

Company Registration No. 00586621 (England and Wales)

HAWKINS MOTORS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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HAWKINS MOTORS LIMITED

COMPANY INFORMATION

Directors

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

Company number

00586621

HAWKINS MOTORS LIMITED

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HAWKINS MOTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and financial statements for the year ended 30 June 2012

Principal activities and review of the business

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

Results and dividends

The results for the year are set out on page 5

Review of the business and future developments

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 2012 year has been a challenging one for the motor trade in which to maintain sales and profitability. As a result of focusing on core values and assisted by the opening of a new sub dealership in Launceston the directors are pleased to report an increase in both sales and net profit

In the near future there are to be changes to the block exemption regulations and these will allow manufacturers greater scope to select their dealership network. This will mean that stricter compliance with manufacturers requirements will be imposed and this in turn will have financial implications for dealerships. The Hawkins group intend to ensure that sufficient funds are made available to ensure full compliance.

At present the group trades from nine different locations throughout Cornwall and holds seven different franchises. The directors believe that this diversification of interests provides the best model for continuing success.

Risks and uncertainties

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. In view of the uncertainties inherent in the motor industry, it is the directors' intention to avoid reliance on external financing.

Directors

The following directors have held office since 1 July 2011

Mr W A J Hawkins

Mrs W M Hawkins

Mr W J Hawkins

Mr A J Hawkins

HAWKINS MOTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

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,
- state whether applicable UK 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 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 and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr W J Hawkins

Director

HAWKINS MOTORS LIMITED

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 2012 set out on pages 5 to 17. 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 Chapter 3 of Part 16 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 pages 1 - 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 and express an opinion on 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 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 2012 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.

HAWKINS MOTORS LIMITED

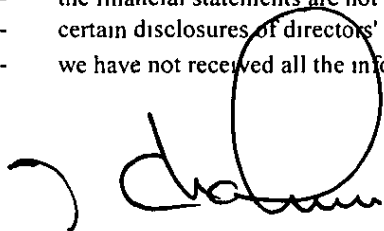
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 returns adequate for our audit have not been received from branches not visited by us, 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

26.11.12

Chartered Accountants
Statutory Auditor

9 Tregame Terrace
St Austell
Cornwall
PL25 4DD

HAWKINS MOTORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Turnover		52,520,656	51,292,038
Cost of sales		(45,895,038)	(44,813,816)
Gross profit		6,625,618	6,478,222
Administrative expenses		(4,904,065)	(5,617,413)
Other operating income		59,462	38,366
Operating profit	2	1,781,015	899,175
(Loss)/ profit on sale of tangible assets		(9,712)	2,251
Profit on ordinary activities before interest		1,771,303	901,426
Other interest receivable and similar income	3	6,074	986
Interest payable and similar charges	4	(137,265)	(112,269)
Profit on ordinary activities before taxation		1,640,112	790,143
Tax on profit on ordinary activities	5	(414,193)	(221,743)
Profit for the year	15	1,225,919	568,400

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

HAWKINS MOTORS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	6		3,000		3,000
Tangible assets	7		700,572		790,528
Investments	8		88,473		82,273
			<u>792,045</u>		<u>875,801</u>
Current assets					
Stocks	9	7,283,821		7,425,539	
Debtors	10	3,496,427		2,809,741	
Cash at bank and in hand		1,438,413		960,063	
		<u>12,218,661</u>		<u>11,195,343</u>	
Creditors. amounts falling due within one year	11	<u>(6,773,173)</u>		<u>(7,052,794)</u>	
Net current assets			<u>5,445,488</u>		<u>4,142,549</u>
Total assets less current liabilities			<u>6,237,533</u>		<u>5,018,350</u>
Provisions for liabilities	12		<u>(60,599)</u>		<u>(67,335)</u>
			<u>6,176,934</u>		<u>4,951,015</u>
Capital and reserves					
Called up share capital	14		1,902		1,902
Revaluation reserve	15		2,575		2,575
Other reserves	15		98		98
Profit and loss account	15		6,172,359		4,946,440
Shareholders' funds	16		<u>6,176,934</u>		<u>4,951,015</u>

