paid director

W A J Hawkins

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Salary and bonus	75,000	75,000
Pension contributions	9,835	4,835
Benefits in kind	<u>11,242</u>	<u>7,866</u>
	<u>96,077</u>	<u>87,701</u>

5 STAFF COSTS (including directors)

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,418,894	1,272,511
Social Security costs	119,394	124,662
Other pension costs	<u>55,316</u>	<u>55,127</u>
	<u>1,593,604</u>	<u>1,452,300</u>

The monthly average number of employees during the year was made up as follows:

	<u>No</u>	<u>No</u>
Sales	42	42
Servicing and repairs	35	35
Administration and clerical	<u>16</u>	<u>15</u>
	<u>93</u>	<u>92</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****6 OPERATING PROFIT**

	<u>2000</u> £	<u>1999</u> £
This is stated after charging:		
Staff costs (see note 5)	1,593,604	1,452,300
Auditors' remuneration and other fees	13,500	11,500
Other accountancy fees	6,750	10,245
Depreciation	86,046	75,808
Permanent diminution in value of investments	2,026	2,000
Adjustment on disposal of fixed assets	7,222	2,388
Hire of equipment	<u>21,854</u>	<u>22,958</u>

7 INTEREST PAYABLE

	<u>2000</u> £	<u>1999</u> £
On bank loans and overdrafts	18,899	36,519
Other interest	<u>67,698</u>	<u>66,527</u>
	<u>86,597</u>	<u>103,046</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2000</u> £	<u>1999</u> £
Based on the profit for the year:		
Corporation Tax at 30% (1999 – 31/30%)	138,283	69,949
Deferred taxation at 20% (1999 – 20%)	4,324	22,771
Adjustment relating to prior years	<u>853</u>	<u>495</u>
	<u>143,460</u>	<u>93,215</u>

9 PENSION SCHEME

The company operated a defined contribution pension scheme for its employees and a separate variable contribution pension scheme for the directors. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charges represent contributions payable by the company to these funds as follows:-

	<u>2000</u> £	<u>1999</u> £
Employees' scheme	17,708	10,452
Directors' scheme	<u>37,608</u>	<u>44,675</u>
	<u>55,316</u>	<u>55,127</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****10 INTANGIBLE FIXED ASSETS**

	<u>Apartment Rights</u>
	<u>2000</u>
	<u>£</u>
Valuation at 30 June 2000	<u>4,000</u>

11 TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>	<u>Plant and Machinery and Equipment</u>	<u>Computer Equipment</u>	<u>Motor Vehicles</u>	<u>Cruiser</u>	<u>Total</u>
Cost:	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
1 July 1999	530,283	303,488	117,463	64,841	308,797	1,324,872
Additions	195,341	41,066	394	6,119	-	242,920
Disposals	-	(20,367)	-	(3,850)	-	(24,217)
30 June 2000	<u>725,624</u>	<u>324,187</u>	<u>117,857</u>	<u>67,110</u>	<u>308,797</u>	<u>1,543,575</u>
Depreciation:						
1 July 1999	80,138	201,758	79,583	37,586	3,860	402,925
Provision for Year	11,618	27,283	23,571	8,134	15,440	86,046
Disposals	-	(13,982)	-	(3,013)	-	(16,995)
30 June 2000	<u>91,756</u>	<u>215,059</u>	<u>103,154</u>	<u>42,707</u>	<u>19,300</u>	<u>471,976</u>
Net book values						
30 June 2000	<u>633,868</u>	<u>109,128</u>	<u>14,703</u>	<u>24,403</u>	<u>289,497</u>	<u>1,071,599</u>
30 June 1999	<u>450,145</u>	<u>101,730</u>	<u>37,880</u>	<u>27,255</u>	<u>304,937</u>	<u>921,947</u>

The net book values of land and buildings comprises:

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Freehold properties	590,161	403,215
Short leasehold properties	<u>43,707</u>	<u>46,930</u>
Net book values	<u>633,868</u>	<u>450,145</u>

Two of the company's properties were valued in July 1999 by King Sturge & Co, Chartered Surveyors at an open market value of £255,000. The surplus of £75,599 has been credited to the revaluation reserve.

The amount of freehold properties (included above at cost or valuation) determined according to the historical cost accounting rules is as follows:-

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Cost	499,597	304,256
Accumulated depreciation	<u>43,067</u>	<u>38,471</u>
Net book value	<u>456,530</u>	<u>265,785</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000

12 LEASED ASSETS

Included in tangible fixed assets (Note 11) under the heading plant, machinery and equipment and computer systems are the following amounts relating to assets held under finance leases and hire purchase contracts:

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Cost	105,665	105,665
Accumulated depreciation	<u>79,933</u>	<u>62,880</u>
Net book value	<u>25,732</u>	<u>42,785</u>
Depreciation charged during the year	<u>17,053</u>	<u>17,524</u>

13 INVESTMENTS

	<u>2000</u> <u>£</u>	<u>Scott Motorcycle</u> <u>1999</u> <u>£</u>
Valuation at 30 June	<u>7,800</u>	<u>8,826</u>

This asset is included in the accounts at a valuation provided by the directors.

