

HAWKINS MOTORS LIMITED
REPORT AND FINANCIAL STATEMENTS
1 JULY 2001 TO 30 JUNE 2002



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 2001 TO 30 JUNE 2002

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HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

The directors have pleasure in presenting their report and the financial statements for the period ended 30 June 2002.

RESULTS AND DIVIDENDS

	£
Profit after taxation	605,576
Dividend	<u>-</u>
Retained profit for the year	<u>605,576</u>

REVIEW OF THE BUSINESS

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

TANGIBLE FIXED ASSETS

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

The directors are pleased with the year's results.

Indications for the current year are positive so far but the directors are conscious that the removal of block exemption may cause some upset within the trade.

CHARITABLE DONATIONS

During the year donations totalling £6,595 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:

	<u>Ordinary shares of £1 each</u>	
	<u>30 June 2002</u>	<u>1 July 2001</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

HAWKINS MOTORS LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

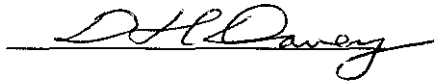
CLOSE COMPANY

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

A handwritten signature in dark ink, appearing to read 'D. H. Davery', is written over a horizontal line.

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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HAWKINS MOTORS LIMITED

We have audited the financial statements on pages 5 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only of the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

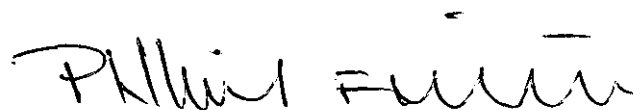
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 30 June 2002 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 9/12/02

HAWKINS MOTORS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002**

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
TURNOVER	2	31,904,278	27,406,120
Change in stocks of finished goods and work-in-progress		731,429	640,652
		32,635,707	28,046,772
Raw materials and consumables		28,165,669	24,084,292
Other external charges		74,455	131,160
Staff costs	3/4	2,030,055	1,825,339
Depreciation and other amounts written off tangible and intangible fixed assets and investments		121,876	97,788
Other operating charges		1,253,745	1,224,080
		31,645,800	27,362,659
OPERATING PROFIT	5	989,907	684,113
Interest receivable		52	22
Interest payable and similar charges	6	(84,753)	(69,936)
		(84,701)	(69,914)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		905,206	614,199
Tax on profit on ordinary activities	7	(299,630)	(168,746)
RETAINED PROFIT FOR THE YEAR	20	605,576	445,453

The profit and loss account contains all the gains and losses recognised in the year and in the previous year. All operations are continuing.

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 18 form part of these financial statements.

HAWKINS MOTORS LIMITED**BALANCE SHEET****30 JUNE 2002**

		<u>30/6/2002</u>		<u>30/6/2001</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Intangible assets	10		4,000		4,000
Tangible assets	11/12		1,794,343		1,144,659
Investments	13		<u>8,600</u>		<u>6,000</u>
			1,806,943		1,154,659
CURRENT ASSETS					
Cash at bank and in hand		14,641		-	
Stock	14	3,748,333		3,016,904	
Debtors	15	<u>1,817,541</u>		<u>1,763,851</u>	
		<u>5,580,515</u>		<u>4,780,755</u>	
CREDITORS - amounts falling due within one year	16	<u>(4,298,498)</u>		<u>(3,663,271)</u>	
NET CURRENT ASSETS			<u>1,282,017</u>		<u>1,117,484</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,088,960		2,272,143
CREDITORS - amounts falling due after more than one year	17		(214,777)		(19,040)
PROVISION FOR LIABILITIES AND CHARGES	18		<u>(49,183)</u>		<u>(33,679)</u>
NET ASSETS			<u>2,825,000</u>		<u>2,219,424</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,000		2,000
Revaluation reserve			186,554		186,554
Profit and loss account			<u>2,636,446</u>		<u>2,030,870</u>
SHAREHOLDERS' FUNDS	20		<u>2,825,000</u>		<u>2,219,424</u>
Attributable to equity interests					

Approved by the board on 4/12/2002 2002 and signed on its behalf by:

W A J Haulin Director

The notes on pages 8 to 18 form part of these financial statements.