Approved by the Board and authorised for issue on 26-11-12



Mr W J Hawkins
Director

Company Registration No. 00586621

HAWKINS MOTORS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	£	2012 £	£	2011 £
Net cash inflow from operating activities	21		976,452		1,053,901
Returns on investments and servicing of finance					
Interest received		6,074		986	
Interest paid		(137,265)		(112,269)	
Net cash outflow for returns on investments and servicing of finance			(131,191)		(111,283)
Taxation			(149,716)		(397,859)
Capital expenditure and financial investment					
Payments to acquire tangible assets		(173,384)		(254,177)	
Payments to acquire investments		(6,200)		(5,726)	
Receipts from sales of tangible assets		19,397		59,704	
Net cash outflow for capital expenditure			(160,187)		(200,199)
Net cash inflow before management of liquid resources and financing			535,358		344,560
Repayment of loans made by the reporting entity		78,539		77,858	
(Decrease)/ increase in directors loans		(114,940)		77,312	
Decrease in loans to group undertakings		(20,607)		(261,893)	
Decrease in debt			(57,008)		(106,723)
Increase in cash in the year	22, 23		478,350		237,837

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies

1.1 Accounting convention

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)

The accounts have been prepared on the assumption that the company is able to carry on business as a going concern which the directors consider appropriate. The turnover and profit have continued to grow despite the economic climate of recession. The company has no financial borrowing and a healthy reserves balance and balance sheet position.

1.2 Turnover

Turnover represents the net amount invoiced to customers less trade discounts, excluding VAT 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. The turnover and profit before taxation are attributable to the principle activities of the company and all arises in the United Kingdom.

1.3 Intangible asset & vintage motor cycle 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.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and 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 straight line and reducing balance methods
Computer equipment	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

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 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.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

2	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	127,322	124,971
	Operating lease rental of property	295,000	280,000
	Fees payable to the company's auditor for the audit of the company's annual accounts	32,138	35,256
		<u> </u>	<u> </u>
3	Investment income	2012	2011
		£	£
	Bank interest	6,074	986
		<u> </u>	<u> </u>
		6,074	986
		<u> </u>	<u> </u>
4	Interest payable	2012	2011
		£	£
	On bank overdraft	-	930
	Other interest	137,265	111,339
		<u> </u>	<u> </u>
		137,265	112,269
		<u> </u>	<u> </u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

5	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	420,929	214,726
	Total current tax	420,929	214,726
	Deferred tax		
	Deferred tax (credit)/ charge	(6,736)	7,017
		414,193	221,743
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,640,112	790,143
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.50% (2011 - 27.50%)	418,229	217,289
	Effects of		
	Non deductible expenses	7,408	10,049
	Income not chargeable	(10)	(1,610)
	Capital allowances for the period in excess of depreciation	(4,698)	(11,002)
		2,700	(2,563)
	Current tax charge for the year	420,929	214,726
6	Intangible fixed assets		Apartment rights
			£
	Cost		
	At 1 July 2011 & at 30 June 2012		3,000
	Net book value		
	At 30 June 2012		3,000
	At 30 June 2011		3,000

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

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

7 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Plant, machinery and equipment	Computer equipment	Motor vehicles	Cruiser	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 July 2011	138,974	188,286	735,170	144,617	234,076	311,401	1,752,524
Additions	-	9,613	85,027	5,818	72,926	-	173,384
Trans to work in progress	(106,909)	-	-	-	-	-	(106,909)
Disposals	(26,515)	-	-	-	(25,232)	-	(51,747)
At 30 June 2012	5,550	197,899	820,197	150,435	281,770	311,401	1,767,252
Depreciation							
At 1 July 2011	16,330	15,439	501,721	127,187	111,269	190,050	961,996
On disposals	(16,330)	-	-	-	(6,308)	-	(22,638)
Charge for the year	-	3,781	57,872	5,897	44,202	15,570	127,322
At 30 June 2012	-	19,220	559,593	133,084	149,163	205,620	1,066,680
Net book value							
At 30 June 2012	5,550	178,679	260,604	17,351	132,607	105,781	700,572
At 30 June 2011	122,644	172,847	233,449	17,430	122,807	121,351	790,528

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

8 Fixed asset investments

	Vintage motorcycles £
Cost or valuation	
At 1 July 2011	82,273
Additions	6,200
At 30 June 2012	88,473
Net book value	
At 30 June 2012	88,473
At 30 June 2011	82,273

These assets are included in the accounts at a valuation provided by the directors. The historical cost of the motorcycles was £94,279.

9 Stocks and work in progress

	2012 £	2011 £
Work in progress	368,459	75,565
Finished goods and goods for resale	6,915,362	7,349,974
	7,283,821	7,425,539

Included in the heading goods for resale is vehicle consignment stock of £518,269 (2011 £435,785). Excluded from stock as at the year end are vehicles received on consignment costing £152,277 (2011 £276,535) which are not considered to be in substance assets of the company as at the balance sheet date.

