

HAWKINS MOTORS LIMITED
REPORT AND FINANCIAL STATEMENTS
1 JULY 2010 TO 30 JUNE 2011

WEDNESDAY



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COMPANIES HOUSE

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

HAWKINS MOTORS LIMITED

CHAIRMAN

W A J Hawkins

DIRECTORS

W A J Hawkins
Mrs W M Hawkins
A J Hawkins
W J Hawkins

COMPANY SECRETARY

A M Davies

HAWKINS MOTORS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

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HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

The directors have pleasure in presenting their report and the financial statements for the period ended 30 June 2011.

RESULTS AND DIVIDENDS

	£
Retained profit for the year	568,400

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole, these being turnover and net profit

The directors are pleased with the results for 2011 bearing in mind again the prevailing economic climate and the increase in VAT rate. Turnover has remained consistent, however, gross margins have decreased from 13.1% to 12.6%. Operating profit for the year has decreased by 37% to £901,426. This is as a result of an increase in repair costs in 2011 for maintenance of company assets. This is a planned investment in improving standards for the future and to improve the corporate image.

The volume of new car sales has reduced but turnover has been maintained by concentrating on used and in particular fleet sales. There continues to be uncertainty over the outlook for the motor industry generally. However, Hawkins Motors Limited will concentrate on improving internal efficiencies and monitoring the effective running of individual departments to ensure that gross profit percentages are either maintained or improved.

Whilst conscious of the risks and uncertainties referred to above the directors are nevertheless confident that the company is strongly placed to take advantage of future opportunities having no external borrowing and a well diversified selection of dealer franchises.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has no external borrowing other than a bank overdraft used from time to time to fund working capital. In view of the uncertainties inherent in the motor industry, it is the directors' intention to avoid reliance on external financing

TANGIBLE FIXED ASSETS

The movements in tangible fixed assets during the period are set out in note 14 to the financial statements.

CHARITABLE DONATIONS

During the year donations totalling £2,394 were made to various charitable organisations.

DIRECTORS

The directors of the company during the year were as follows

W A J Hawkins
Mrs W M Hawkins
A J Hawkins
W J Hawkins

HAWKINS MOTORS LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT OF DISCLOSURE TO AUDITOR

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



A M Davies
Secretary

Date 5-12-11

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAWKINS MOTORS LIMITED

We have audited the financial statements of Hawkins Motors Limited for the year ended 30 June 2011 set out on pages 5 to 16 which comprise profit and loss account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. 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 auditors' 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 opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non financial information in the directors' report to identify any material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

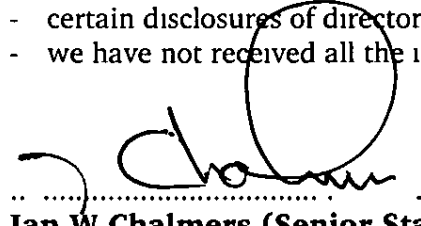
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)
TO THE MEMBERS OF HAWKINS MOTORS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Ian W Chalmers (Senior Statutory Auditor)
for and on behalf of Phillips Frith LLP

Chartered Accountants
Statutory Auditors

Date **16th December 2011**

9 Tregarne Terrace
ST AUSTELL
Cornwall
PL25 4DD

HAWKINS MOTORS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

	<u>Notes</u>	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
TURNOVER	2	51,292,038	51,623,896
Change in stocks of finished goods and work-in-progress		(482,202)	1,973,486
Other operating income		38,366	47,256
		<u>50,848,202</u>	<u>53,644,638</u>
Raw materials and consumables		43,784,500	46,290,473
Other external charges		60,125	66,777
Staff costs	4/5	3,873,433	3,770,549
Depreciation and other amounts written off tangible and intangible fixed assets		122,720	126,493
Other operating charges		2,105,998	1,950,944
		<u>49,946,776</u>	<u>52,205,236</u>
OPERATING PROFIT	6	<u>901,426</u>	<u>1,439,402</u>
Exceptional profit on sale of tangible fixed assets	3	-	5,550
Other interest receivable and similar income	8	986	2,200
Interest payable and similar charges	9	(112,269)	(63,287)
		<u>(111,283)</u>	<u>(61,087)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		790,143	1,383,865
Tax on profit on ordinary activities	10	(221,743)	(391,954)
PROFIT FOR THE YEAR	21	<u>568,400</u>	<u>991,911</u>

There are no recognised gains or losses for the year, other than the profit.
All operations are continuing.

