**Company No** 586621

# HAWKINS MOTORS LIMITED

## REPORT AND FINANCIAL STATEMENTS

## 1 JULY 2002 TO 30 JUNE 2003

**PHILLIPS FRITH**

**CHARTERED ACCOUNTANTS**

**REGISTERED AUDITORS**

**9 TREGARNE TERRACE**

**ST AUSTELL**

**CORNWALL**

*A58CNRLY*

A45 0318
COMPANIES HOUSE 09/01/04

**HAWKINS MOTORS LIMITED**

| | |
|---|---|
| **CHAIRMAN** | W A J Hawkins Esq |
| **DIRECTORS** | W A J Hawkins Esq<br>Mrs W M Hawkins<br>B J Frazer Esq<br>D H Davey Esq } retired 10.6.03<br>A J Hawkins Esq<br>W J Hawkins Esq |
| **COMPANY SECRETARY** | D H Davey Esq (retired 10.6.03)<br>A M Davies Esq (appointed 10.6.03) |

**HAWKINS MOTORS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR 1 JULY 2002 TO 30 JUNE 2003**

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**HAWKINS MOTORS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR 1 JULY 2002 TO 30 JUNE 2003**

The directors have pleasure in presenting their report and the financial statements for the period ended 30 June 2003.

## RESULTS AND DIVIDENDS

| | £ |
|---|---|
| Profit after taxation | 704,563 |
| Dividend | - |
| Retained profit for the year | 704,563 |

## 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 year's results.

The directors are cautious about the prospects for the industry as a whole in the coming year particularly bearing in mind the possible adverse effects of future interest rate rises.

## 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 £4,396 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 2003 | 1 July 2002 |
| W A J Hawkins Esq | 502 | 502 |
| Mrs W M Hawkins | - | - |
| A J Hawkins Esq | 700 | 700 |
| W J Hawkins Esq | 700 | 700 |
| B J Frazer Esq (retired 10.6.03) | - | 49 |
| D H Davey Esq (retired 10.6.03) | - | 49 |

During the year the company purchased 98 of its own shares and paid £140,000 to the shareholders. The reason for purchase was the retirement of two directors – B J Frazer Esq and D H Davey Esq. These shares represent 4.9% of the total authorised share capital.

## 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. Davis

**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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

### 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 2003 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** 6TH JANUARY 2004

**HAWKINS MOTORS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR 1 JULY 2002 TO 30 JUNE 2003**

| | Notes | 2003 £ | 2002 £ |
|---|---|---|---|
| **TURNOVER** | 2 | 36,992,183 | 31,904,278 |
| Change in stocks of finished goods and work-in-progress | | 384,394 | 731,429 |
| | | 37,376,577 | 32,635,707 |
| Raw materials and consumables | | 32,133,790 | 28,165,669 |
| Other external charges | | 74,808 | 74,455 |
| Staff costs | 3/4 | 2,556,012 | 2,030,055 |
| Depreciation and other amounts written off tangible and intangible fixed assets and investments | | 24,604 | 121,876 |
| Other operating charges | | 1,512,641 | 1,253,745 |
| | | 36,301,855 | 31,645,800 |
| **OPERATING PROFIT** | 5 | 1,074,722 | 989,907 |
| Interest receivable | | 3,198 | 52 |
| Interest payable and similar charges | 6 | (79,646) | (84,753) |
| | | (76,448) | (84,701) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | 998,274 | 905,206 |
| Tax on profit on ordinary activities | 7 | (293,711) | (299,630) |
| **RETAINED PROFIT FOR THE YEAR** | 20 | 704,563 | 605,576 |

