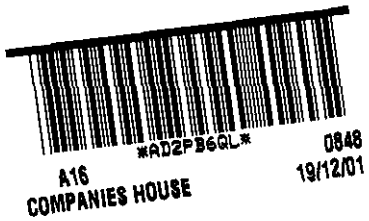
Company No 586621

HAWKINS MOTORS LIMITED

REPORT AND FINANCIAL STATEMENTS

1 JULY 2000 TO 30 JUNE 2001



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 2000 TO 30 JUNE 2001

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HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR 1 JULY 2000 TO 30 JUNE 2001

The directors have pleasure in presenting their report and the financial statements for the period ended 30 June 2001.

RESULTS AND DIVIDENDS

	£
Profit after taxation	445,453
Dividend	-
Retained profit for the year	445,453

REVIEW OF THE BUSINESS

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

The directors are pleased with the current year's results.

It is hoped that profitability can be maintained in the coming year but margins may suffer as a result of competition from internet sales and imported vehicles.

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 £2,015 were made to charitable organisations.

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:

	Ordinary shares of £1 each	
	30 June 2001	1 July 2000
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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Phillips Frith

9 Tregarne Terrace
ST AUSTELL

PHILLIPS FRITH
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Date 10TH DECEMBER 2001

HAWKINS MOTORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR 1 JULY 2000 TO 30 JUNE 2001

	Notes	2001 £	2000 £
TURNOVER	2	27,406,120	24,653,440
Change in stocks of finished goods and work-in-progress		640,652	(257,835)
Other operating income	3	-	274
		28,046,772	24,395,879
Raw materials and consumables		24,084,292	21,036,130
Other external charges		131,160	60,002
Staff costs	4/5	1,825,339	1,593,604
Depreciation and other amounts written off tangible and intangible fixed assets and investments		97,788	95,294
Other operating charges		1,224,080	989,309
		27,362,659	23,774,339
OPERATING PROFIT	6	684,113	621,540
Interest receivable		22	-
Interest payable and similar charges	7	(69,936)	(86,597)
		69,914	(86,597)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		614,199	534,943
Tax on profit on ordinary activities	8	(168,746)	(143,460)
RETAINED PROFIT FOR THE YEAR	20	445,453	391,483

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 2001

	Notes	30/6/2001 £	£	30/6/2000 £	£
FIXED ASSETS					
Intangible assets	10		4,000		4,000
Tangible assets	11/12		1,144,659		1,071,599
Investments	13		6,000		7,800
			1,154,659		1,083,399
CURRENT ASSETS					
Stocks	14	3,016,904		2,376,252	
Debtors	15	1,763,851		1,069,579	
		4,780,755		3,445,831	
CREDITORS - amounts falling due within one year	16	(3,663,271)		(2,705,485)	
NET CURRENT ASSETS			1,117,484		740,346
TOTAL ASSETS LESS CURRENT LIABILITIES			2,272,143		1,823,745
CREDITORS - amounts falling due after more than one year	17		(19,040)		(19,040)
PROVISION FOR LIABILITIES AND CHARGES	18		(33,679)		(30,734)
NET ASSETS			2,219,424		1,773,971
CAPITAL AND RESERVES					
Called up share capital	19		2,000		2,000
Revaluation reserve			186,554		186,554
Profit and loss account			2,030,870		1,585,417
SHAREHOLDERS' FUNDS	20		2,219,424		1,773,971
Attributable to equity interests					

Approved by the board on 6/12/2001 2001 and signed on its behalf by:

M J Hawkins 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 2000 TO 30 JUNE 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Operating Activities					
Net cash inflow from operating activities	22		511,733		442,283
Return on investments and servicing of finance					
Interest paid		(69,861)		(86,249)	
Interest received		22		-	
Net cash outflow return on investments and servicing of finance			(69,839)		(86,249)
Taxation					
Corporation tax paid		(142,033)		(73,302)	
Tax paid			(142,033)		(73,302)
Capital Expenditure					
Payments to acquire:					
Tangible fixed assets		(170,378)		(242,920)	
Receipts from sales of:					
Tangible fixed assets		1,330		-	
Net cash (outflow) from Capital Expenditure			(169,048)		(242,920)
Net cash inflow before Financing			130,813		39,812
(Decrease) in long term loans		-		(223,233)	
Increase/(decrease) in directors' loans		64,551		(11,287)	
Net cash inflow/(outflow) from financing			64,551		(234,520)
Increase/(decrease) in cash in the period	23		195,364		(194,708)
Reconciliation of net cash flow to movement in net debt	23				
Increase/(decrease) in cash		195,364		(194,708)	
Cash outflow from long term loans		-		223,233	
Cash outflow/(inflow) from directors' loans		(64,551)		11,287	
Movement in net debt in the period			130,813		39,812
Net debt at 30 June 2000			(407,448)		(447,260)
Net debt at 30 June 2001			(276,635)		(407,448)