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

HAWKINS MOTORS LIMITED**BALANCE SHEET****30 JUNE 2011**

		<u>2011</u>		<u>2010</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Intangible assets	13		3,000		3,000
Tangible assets	14		790,528		718,775
Investments	15		82,273		76,547
			<u>875,801</u>		<u>798,322</u>
CURRENT ASSETS					
Stock	16	7,425,539		7,670,562	
Debtors	17	2,809,741		2,512,787	
Cash at bank and in hand		<u>960,063</u>		<u>722,226</u>	
		11,195,343		10,905,575	
CREDITORS - amounts falling due within one year	18	<u>(7,052,794)</u>		<u>(7,260,964)</u>	
NET CURRENT ASSETS			<u>4,142,549</u>		<u>3,644,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,018,350		4,442,933
PROVISION FOR LIABILITIES	19		<u>(67,335)</u>		<u>(60,318)</u>
NET ASSETS			<u>4,951,015</u>		<u>4,382,615</u>
CAPITAL AND RESERVES					
Called up share capital	20		1,902		1,902
Revaluation reserve			2,575		2,575
Capital redemption reserve			98		98
Profit and loss account			<u>4,946,440</u>		<u>4,378,040</u>
EQUITY SHAREHOLDERS' FUNDS	21		<u>4,951,015</u>		<u>4,382,615</u>

Approved by the board on 5th December 2011 and signed on its behalf by



 W J Hawkins Director

Company No. 00586621

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

HAWKINS MOTORS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011**

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
Operating Activities			
Net cash inflow/(outflow) from operating activities	23	1,053,901	(238,665)
Return on investments and servicing of finance			
Interest received	986	3,368	
Interest paid	<u>(112,269)</u>	<u>(63,879)</u>	
Net cash outflow from return on investments and servicing of finance		(111,283)	(60,511)
Taxation			
Corporation tax paid		(397,859)	(329,726)
Capital expenditure and financial investment			
Payments to acquire:			
Investments	(5,726)	(9,500)	
Tangible fixed assets	(254,177)	(188,723)	
Loans made by the reporting entity	-	(9,329)	
Receipts from sales of			
Tangible fixed assets	59,704	-	
Repayments of loans made by the reporting entity	<u>77,858</u>	<u>-</u>	
Net cash (outflow) from capital expenditure		<u>(122,341)</u>	<u>(207,552)</u>
Net cash inflow/(outflow) before financing		422,418	(836,454)
Financing			
Increase in directors' loans	77,312	30,227	
(Decrease)/increase in other loans	<u>(261,893)</u>	<u>274,500</u>	
Net cash (outflow)/inflow from financing		<u>(184,581)</u>	<u>304,727</u>
Increase/(decrease) in cash in the period		<u>237,837</u>	<u>(531,727)</u>
Reconciliation of net cash flow to movement in net debt	24		
Increase/(decrease) in cash	237,837	(531,727)	
Cash (inflow) from directors' loans	(77,312)	(30,227)	
Cash outflow/(inflow) from other loans	<u>261,893</u>	<u>(274,500)</u>	
Change in net funds/(debt) resulting from cash flows		422,418	(836,454)
Movement in net funds/(debt) in the period		422,418	(836,454)
Net (debt)/funds at 30 June 2010		<u>(830,176)</u>	<u>6,278</u>
Net debt at 30 June 2011		<u>(407,758)</u>	<u>(830,176)</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

1 ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

b) DEPRECIATION OF INTANGIBLE ASSETS & VINTAGE MOTORCYCLE INVESTMENTS

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

c) TANGIBLE FIXED ASSETS

The cost of tangible fixed assets includes only expenditure directly incurred in bringing the assets into working condition for their intended use

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 improvements	-	2% per annum on the straight line method
Plant, machinery and equipment	-	20% per annum on the reducing balance and straight line 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, after making due allowance for obsolete and slow-moving items

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. In accordance with FRS19, 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 liabilities are not discounted

f) LEASED ASSETS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight line basis over the lease term

g) PENSION COSTS

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as other creditors at the year end.