10 Debtors

	2012 £	2011 £
Trade debtors	3,300,639	2,540,992
Amounts owed by participating interests	30,761	109,300
Other debtors	19,371	17,529
Prepayments and accrued income	145,656	141,920
	3,496,427	2,809,741

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

11 Creditors: amounts falling due within one year	2012 £	2011 £
Payments received on account	272,935	219,051
Trade creditors	4,547,155	4,518,324
Amounts owed to parent and fellow subsidiary undertakings	61,485	82,092
Corporation tax	294,535	23,322
Other taxes and social security costs	175,467	667,177
Directors' current accounts	1,170,789	1,285,729
Other creditors	101,479	76,022
Accruals and deferred income	149,328	181,077
	<u>6,773,173</u>	<u>7,052,794</u>

12 Provisions for liabilities	Deferred tax liability £
Balance at 1 July 2011	67,335
Profit and loss account	(6,736)
	<u>60,599</u>
Balance at 30 June 2012	<u>60,599</u>

The deferred tax liability is made up as follows.

	2012 £	2011 £
Accelerated capital allowances	<u>60,599</u>	<u>67,335</u>

13 Pension and other post-retirement benefit commitments

Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	58,853	54,815
Contributions payable to the fund at the year end and included in creditors	<u>(8,459)</u>	<u>(8,497)</u>

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

14 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1,902 ordinary shares of £1 each	1,902	1,902

15 Statement of movements on reserves	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 July 2011	2,575	98	4,946,440
Profit for the year	-	-	1,225,919
Balance at 30 June 2012	2,575	98	6,172,359

Other reserves

Capital redemption reserve

Balance at 1 July 2011 & at 30 June 2012

98

16 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the financial year	1,225,919	568,400
Opening shareholders' funds	4,951,015	4,382,615
Closing shareholders' funds	6,176,934	4,951,015

17 Capital commitments

At 30 June 2012, the company had annual commitments of £250,000 (2011 £250,000) under non-cancellable rental agreements which expire within five years

18 Directors' remuneration	2012	2011
	£	£
Remuneration for qualifying services	113,236	789,326
Company pension contributions to defined contribution schemes	8,000	8,000
	121,236	797,326

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Sales	69	67
Servicing and repairs	74	74
Administration and clerical	34	34
	<u>177</u>	<u>175</u>

Employment costs

	2012 £	2011 £
Wages and salaries	2,812,528	3,429,169
Social security costs	306,752	389,449
Other pension costs	58,853	54,815
	<u>3,178,133</u>	<u>3,873,433</u>

20 Control

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

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

21	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	1,781,015	899,175
	Depreciation of tangible assets	127,322	124,971
	Transfer of fixed assets to work in progress	106,909	-
	Decrease in stocks	141,718	245,023
	Increase in trade debtors, other debtors and prepayments	(765,225)	(374,812)
	Increase in payments received on account	53,884	13,211
	Increase in trade creditors	28,831	39,287
	(Decrease)/ increase in other taxes and social security	(491,710)	85,022
	Increase in other creditors	25,457	5,473
	(Decrease)/ increase in accruals	(31,749)	16,551
	Net cash inflow from operating activities	976,452	1,053,901

22	Analysis of net funds	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	960,063	478,350	-	1,438,413
	Net funds	960,063	478,350	-	1,438,413

23	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase in cash in the year	478,350	237,837
	Movement in net funds in the year	478,350	237,837
	Opening net funds	960,063	722,226
	Closing net funds	1,438,413	960,063

HAWKINS MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

24 Related party relationships and transactions

Other transactions

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

Related party	2012		2011	
	Transactions	Balance at year end	Transactions	Balance at year end
JM Hawkins, son of WAJ Hawkins (director)				
Sub contract work from JM Hawkins	28,239	-	62,013	5,581
Rent - Terras site	7,500	-	7,500	-
H Conversions, a partnership controlled by WJ Hawkins and AJ Hawkins (directors)				
Purchases from H Conversions	12,163	7,026	10,335	-
First City Rental Limited, a company controlled by the directors of Hawkins Motors Limited				
Purchases from First City Rental Limited	2,614,981	888	2,488,672	11,953
Sales to First City Rental Limited	2,928,614	1,177,275	3,004,176	739,087
Loan to First City Rental Limited	(78,539)	30,762	(77,858)	109,300

Guarantees

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

Disclosure of group transactions

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

Advances and credits with directors

Included in other creditors is the following amounts arising from transactions between the company and the directors during the year

	2012	2011
Mr W A J Hawkins	353,273	381,726
Mr W J Hawkins	434,203	473,851
Mr A J Hawkins	383,313	430,152
	<u>1,170,789</u>	<u>1,285,729</u>