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 2003**

| | Notes | 2003 £ | 2003 £ | 2002 £ | 2002 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 10 | | 4,000 | | 4,000 |
| Tangible assets | 11/12 | | 1,691,916 | | 1,794,343 |
| Investments | 13 | | 15,160 | | 8,600 |
| | | | 1,711,076 | | 1,806,943 |
| **CURRENT ASSETS** | | | | | |
| Cash at bank and in hand | | 308,561 | | 14,641 | |
| Stock | 14 | 4,132,727 | | 3,748,333 | |
| Debtors | 15 | 1,894,488 | | 1,817,541 | |
| | | 6,335,776 | | 5,580,515 | |
| **CREDITORS** - amounts falling due within one year | 16 | (4,766,802) | | (4,298,498) | |
| **NET CURRENT ASSETS** | | | 1,568,974 | | 1,282,017 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 3,280,050 | | 3,088,960 |
| **CREDITORS** - amounts falling due after more than one year | 17 | | (19,040) | | (214,777) |
| **PROVISION FOR LIABILITIES AND CHARGES** | 18 | | (55,426) | | (49,183) |
| **NET ASSETS** | | | 3,205,584 | | 2,825,000 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 19 | | 1,902 | | 2,000 |
| Revaluation reserve | | | 2,575 | | 186,554 |
| Capital redemption reserve | | | 98 | | - |
| Profit and loss account | | | 3,201,009 | | 2,636,446 |
| **SHAREHOLDERS' FUNDS** | 20 | | 3,205,584 | | 2,825,000 |
| Attributable to equity interests | | | | | |

Approved by the board on 02-01-04 2003 and signed on its behalf by:

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 2002 TO 30 JUNE 2003**

| | Notes | 2003 £ | 2003 £ | 2002 £ | 2002 £ |
|---|---|---|---|---|---|
| **Operating Activities** | | | | | |
| Net cash inflow from operating activities | 22 | | 925,881 | | 944,647 |
| **Return on investments and servicing of finance** | | | | | |
| Interest paid | | (80,082) | | (85,077) | |
| Interest received | | 2,347 | | 52 | |
| **Net cash outflow return on investments and servicing of finance** | | | (77,735) | | (85,025) |
| **Taxation** | | | | | |
| Corporation tax paid | | | (282,093) | | (167,834) |
| **Capital Expenditure and financial investment** | | | | | |
| Payments to acquire: | | | | | |
| Investments | | (6,560) | | (4,400) | |
| Tangible fixed assets | | (106,156) | | (773,260) | |
| Receipts from sales of: | | | | | |
| Tangible fixed assets | | - | | 3,500 | |
| **Net cash outflow from Capital Expenditure** | | | (112,716) | | (774,160) |
| **Net cash inflow/(outflow) before Financing** | | | 453,337 | | (82,372) |
| Purchase of shares | | (140,000) | | - | |
| (Decrease)/increase in long term loans | | (231,827) | | 231,827 | |
| Increase /(decrease) in directors' loans | | 69,605 | | (7,232) | |
| Increase in other loans | | 18,088 | | - | |
| Net cash (outflow)/inflow from financing | | | (284,134) | | 224,595 |
| **Increase in cash in the period** | 23 | | 169,203 | | 142,223 |
| **Reconciliation of net cash flow to movement in net debt** | 23 | | | | |
| Increase in cash | | 169,203 | | 142,223 | |
| Cash outflow/(inflow) from long term loans | | 231,827 | | (231,827) | |
| Cash (inflow)/outflow from directors' loans | | (69,605) | | 7,232 | |
| Cash (inflow) from other loans | | (18,088) | | - | |
| Change in net debt resulting from cash flows | | | 313,337 | | (82,372) |
| Undrawn remuneration | | | (168,418) | | - |
| Movement in net debt in the period | | | 144,919 | | (82,372) |
| Net debt at 30 June 2002 | | | (359,007) | | (276,635) |
| Net debt at 30 June 2003 | | | (214,088) | | (359,007) |

## 1 ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention 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 |
| 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 |

The company has chosen to restate the carrying amount of the freehold land and buildings to historical cost (less restated accumulated depreciation), as a change in accounting policy.

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.