14 STOCK

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Work in progress	23,359	32,942
Finished goods	<u>2,352,893</u>	<u>2,601,145</u>
	<u>2,376,252</u>	<u>2,634,087</u>

Included in the heading finished goods is vehicle consignment stock of £86,510 (1999: £17,370)

15 DEBTORS

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Trade debtors	982,889	1,181,037
Other debtors	32,112	1,472
Prepayments and accrued income	<u>54,578</u>	<u>53,462</u>
	<u>1,069,579</u>	<u>1,235,971</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdraft	322,946	128,238
Other loans	-	223,233
Payments received on account	35,546	12,860
Trade creditors	1,802,813	2,516,450
Corporation tax	135,783	69,949
Other taxes and social security costs	226,022	217,302
Directors' current accounts	84,502	95,789
Other creditors	40,555	70,049
Accruals and deferred income	57,318	44,023
	<u>2,705,485</u>	<u>3,377,893</u>

The bank overdraft is secured by legal mortgages and charges over the company's freehold land and buildings and a debenture over the company's undertakings, property and assets. Security is also provided by the directors in the form of a legal charge over the property leased to the company.

17 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2000</u>	<u>1999</u>
	£	£
Other loans	<u>19,040</u>	<u>19,040</u>
The loans are repayable as follows:		
In one year or less, or on demand	-	223,233
Between one and two years	-	-
Between two and five years	-	-
In more than five years	<u>19,040</u>	<u>19,040</u>
	<u>19,040</u>	<u>242,273</u>

18 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, is as follows:-

	<u>Full potential liability</u>		<u>Provided in Financial Statements</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£	£	£	£
Accelerated capital allowances	<u>30,734</u>	<u>26,410</u>	<u>30,734</u>	<u>26,410</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****18 PROVISION FOR LIABILITIES AND CHARGES (Continued)**

	£
Movement in the provision	
Provision at 1 July 1999	26,410
Transferred from Profit and Loss account	<u>4,324</u>
Provision at 30 June 2000	<u>30,734</u>

19 SHARE CAPITAL

	<u>2000</u> £	<u>1999</u> £
Authorised 2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid 2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

20 SHAREHOLDERS' FUNDS

	<u>Share Capital</u> £	<u>Revaluation Reserve</u> £	<u>Profit & Loss Account</u> £	<u>Total</u> £
Balance as at 1 July 1998	2,000	186,554	873,440	1,061,994
Retained profit	<u>-</u>	<u>-</u>	<u>320,494</u>	<u>320,494</u>
Balance at 30 June 1999	2,000	186,554	1,193,934	1,382,488
Retained profit	<u>-</u>	<u>-</u>	<u>391,483</u>	<u>391,483</u>
At 30 June 2000	<u>2,000</u>	<u>186,554</u>	<u>1,585,417</u>	<u>1,773,971</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****21 RELATED PARTY TRANSACTIONS****Control**

Throughout the period the company was controlled by members of the Hawkins family acting as directors of the company.

Details of the directors' interests in the Company's share capital are set out in the Directors Report.

Transactions

During the year the company had the following transactions with related parties:

Related Party	<u>Transactions</u> £	<u>Balance at</u> <u>Year End</u> £
Justin Hawkins, the son of W A J Hawkins (director), Sub contract work	29,181	89
	£	£
	Net	Gross
Jeremy Hawkins, the son of WAJ Hawkins (director) Sales to Computer Initiatives Ltd, a company owned by Jeremy Hawkins	329,169	190,023
Sales to Head to Head, the business of which Jeremy Hawkins is the sole proprietor	927	26,294
Loan to Head to Head	15,000	

Transactions with Directors

	<u>W A J Hawkins</u> £
Loans to directors	
Maximum liability during the year	<u>30,661</u>

**22 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/
(OUTFLOW) FROM OPERATING ACTIVITIES**

	<u>2000</u> £	<u>1999</u> £
Operating profit	534,943	413,709
Depreciation charges and other amounts written off fixed assets	88,072	77,808
Interest payable	86,597	103,046
Adjustment on disposal of:		
Tangible fixed assets	7,222	2,388
Decrease/(increase) in stock	257,835	(8,694)
Decrease/(increase) in debtors	166,392	(153,461)
Increase/(decrease) in payments received on account	22,686	(16,526)
(Decrease)/increase in trade creditors	(713,637)	416,628
Increase in other taxes and Social Security	8,720	81,147
(Decrease)/increase in other creditors	(29,494)	23,096
Increase in accruals	<u>12,947</u>	<u>6,380</u>
Net cash inflow from operating activities	<u>442,283</u>	<u>945,521</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 1999 TO 30 JUNE 2000****23 ANALYSIS OF NET DEBT**

	<u>1999</u> <u>£</u>	<u>Cash Flow</u> <u>£</u>	<u>2000</u> <u>£</u>
Bank overdrafts	(128,238)	(194,708)	(322,946)
Loans	(223,233)	223,233	-
Directors' current accounts	<u>(95,789)</u>	<u>11,287</u>	<u>(84,502)</u>
	<u>(447,260)</u>	<u>39,812</u>	<u>(407,448)</u>

24 COMMITMENTS UNDER OPERATING LEASES

As at 30 June 2000, the Company was committed to making the following payments during the next year in respect of operating leases:

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Leases which expire:		
Within two to five years	3,185	3,185
After five years	<u>-</u>	<u>-</u>
	<u>3,185</u>	<u>3,185</u>

25 CAPITAL COMMITMENTS

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Authorised but not contracted for:	<u>90,000</u>	<u>-</u>