HAWKINS MOTORS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002**

	<u>Notes</u>	<u>2002</u>		<u>2001</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating Activities					
Net cash inflow from operating activities	22		944,647		511,733
Return on investments and servicing of finance					
Interest paid		(85,077)		(69,861)	
Interest received		<u>52</u>		<u>22</u>	
Net cash outflow return on investments and servicing of finance			(85,025)		(69,839)
Taxation					
Corporation tax paid			(167,834)		(142,033)
Capital Expenditure and financial investment					
Payments to acquire:					
Investments		(4,400)		-	
Tangible fixed assets		(773,260)		(170,378)	
Receipts from sales of:					
Tangible fixed assets		<u>3,500</u>		<u>1,330</u>	
Net cash outflow from Capital Expenditure			<u>(774,160)</u>		<u>(169,048)</u>
Net cash (outflow)/inflow before Financing			(82,372)		130,813
Increase in long term loans		231,827		-	
(Decrease) /increase in directors' loans		<u>(7,232)</u>		<u>64,551</u>	
Net cash inflow from financing			<u>224,595</u>		<u>64,551</u>
Increase in cash in the period	23		<u>142,223</u>		<u>195,364</u>
Reconciliation of net cash flow to movement in net debt	23				
Increase in cash		142,223		195,364	
Cash (inflow) from long term loans		(231,827)		-	
Cash outflow/(inflow) from directors' loans		<u>7,232</u>		<u>(64,551)</u>	
Movement in net debt in the period			(82,372)		130,813
Net debt at 30 June 2001			<u>(276,635)</u>		<u>(407,448)</u>
Net debt at 30 June 2002			<u>(359,007)</u>		<u>(276,635)</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

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 arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

1 ACCOUNTING POLICIES (continued)

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, 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>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£	£	£	£
Car sales and ancillary services	<u>31,904,278</u>	<u>27,406,120</u>	<u>905,206</u>	<u>614,199</u>

3 DIRECTORS' EMOLUMENTS

	<u>2002</u>	<u>2001</u>
	£	£
Emoluments	365,672	320,460
Pension contributions	28,850	35,376
Benefits in kind	<u>10,236</u>	<u>26,606</u>
	<u>404,758</u>	<u>382,442</u>
	<u>W J Hawkins</u>	<u>W A J Hawkins</u>
	<u>2002</u>	<u>2001</u>
	£	£
Highest paid director		
Salary and bonus	122,432	97,000
Pension contributions	8,250	3,626
Benefits in kind	<u>5,160</u>	<u>12,270</u>
	<u>135,842</u>	<u>112,896</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002****4 STAFF COSTS (including directors)**

	<u>2002</u>	<u>2001</u>
	£	£
Wages and salaries	1,810,306	1,623,657
Social Security costs	156,873	136,248
Other pension costs	62,876	65,434
	<u>2,030,055</u>	<u>1,825,339</u>

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

	No	No
Sales	66	53
Servicing and repairs	54	51
Administration and clerical	22	14
	<u>142</u>	<u>118</u>

5 OPERATING PROFIT

	<u>2002</u>	<u>2001</u>
	£	£
This is stated after charging:		
Staff costs (see note 4)	2,030,055	1,825,339
Auditors' remuneration	18,400	13,250
Other accountancy fees	7,900	9,020
Depreciation	91,825	75,427
Permanent diminution in value of investments	1,800	1,800
Adjustment on disposal of fixed assets	28,251	20,561
Hire of equipment	22,494	28,492

6 INTEREST PAYABLE

	<u>2002</u>	<u>2001</u>
	£	£
On bank loans and overdrafts	27,343	19,130
Other interest	57,410	50,806
	<u>84,753</u>	<u>69,936</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2002</u>	<u>2001</u>
	£	£
Based on the profit for the year:		
Corporation Tax at 30% (2001 – 30%)	282,093	165,801
Deferred taxation at 30% (2001 – 20%)	15,504	2,945
Adjustment relating to prior years	2,033	-
	<u>299,630</u>	<u>168,746</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002****8 FACTORS AFFECTING TAX CHARGE FOR PERIOD**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:-

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Profit on ordinary activities before tax	<u>905,206</u>	<u>614,199</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 26.56%)	271,562	163,159
Effects of:		
Expenses not deductible for tax purpose	13,590	11,637
Capital allowances for period in excess of depreciation	<u>(3,059)</u>	<u>(6,962)</u>
Current tax charge for period (note 7)	<u>282,093</u>	<u>167,834</u>

9 PENSION COMMITMENTS

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>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Employees' scheme	34,026	30,058
Directors' scheme	<u>28,850</u>	<u>35,376</u>
	<u>62,876</u>	<u>65,434</u>