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

2 TURNOVER

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. In the opinion of the directors the markets supplied do not differ substantially from each other nor has the company carried on business of substantially different classes

All turnover originated in the United Kingdom

	<u>Turnover</u>		<u>Pre-tax Profit</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Car sales and ancillary services	<u>51,292,038</u>	<u>51,623,896</u>	<u>790,143</u>	<u>1,383,865</u>

3 EXCEPTIONAL ITEM

In January 2010 the majority of the freehold land and buildings (including investment properties) were transferred to Hawkins Holdings Ltd (the immediate parent company). The profit on the disposal of these tangible assets has been included in the profit and loss account

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Disposal of freehold land and buildings	<u>-</u>	<u>5,550</u>
There is no tax effect on this exceptional item		

4 DIRECTORS' REMUNERATION

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Remuneration	784,250	788,603
Pension contributions	8,000	8,000
Benefits in kind	<u>5,076</u>	<u>5,217</u>
	<u>797,326</u>	<u>801,820</u>
	<u>W J Hawkins</u>	<u>A J Hawkins</u>
	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Highest paid director		
Remuneration	279,155	279,180
Pension contributions	<u>4,000</u>	<u>4,000</u>
	<u>283,155</u>	<u>283,180</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

5 STAFF COSTS (including directors)

	<u>2011</u>	<u>2010</u>
	£	£
Wages and salaries	3,429,169	3,337,075
Social security costs	389,449	380,482
Other pension costs	54,815	52,992
	<u>3,873,433</u>	<u>3,770,549</u>

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

	<u>No.</u>	<u>No.</u>
Sales	67	64
Servicing and repairs	74	76
Administration and clerical	34	30
	<u>175</u>	<u>170</u>

6 OPERATING PROFIT

	<u>2011</u>	<u>2010</u>
	£	£
This is stated after charging:		
Staff costs (see note 5)	3,873,433	3,770,549
Depreciation of tangible fixed assets	124,971	119,907
(Profit)/loss on disposal of fixed assets	(2,251)	6,586
Operating lease charges		
- hire of plant and machinery	2,218	2,581
- rental of land and buildings	257,500	257,500

7 AUDITORS REMUNERATION

	<u>2011</u>	<u>2010</u>
	£	£
Fees for the audit of the company	<u>35,256</u>	<u>32,928</u>

Fees paid to the company's auditor, Phillips Frith LLP, for services other than the statutory audit of the company are not disclosed in Hawkins Motors Limited accounts since the consolidated accounts of Hawkins Motors Limited's parent, Hawkins Holdings Limited, are required to disclose non-audit fees on a consolidated basis.

8 INTEREST RECEIVABLE

	<u>2011</u>	<u>2010</u>
	£	£
Other interest	-	1,490
Interest on bank deposits	986	710
	<u>986</u>	<u>2,200</u>

9 INTEREST PAYABLE

	<u>2011</u>	<u>2010</u>
	£	£
On bank overdrafts	930	1,205
Other interest	111,339	62,082
	<u>112,269</u>	<u>63,287</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

10 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2011</u> £	<u>2010</u> £
Based on the profit for the year.		
Corporation Tax at an effective rate of 27.5% (2010 – 28%)	214,726	386,455
Deferred taxation at 26% (2010 – 28%)	<u>7,017</u>	<u>5,499</u>
	<u>221,743</u>	<u>391,954</u>

11 FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is at a rate lower than the standard rate of corporation tax in the UK (28%). The differences are explained below -

	<u>2011</u> £	<u>2010</u> £
Profit on ordinary activities before tax	<u>790,143</u>	<u>1,383,865</u>
Profit on ordinary activities multiplied by an effective rate of corporation tax in the UK of 27.5% (2010: 28%)	217,276	387,482
Effects of		
Income not chargeable for tax purposes	(1,597)	(1,554)
Expenses not deductible for tax purposes	10,049	5,728
Capital allowances for period in excess of depreciation	<u>(11,002)</u>	<u>(5,201)</u>
Current tax charge for period (note 10)	<u>214,726</u>	<u>386,455</u>