## 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.

| | Turnover | | Pre-tax Profit | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Car sales and ancillary services | 36,992,183 | 31,904,278 | 998,274 | 905,206 |

## 3 DIRECTORS' EMOLUMENTS

| | 2003 | 2002 |
|---|---|---|
| | £ | £ |
| Emoluments | 499,171 | 365,672 |
| Pension contributions | 14,941 | 28,850 |
| Benefits in kind | 10,366 | 10,236 |
| | 524,478 | 404,758 |

| | W J Hawkins | W J Hawkins |
|---|---|---|
| | 2003 | 2002 |
| **Highest paid director** | £ | £ |
| Salary and bonus | 188,702 | 122,432 |
| Pension contributions | 4,000 | 8,250 |
| Benefits in kind | 5,290 | 5,160 |
| | 197,992 | 135,842 |

## 4 STAFF COSTS (including directors)

| | 2003 £ | 2002 £ |
|---|---|---|
| Wages and salaries | 2,305,030 | 1,810,306 |
| Social Security costs | 199,672 | 156,873 |
| Other pension costs | 51,310 | 62,876 |
| | 2,556,012 | 2,030,055 |

| The monthly average number of employees during the year was made up as follows: | No | No |
|---|---|---|
| Sales | 64 | 66 |
| Servicing and repairs | 63 | 54 |
| Administration and clerical | 22 | 22 |
| | 149 | 142 |

## 5 OPERATING PROFIT

| | 2003 £ | 2002 £ |
|---|---|---|
| This is stated after charging/(crediting): | | |
| Staff costs (see note 4) | 2,556,012 | 2,030,055 |
| Auditors' remuneration | 20,010 | 18,400 |
| Other accountancy fees | 3,316 | 7,900 |
| Depreciation | 81,917 | 91,825 |
| Permanent diminution in value of investments | - | 1,800 |
| Adjustment on disposal of fixed assets | 1,302 | 28,251 |
| Hire of equipment | 15,147 | 22,494 |
| Depreciation adjustment arising from the restatement of the carrying amount of freehold land and buildings to historical cost | (58,615) | - |

## 6 INTEREST PAYABLE

| | 2003 £ | 2002 £ |
|---|---|---|
| On bank loans and overdrafts | 15,496 | 27,343 |
| Other interest | 64,150 | 57,410 |
| | 79,646 | 84,753 |

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2003 £ | 2002 £ |
|---|---|---|
| Based on the profit for the year: | | |
| Corporation Tax at 30% (2002 – 30%) | 287,468 | 282,093 |
| Deferred taxation at 30% (2002 – 30%) | 6,243 | 15,504 |
| Adjustment relating to prior years | - | 2,033 |
| | 293,711 | 299,630 |

## 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:-

| | 2003 £ | 2002 £ |
|---|---|---|
| Profit on ordinary activities before tax | 998,274 | 905,206 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%) | 299,482 | 271,562 |
| Effects of: | | |
| Expenses not deductible for tax purpose | 7,945 | 13,590 |
| Capital allowances for period in excess of depreciation | (19,959) | (3,059) |
| Current tax charge for period (note 7) | 287,468 | 282,093 |

## 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:-

| | 2003 £ | 2002 £ |
|---|---|---|
| Employees' scheme | 36,369 | 34,026 |
| Directors' scheme | 14,941 | 28,850 |
| | 51,310 | 62,876 |

## 10 INTANGIBLE FIXED ASSETS

| | Apartment Rights | |
|---|---|---|
| | 2003 £ | 2002 £ |
| Directors valuation at 30 June 2003 | 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 2002 | 1,460,799 | 314,226 | 86,784 | 61,972 | 308,797 | 2,232,578 |
| Additions | 55,290 | 28,188 | 6,078 | 16,600 | - | 106,156 |
| Disposals | - | (3,543) | - | - | - | (3,543) |
| Adjustment on restatement to historical cost | (129,840) | - | - | - | - | (129,840) |
| 30 June 2003 | 1,386,249 | 338,871 | 92,862 | 78,572 | 308,797 | 2,205,351 |
| **Depreciation:** | | | | | | |
| 1 July 2002 | 125,567 | 146,372 | 82,534 | 33,582 | 50,180 | 438,235 |
| Provision for Year | 15,439 | 38,949 | 842 | 11,247 | 15,440 | 81,917 |
| Disposals | - | (2,241) | - | - | - | (2,241) |
| Adjustment on restatement to historical cost | (4,476) | - | - | - | - | (4,476) |
| 30 June 2003 | 136,530 | 183,080 | 83,376 | 44,829 | 65,620 | 513,435 |
| **Net book values** | | | | | | |
| 30 June 2003 | 1,249,719 | 155,791 | 9,486 | 33,743 | 243,177 | 1,691,916 |
| 30 June 2002 | 1,335,232 | 167,854 | 4,250 | 28,390 | 258,617 | 1,794,343 |