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 1 JULY 2000 TO 30 JUNE 2001

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.

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.

	Turnover		Pre-tax Profit	
	2001	2000	2001	2000
	£	£	£	£
Car sales and ancillary services	27,406,120	24,652,440	810,801	534,943

3 OTHER OPERATING INCOME

	2001	2000
	£	£
Miscellaneous income	-	274

4 DIRECTORS' EMOLUMENTS

	2001	2000
	£	£
Emoluments	320,460	276,886
Pension contributions	35,376	37,608
Benefits in kind	26,606	25,204
	382,442	339,698

Highest paid director	2001	2000
W A J Hawkins	£	£
Salary and bonus	97,000	75,000
Pension contributions	3,626	9,835
Benefits in kind	12,270	11,242
	112,896	96,077

5 STAFF COSTS (including directors)

	2001	2000
	£	£
Wages and salaries	1,623,657	1,418,894
Social Security costs	136,248	119,394
Other pension costs	65,434	55,316
	1,825,339	1,593,604

The monthly average number of employees during the year was made up as follows:	No	No
Sales	53	42
Servicing and repairs	51	35
Administration and clerical	14	16
	118	93

6 OPERATING PROFIT

	2001 £	2000 £
This is stated after charging:		
Staff costs (see note 5)	1,825,339	1,593,604
Auditors' remuneration	13,250	13,500
Other accountancy fees	9,020	6,750
Depreciation	75,427	86,046
Permanent diminution in value of investments	1,800	2,026
Adjustment on disposal of fixed assets	20,561	7,222
Hire of equipment	28,492	21,854

7 INTEREST PAYABLE

	2001 £	2000 £
On bank loans and overdrafts	19,130	18,899
Other interest	50,806	67,698
	69,936	86,597

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Based on the profit for the year:		
Corporation Tax at 30% (2000 – 30%)	165,801	138,283
Deferred taxation at 20% (2000 – 20%)	2,945	4,324
Adjustment relating to prior years	-	853
	168,746	143,460

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:-

	2001 £	2000 £
Employees' scheme	30,058	17,708
Directors' scheme	35,376	37,608
	65,434	55,316

10 INTANGIBLE FIXED ASSETS

	Apartment Rights	
	2001	2000
	£	£
Valuation at 30 June 2001	4,000	4,000

11 TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery and Equipment	Computer Equipment	Motor Vehicles	Cruiser	Total
Cost:	£	£	£	£	£	£
1 July 2000	725,624	324,187	117,857	67,110	308,797	1,543,575
Additions	120,799	40,936	8,643	-	-	170,378
Disposals	-	(107,325)	(41,531)	(16,607)	-	(165,463)
30 June 2001	846,423	257,798	84,969	50,503	308,797	1,548,490
Depreciation:						
1 July 2000	91,756	215,059	103,154	42,707	19,300	471,976
Provision for Year	13,552	26,650	14,532	5,253	15,440	75,427
Disposals	-	(90,504)	(39,850)	(13,218)	-	(143,572)
30 June 2001	105,308	151,205	77,836	34,742	34,740	403,831
Net book values						
30 June 2001	741,115	106,593	7,133	15,761	274,057	1,144,659
30 June 2000	633,868	109,128	14,703	24,403	289,497	1,071,599

The net book values of land and buildings comprises:

	2001	2000
	£	£
Freehold properties	700,631	590,161
Short leasehold properties	40,484	43,707
Net book values	741,115	633,868

Two of the company's properties were valued in July 2000 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:-

	2001	2000
	£	£
Cost	618,866	499,597
Accumulated depreciation	48,438	43,067
Net book value	570,428	456,530