12 PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of its employees and a separate variable contribution pension scheme on behalf of 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>2011</u> £	<u>2010</u> £
Employees' scheme	42,129	40,798
Directors' scheme	<u>8,000</u>	<u>8,000</u>
	<u>50,129</u>	<u>48,798</u>

The balance of outstanding contributions included in other creditors at 30 June 2011 is £8,497 (2010: £7,818)

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011****13 INTANGIBLE FIXED ASSETS**

	<u>Apartment Rights</u>	
	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Directors valuation at 30 June 2010 and 30 June 2011	<u>3,000</u>	<u>3,000</u>

The historical cost of the apartment rights was £23,000 in 1990

14 TANGIBLE FIXED ASSETS

	<u>Land and</u>	<u>Plant,</u>	<u>Computer</u>	<u>Motor</u>	<u>Cruiser</u>	<u>Total</u>
	<u>Buildings</u>	<u>Machinery and</u>	<u>Equipment</u>	<u>Vehicles</u>		
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost:						
1 July 2010	266,014	695,386	125,374	214,421	311,401	1,612,596
Additions	61,246	62,300	19,243	111,388	-	254,177
Disposals	-	(22,516)	-	(91,733)	-	(114,249)
30 June 2011	<u>327,260</u>	<u>735,170</u>	<u>144,617</u>	<u>234,076</u>	<u>311,401</u>	<u>1,752,524</u>
Depreciation:						
1 July 2010	27,945	461,528	121,669	108,199	174,480	893,821
Provision for year	3,824	59,123	5,518	40,936	15,570	124,971
Disposals	-	(18,930)	-	(37,866)	-	(56,796)
30 June 2011	<u>31,769</u>	<u>501,721</u>	<u>127,187</u>	<u>111,269</u>	<u>190,050</u>	<u>961,996</u>
Net book values						
30 June 2011	<u>295,491</u>	<u>233,449</u>	<u>17,430</u>	<u>122,807</u>	<u>121,351</u>	<u>790,528</u>
30 June 2010	<u>238,069</u>	<u>233,858</u>	<u>3,705</u>	<u>106,222</u>	<u>136,921</u>	<u>718,775</u>

The net book values of land and buildings comprises:

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Freehold properties	122,644	98,634
Short leasehold properties	<u>172,847</u>	<u>139,435</u>
Net book values	<u>295,491</u>	<u>238,069</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

15 INVESTMENTS

	<u>Vintage Motorcycles</u> £
Valuation at 30 June 2010	76,547
Additions at cost	<u>5,726</u>
Valuation at 30 June 2011	<u>82,273</u>

These assets are included in the accounts at a valuation provided by the directors. The historical cost of the motorcycles was £88,079.

16 STOCK

	<u>2011</u> £	<u>2010</u> £
Work in progress	75,565	123,040
Goods for resale	<u>7,349,974</u>	<u>7,547,522</u>
	<u>7,425,539</u>	<u>7,670,562</u>

Included in the heading goods for resale is vehicle consignment stock of £435,785 (2010 £489,328). Excluded from stock as at the year end are vehicles received on consignment costing £276,535 (2010 £405,038) which are not considered to be in substance assets of the company as at the balance sheet date.

17 DEBTORS

	<u>2011</u> £	<u>2010</u> £
Trade debtors	2,540,992	2,180,220
Other debtors	126,829	194,526
Prepayments and accrued income	<u>141,920</u>	<u>138,041</u>
	<u>2,809,741</u>	<u>2,512,787</u>

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011****18 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2011</u> £	<u>2010</u> £
Payments received on account	219,051	205,840
Trade creditors	4,518,324	4,479,037
Amounts owed to group undertakings	82,092	343,985
Corporation tax	23,322	206,455
Other taxes and social security costs	667,177	582,155
Directors' current accounts	1,285,729	1,208,417
Other creditors	84,518	78,367
Accruals and deferred income	172,581	156,708
	<u>7,052,794</u>	<u>7,260,964</u>