The net book values of land and buildings comprises:

| | 2003 | 2002 |
|---|---|---|
| | £ | £ |
| Freehold properties | 1,192,949 | 1,293,057 |
| Short leasehold properties | 56,770 | 42,175 |
| Net book values | 1,249,719 | 1,335,232 |

## 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:

| | 2003 £ | 2002 £ |
|---|---|---|
| Cost | 105,665 | 105,665 |
| Accumulated depreciation | 101,812 | 100,849 |
| Net book value | 3,853 | 4,816 |
| Depreciation charged during the year | 963 | 4,239 |

## 13 INVESTMENTS

| | Vintage Motorcycles | |
|---|---|---|
| | 2003 £ | 2002 £ |
| Valuation at 30 June 2002 | 8,600 | 6,000 |
| Addition at cost | 6,560 | 4,400 |
| | 15,160 | 10,400 |
| Permanent diminution | - | (1,800) |
| Valuation at 30 June 2003 | 15,160 | 8,600 |

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

## 14 STOCK

| | 2003 £ | 2002 £ |
|---|---|---|
| Work in progress | 76,129 | 53,458 |
| Finished goods | 4,056,598 | 3,694,875 |
| | 4,132,727 | 3,748,333 |

Included in the heading finished goods is vehicle consignment stock of £354,450 (2002: £95,517)

## 15 DEBTORS

| | 2003 £ | 2002 £ |
|---|---|---|
| Trade debtors | 1,441,321 | 1,517,274 |
| Other debtors | 364,106 | 222,366 |
| Prepayments and accrued income | 89,061 | 77,901 |
| | 1,894,488 | 1,817,541 |

## 16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2003 £ | 2002 £ |
|---|---|---|
| Bank loans and overdraft | 124,717 | 36,090 |
| Other loans | 18,088 | - |
| Payments received on account | 76,323 | 89,415 |
| Trade creditors | 3,489,433 | 3,367,545 |
| Corporation tax | 287,468 | 282,093 |
| Other taxes and social security costs | 260,504 | 152,587 |
| Directors' current accounts | 379,844 | 278,700 |
| Other creditors | 33,618 | 19,481 |
| Accruals and deferred income | 96,807 | 72,587 |
| | 4,766,802 | 4,298,498 |

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

| | 2003 £ | 2002 £ |
|---|---|---|
| Bank loan | - | 195,737 |
| Other loans | 19,040 | 19,040 |
| | 19,040 | 214,777 |

| | 2003 £ | 2002 £ |
|---|---|---|
| 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 |
| | - | 231,827 |
| 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 |
| | - | 231,827 |

## 18 PROVISION FOR LIABILITIES AND CHARGES

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

| | Full potential liability | |
|---|---|---|
| | 2003 £ | 2002 £ |
| Accelerated capital allowances | 55,426 | 49,183 |

### *Movement in the provision*

| | £ |
|---|---|
| Provision at 1 July 2002 | 49,183 |
| Transferred from Profit and Loss Account | 6,243 |
| Provision at 30 June 2003 | 55,426 |

## 19 SHARE CAPITAL

| | 2003 £ | 2002 £ |
|---|---|---|
| Authorised | | |
| 2,000 Ordinary shares of £1 each | 2,000 | 2,000 |
| Allotted, called up and fully paid | | |
| 1,902 Ordinary shares of £1 each | 1,902 | 2,000 |