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:

	2001 £	2000 £
Cost	105,665	105,665
Accumulated depreciation	96,610	79,933
Net book value	9,055	25,732
Depreciation charged during the year	16,677	17,053

13 INVESTMENTS

	Scott Motorcycle	
	2001 £	2000 £
Valuation at 30 June	6,000	7,800

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

14 STOCK

	2001 £	2000 £
Work in progress	32,640	23,359
Finished goods	2,984,264	2,352,893
	3,016,904	2,376,252

Included in the heading finished goods is vehicle consignment stock of £145,633 (2000: £86,510)

15 DEBTORS

	2001 £	2000 £
Trade debtors	1,690,236	982,889
Other debtors	13,349	32,112
Prepayments and accrued income	60,266	54,578
	1,763,851	1,069,579

16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdraft	127,582	322,946
Payments received on account	80,409	35,546
Trade creditors	2,929,589	1,802,813
Corporation tax	165,801	135,783
Other taxes and social security costs	112,525	226,022
Directors' current accounts	149,053	84,502
Other creditors	27,786	40,555
Accruals and deferred income	70,526	57,318
	3,663,271	2,705,485

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

	2001 £	2000 £
Other loans	19,040	19,040

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:-

	Full potential liability		Provided in Financial Statements	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	33,679	30,734	33,679	30,734

18 PROVISION FOR LIABILITIES AND CHARGES (Continued)

	£
Movement in the provision	
Provision at 1 July 2000	30,734
Transferred from Profit and Loss account	2,945
Provision at 30 June 2001	33,679

19 SHARE CAPITAL

	2001 £	2000 £
Authorised		
2,000 Ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid		
2,000 Ordinary shares of £1 each	2,000	2,000

20 SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit & Loss Account £	Total £
Balance as at 1 July 1999	2,000	186,554	1,193,934	1,382,488
Retained profit	-	-	391,483	391,483
Balance at 30 June 2000	2,000	186,554	1,585,417	1,773,971
Retained profit	-	-	445,453	445,453
At 30 June 2001	2,000	186,554	2,030,870	2,219,424

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:

	2001		2000	
	Transactions	Balance at Year End	Transactions	Balance at Year End
Related Party	£	£	£	£
Justin Hawkins, the son of W A J Hawkins (director)				
Sub contract work	25,257	96	29,181	89
Rent - Terras site	10,000	-	-	-
	Net	**Gross**	**Net**	**Gross**
	£	£	£	£
Jeremy Hawkins, the son of W A J Hawkins (director)				
Sales to Head 2 Head (Digital) Limited a company owned by Jeremy Hawkins	330,452	249,855	330,096	201,317
Loan to Head 2 Head (Digital) Limited	-	15,000	15,000	15,000

	W A J Hawkins	W J Hawkins
	£	£
Loans to directors		
Maximum liability during the year	4,699	979

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

	2001	2000
	£	£
Operating profit	614,199	534,943
Depreciation charges and other amounts written off fixed assets	77,227	88,072
Interest payable	69,936	86,597
Interest receivable	(22)	-
Adjustment on disposal of:		
Tangible fixed assets	20,561	7,222
(Increase)/decrease in stock	(640,652)	257,835
(Increase)/decrease in debtors	(688,022)	166,392
Increase in payments received on account	44,863	22,686
(Increase)/decrease in trade creditors	1,126,776	(713,637)
(Decrease)/increase in other taxes and Social Security	(113,497)	8,720
(Decrease) in other creditors	(12,769)	(29,494)
Increase in accruals	13,133	12,947
Net cash inflow from operating activities	511,733	442,283

23 ANALYSIS OF NET DEBT

	2000 £	Cash Flow £	2001 £
Bank overdrafts	(322,946)	195,364	(127,582)
Directors' current accounts	(84,502)	(64,551)	(149,053)
	(407,448)	130,813	(276,635)

24 COMMITMENTS UNDER OPERATING LEASES

As at 30 June 2001, the Company was committed to making the following payments during the next year in respect of operating leases:

	2001 £	2000 £
Leases which expire:		
Within two to five years	-	3,185

25 CAPITAL COMMITMENTS

	2001 £	2000 £
Authorised but not contracted for:	325,000	90,000