10 INTANGIBLE FIXED ASSETS

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Valuation at 30 June 2002	<u>4,000</u>	<u>4,000</u>

Apartment Rights

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002****11 TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant and Machinery and Equipment	Computer Equipment	Motor Vehicles	Cruiser	Total
Cost:	£	£	£	£	£	£
1 July 2001	846,423	257,798	84,969	50,503	308,797	1,548,490
Additions	614,376	127,225	1,815	29,844	-	773,260
Disposals	-	(70,797)	-	(18,375)	-	(89,172)
30 June 2002	<u>1,460,799</u>	<u>314,226</u>	<u>86,784</u>	<u>61,972</u>	<u>308,797</u>	<u>2,232,578</u>
Depreciation:						
1 July 2001	105,308	151,205	77,836	34,742	34,740	403,831
Provision for Year	20,259	41,965	4,698	9,463	15,440	91,825
Disposals	-	(46,798)	-	(10,623)	-	(57,421)
30 June 2002	<u>125,567</u>	<u>146,372</u>	<u>82,534</u>	<u>33,582</u>	<u>50,180</u>	<u>438,235</u>
Net book values						
30 June 2002	<u>1,335,232</u>	<u>167,854</u>	<u>4,250</u>	<u>28,390</u>	<u>258,617</u>	<u>1,794,343</u>
30 June 2001	<u>741,115</u>	<u>106,593</u>	<u>7,133</u>	<u>15,761</u>	<u>274,057</u>	<u>1,144,659</u>

The net book values of land and buildings comprises:

	<u>2002</u>	<u>2001</u>
	£	£
Freehold properties	1,293,057	700,631
Short leasehold properties	<u>42,175</u>	<u>40,484</u>
Net book values	<u>1,335,232</u>	<u>741,115</u>

Two of the company's properties were valued in 1996 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 transitional provisions of FRS15 have been followed and the valuation has not been updated.

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

	<u>2002</u>	<u>2001</u>
	£	£
Cost	1,227,901	618,866
Accumulated depreciation	<u>60,312</u>	<u>48,438</u>
Net book value	<u>1,167,589</u>	<u>570,428</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

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>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Cost	105,665	105,665
Accumulated depreciation	<u>100,849</u>	<u>96,610</u>
Net book value	<u>4,816</u>	<u>9,055</u>
Depreciation charged during the year	<u>4,239</u>	<u>16,677</u>

13 INVESTMENTS

	<u>2002</u> <u>£</u>	<u>Scott Motorcycle</u> <u>2001</u> <u>£</u>
Valuation at 30 June 2001	6,000	7,800
Addition at cost	<u>4,400</u>	<u>-</u>
	10,400	7,800
Permanent diminution	<u>(1,800)</u>	<u>(1,800)</u>
Valuation/cost at 30 June 2002	<u>8,600</u>	<u>6,000</u>

These assets are included in the accounts at a valuation provided by the directors.

14 STOCK

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Work in progress	53,458	32,640
Finished goods	<u>3,694,875</u>	<u>2,984,264</u>
	<u>3,748,333</u>	<u>3,016,904</u>

Included in the heading finished goods is vehicle consignment stock of £95,517 (2001: £145,633)

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002****15 DEBTORS**

	<u>2002</u> £	<u>2001</u> £
Trade debtors	1,517,274	1,690,236
Other debtors	222,366	13,349
Prepayments and accrued income	77,901	60,266
	<u>1,817,541</u>	<u>1,763,851</u>

16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u> £	<u>2001</u> £
Bank loans and overdraft	36,090	127,582
Payments received on account	89,415	80,409
Trade creditors	3,367,545	2,929,589
Corporation tax	282,093	165,801
Other taxes and social security costs	152,587	112,525
Directors' current accounts	278,700	149,053
Other creditors	19,481	27,786
Accruals and deferred income	72,587	70,526
	<u>4,298,498</u>	<u>3,663,271</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>2002</u> £	<u>2001</u> £
Bank loan	195,737	-
Other loans	19,040	19,040
	<u>214,777</u>	<u>19,040</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002**

	<u>2002</u> £	<u>2001</u> £
The bank loan is repayable as follows:		
Within one year	36,090	-
Between one and two years	38,256	-
Between two and five years	129,098	-
In five years or more	28,383	-
	<u>231,827</u>	<u>-</u>
The total obligation is included in:		
Creditors: amounts falling due within one year	36,090	-
Creditors: amounts falling due after more than one year	195,737	-
	<u>231,827</u>	<u>-</u>

The bank loan is repayable in 60 monthly instalments commencing February 2002. The rate of interest payable on the loan is 2% above base rate.