19 PROVISION FOR LIABILITIES

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

	<u>Full potential liability</u> <u>2011</u> £	<u>2010</u> £
Accelerated capital allowances	<u>67,335</u>	<u>60,318</u>
Movement in the provision		£
Provision at 1 July 2010		60,318
Transferred from profit and loss account		<u>7,017</u>
Provision at 30 June 2011		<u>67,335</u>

20 SHARE CAPITAL

	<u>2011</u> £	<u>2010</u> £
Allotted, called up and fully paid 1,902 Ordinary shares of £1 each	<u>1,902</u>	<u>1,902</u>

21 SHAREHOLDERS' FUNDS

	<u>Share Capital</u> £	<u>Revaluation Reserve</u> £	<u>Capital Redemption Reserve</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
Balance as at 1 July 2009	1,902	2,575	98	3,386,129	3,390,704
Profit for the year	-	-	-	991,911	991,911
Balance at 30 June 2010	1,902	2,575	98	4,378,040	4,382,615
Profit for the year	-	-	-	568,400	568,400
At 30 June 2011	<u>1,902</u>	<u>2,575</u>	<u>98</u>	<u>4,946,440</u>	<u>4,951,015</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011

22 RELATED PARTY TRANSACTIONS

Ultimate Controlling Party

The ultimate controlling party was the members of the Hawkins family who were shareholders in Hawkins Holdings Limited.

Immediate Parent Company

The immediate parent company was Hawkins Holdings Limited (a company incorporated in the UK). A company which was controlled by members of the Hawkins family who are directors of Hawkins Motors Limited.

Transactions

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

Related Party	<u>2011</u>		<u>2010</u>	
	<u>Transactions</u>	<u>Balance at</u>	<u>Transactions</u>	<u>Balance at</u>
	£	Year End	£	Year End
		£		£
J M Hawkins, son of W A J Hawkins (director)				
Sub contract work from J M Hawkins	62,013	5,581	65,099	4,218
Rent - Terras site	7,500	-	7,500	-
H Conversions, a partnership controlled by W J Hawkins and A J Hawkins (directors of Hawkins Motors Ltd)				
Purchases from H Conversions	10,335	-	48,975	2,620
First City Rental Limited, a company controlled by the directors of Hawkins Motors Limited				
Purchases from First City Rental Limited	2,488,672	11,953	859,306	97,240
Sales to First City Rental Limited	3,004,176	739,087	974,024	238,242
Loan to First City Rental Limited	(77,858)	109,300	9,330	187,158

Hawkins Motors Limited has given security to Lloyds TSB in the form of a guarantee up to £300,000 for the liabilities of First City Rental Limited

The company was a wholly owned subsidiary of Hawkins Holdings Limited and has used the exemption in FRS8 for disclosure of group transactions

HAWKINS MOTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR 1 JULY 2010 TO 30 JUNE 2011****23 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/
(OUTFLOW) FROM OPERATING ACTIVITIES**

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Operating profit	901,426	1,439,402
Depreciation charges	124,971	119,907
Adjustment on disposal of tangible fixed assets	(2,251)	6,586
Decrease/(increase) in stock	245,023	(1,973,486)
(Increase)/decrease in debtors	(374,812)	13,079
Increase/(decrease) in payments received on account	13,211	(72,016)
Increase in trade creditors	39,287	126,635
Increase in other taxes and social security	85,022	174,573
Increase in other creditors	6,151	5,313
Increase/(decrease) in accruals	<u>15,873</u>	<u>(78,658)</u>
Net cash inflow/(outflow) from operating activities	<u>1,053,901</u>	<u>(238,665)</u>

24 ANALYSIS OF NET DEBT

	<u>2010</u> <u>£</u>	<u>Cash Flow</u> <u>£</u>	<u>2011</u> <u>£</u>
Cash at bank and in hand	722,226	237,837	960,063
Directors' loans	(1,208,417)	(77,312)	(1,285,729)
Other loans	<u>(343,985)</u>	<u>261,893</u>	<u>(82,092)</u>
	<u>(830,176)</u>	<u>422,418</u>	<u>(407,758)</u>

25 COMMITMENTS

At 30 June 2011, the company had annual commitments of £250,000 (2010 £250,000) under non-cancellable rental agreements which expire within five years.