## 20 SHAREHOLDERS' FUNDS

| | Share Capital £ | Revaluation Reserve £ | Capital Redemption Reserve £ | Profit & Loss Account £ | Total £ |
|---|---|---|---|---|---|
| Balance as at 1 July 2001 | 2,000 | 186,554 | - | 2,030,870 | 2,219,424 |
| Retained profit | - | - | - | 605,576 | 605,576 |
| Balance at 30 June 2002 | 2,000 | 186,554 | - | 2,636,446 | 2,825,000 |
| Purchase of own shares | (98) | - | 98 | (140,000) | (140,000) |
| Retained profit | - | - | - | 704,563 | 704,563 |
| Reversal of revaluation surplus on restatement of freehold land and buildings to historical cost | - | (183,979) | - | - | (183,979) |
| At 30 June 2003 | 1,902 | 2,575 | 98 | 3,201,009 | 3,205,584 |

## 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:

| | 2003 | | 2002 | |
|---|---|---|---|---|
| Related Party | Transactions £ | Balance at Year End £ | Transactions £ | Balance at Year End £ |
| J M Hawkins, son of W A J Hawkins (director) | | | | |
| Sales to J M Hawkins | 2,950 | 4,806 | - | - |
| Purchases from J M Hawkins | 8,750 | 8,750 | - | - |
| Sub contract work | - | - | 23,099 | (3,234) |
| 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 | (2,299) | - | 310,189 | 296,493 |
| Bad debts written off in the year for Head 2 Head (Digital) Limited | 241,929 | 284,266 | - | - |
| Purchases from Head 2 Head (Digital) Limited | 17,559 | - | 18,392 | 2,317 |
| Loan to Head 2 Head (Digital) Limited | - | 15,000 | - | 15,000 |

## 21 RELATED PARTY TRANSACTIONS (continued)

| | 2003 | | 2002 | |
|---|---|---|---|---|
| | Transactions | Balance at Year End | Transactions | Balance at Year End |
| | £ | £ | £ | £ |
| 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 | 371,039 | 329 | 617,324 | - |
| Sales to First City Leasing Limited | 1,059,851 | 48,532 | 428,396 | 12,110 |
| Loan to First City Leasing Limited | 334,209 | 334,209 | 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

| | 2003 | 2002 |
|---|---|---|
| | £ | £ |
| Operating profit | 1,074,722 | 989,907 |
| Net directors bonuses | 31,539 | 136,879 |
| Depreciation charges | 81,917 | 93,625 |
| Other amounts written off fixed assets | (58,615) | - |
| Adjustment on disposal of: | | |
| Tangible fixed assets | 1,302 | 28,251 |
| (Increase) in stock | (384,394) | (731,429) |
| (Increase) in debtors | (76,096) | (53,690) |
| (Decrease)/Increase in payments received on account | (13,092) | 9,006 |
| Increase in trade creditors | 121,888 | 437,956 |
| Increase in other taxes and Social Security | 107,917 | 40,062 |
| Increase/(Decrease) in other creditors | 14,137 | (8,305) |
| Increase in accruals | 24,656 | 2,385 |
| Net cash inflow from operating activities | 925,881 | 944,647 |

## 23 ANALYSIS OF NET DEBT

| | 2002 | Cash Flow | Other Charges | 2003 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank in hand | 14,641 | 293,920 | - | 308,561 |
| Bank overdrafts | - | (124,717) | - | (124,717) |
| | 14,641 | 169,203 | - | 183,844 |
| Other loan | - | (18,088) | - | (18,088) |
| Directors' current accounts | (141,821) | (69,605) | (168,418) | (379,844) |
| Bank loan | (231,827) | 231,827 | - | - |
| | (359,007) | 313,337 | (168,418) | (214,088) |

## 24 CAPITAL COMMITMENTS

| | 2003 | 2002 |
|---|---|---|
| | £ | £ |
| Purchase of land and buildings: | | |
| Authorised but not contracted for | 400,000 | 585,000 |
| Contracted for | 169,408 | - |