18 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements, is as follows:-

	<u>Full potential liability</u> <u>2002</u> £	<u>2001</u> £
Accelerated capital allowances	<u>49,183</u>	<u>33,679</u>

Movement in the provision

	£
Provision at 1 July 2001	33,679
Transferred from Profit and Loss Account	<u>15,504</u>
Provision at 30 June 2002	<u>49,183</u>

19 SHARE CAPITAL

	<u>2002</u> £	<u>2001</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>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002****20 SHAREHOLDERS' FUNDS**

	Share Capital	Revaluation Reserve	Profit & Loss Account	Total
	£	£	£	£
Balance as at 1 July 2000	2,000	186,554	1,585,417	1,773,971
Retained profit	-	-	445,453	445,453
Balance at 30 June 2001	2,000	186,554	2,030,870	2,219,424
Retained profit	-	-	605,576	605,576
At 30 June 2002	<u>2,000</u>	<u>186,554</u>	<u>2,636,446</u>	<u>2,825,000</u>

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:

	2002		2001	
	Transactions	Balance at Year End	Transactions	Balance at Year End
Related Party	£	£	£	£
J M Hawkins, son of W A J Hawkins (director)				
Sub contract work	23,099	(3,234)	25,257	96
Rent - Terras site	10,000	-	10,000	-
	Net	Gross	Net	Gross
	£	£	£	£
J P Hawkins, son of W A J Hawkins (director)				
Sales to Head 2 Head (Digital) Limited a company owned by J P Hawkins	291,797	294,839	330,452	249,855
Loan to Head 2 Head (Digital) Limited	-	15,000	-	15,000

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

21 RELATED PARTY TRANSACTIONS (continued)

	<u>2002</u>		<u>2001</u>	
	<u>Transactions</u>	<u>Balance at</u>	<u>Transactions</u>	<u>Balance at</u>
	<u>£</u>	<u>Year End</u>	<u>£</u>	<u>Year End</u>
		<u>£</u>		<u>£</u>
First City Leasing Limited a company owned by W J Hawkins and A J Hawkins (Sons of W A J Hawkins – director) and W A J Hawkins:				
Purchases from First City Leasing Limited	617,324	-	-	-
Sales to First City Leasing Limited	428,396	12,110	-	-
Loan to First City Leasing Limited (Repaid July 2002)	200,000	200,000	-	-

Hawkins Motors Limited has given security of £300,000 guarantee for liabilities of First City Leasing Limited.

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

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Operating profit	905,206	614,199
Employee bonuses and NIC	275,475	-
Depreciation charges and other amounts written off fixed assets	93,625	77,227
Interest payable	84,753	69,936
Interest receivable	(52)	(22)
Adjustment on disposal of:		
Tangible fixed assets	28,251	20,561
(Increase) in stock	(731,429)	(640,652)
(Increase) in debtors	(53,690)	(688,022)
Increase in payments received on account	9,006	44,863
Increase in trade creditors	437,956	1,126,776
(Decrease) in other taxes and Social Security	(81,975)	(113,497)
(Decrease) in other creditors	(24,864)	(12,769)
Increase in accruals	2,385	13,133
Net cash inflow from operating activities	<u>944,647</u>	<u>511,733</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2001 TO 30 JUNE 2002

23 ANALYSIS OF NET DEBT

	<u>2001</u> <u>£</u>	<u>Cash Flow</u> <u>£</u>	<u>2002</u> <u>£</u>
Cash at bank in hand	-	14,641	14,641
Bank overdrafts	<u>(127,582)</u>	<u>127,582</u>	<u>-</u>
	(127,582)	142,223	14,641
Directors' current accounts	(149,053)	7,232	(141,821)
Bank loan	<u>-</u>	<u>(231,827)</u>	<u>(231,827)</u>
	<u>(276,635)</u>	<u>(82,372)</u>	<u>(359,007)</u>

24 CAPITAL COMMITMENTS

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Purchase of land and buildings:		
Authorised but not contracted for	<u>585,000</u>	<u>325,000</u>