RNS Number : 9732S
Haynes Publishing Group PLC
20 September 2010

Haynes Publishing Group P.L.C. ("the Company")

Annual Report and Notice of Annual General Meeting

The Company has today post its Annual Report and Accounts 2010 and Notice of Annual General Meeting 2010 to shareholders.

The Company announces that in compliance with Listing Rule 9.6.1 and DTR 6.1.2, copies of the following documents have been submitted to the National Storage Mechanism and will shortly be available for inspection at: www.Hemscott.com/nsm.do.

i) Annual Report and Accounts 2010

ii) Notice of Annual General Meeting 2010

iii) Form of proxy for Ordinary Shareholders for the Annual General Meeting

iv) New Articles of Association proposed to be adopted at the Annual General Meeting

The Annual Report and Accounts, which were approved by the Board of Directors on 14 September 2010, constitute the Annual Financial Report for the purposes of DTR 4.1.

The Company's Annual General Meeting will be held at 1:00pm on Wednesday 13 October 2010 at the Haynes International Motor Museum, Sparkford, Somerset.

Both the Annual Report and Accounts 2010 and Notice of Annual General Meeting 2010 are also available to view on the Company's website www.haynes.co.uk/investor.

It is proposed that the Company adopts new Articles of Association at the Annual General Meeting. A summary of the proposed changes to the Articles of Association are set out in the Notice of Annual General Meeting 2010. The new Articles of Association are also currently available for inspection at the Company's registered office and at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB during usual business hours until the conclusion of the Annual General Meeting.

In compliance with DTR 6.3.5, the following information is extracted from the Annual Report and Accounts 2010 and should be read in conjunction with the Company's Preliminary Results Announcement issued on 26 August 2010, both of which can be found at www.haynes.co.uk/investor. Together, these documents constitute the information required by DTR 6.3.5 to be communicated to the media in full unedited text through a Regulatory Information Service. This information is not a substitute for reading the Annual Report and Accounts 2010 in full and page numbers and cross-references in the extracted information below refer to page numbers and cross-references in the Annual Report and Accounts 2010.

Principal risks and uncertainties

The following is an extract from the Report of the Directors on page 19 of the Annual Report and Accounts 2010.

"The Board is primarily responsible for identifying and monitoring risk and the manner in which the Board manages this process is outlined in the Corporate Governance report on pages 24 to 28. The Group's principal financial risks and uncertainties are outlined in note 18 to the financial statements and the principal operational risks and uncertainties are discussed as part of the Group Chief Executive's Review on pages 10 to 15.

Included within the principal activity section above is an outline of the operational and geographical structure of the Group. In common with many businesses of the Group's size and structure the Group has a broad base of customers and suppliers and correspondingly a number of valued contractual relationships. However, in the directors' view there is no single contract which is essential to the Group's business for the purpose of the business review disclosure requirements under Sc 417 of the Companies Act 2006."

Risk management

The following is an extract from the Corporate Governance statement on page 28 of the Annual Report and Accounts 2010.

"The Board has the primary responsibility for identifying the major business risks facing the Group and developing appropriate policies to manage those risks. These policies are used both by the Directors and by senior management to determine the key control procedures for each area of risk identified by the Board and the degree of information required to safeguard the business and the assets used within it.

It is accepted that risk is itself prevalent in any commercial enterprise and that it must be the objective of the Group's management and staff to be prudent in the acceptance and control of risk incurring activity, rather than aiming to eliminate it entirely. Thus the reporting systems can only provide reasonable and not absolute assurance against damage or loss resulting from business activities.

Through day to day management disciplines, face to face meetings, regular written reports, and monitoring systems, the Group evaluates and mitigates unnecessary risks.

In addition, there are a number of areas of the Group's business where it is necessary to take risks in order to strive for satisfactory profitability and returns to shareholders. The publication both of workshop manuals and books of special and general interest engenders commercial and publishing risk requiring close evaluation by editors and editorial committees with an in-depth knowledge of their subject and their markets.

For the financial year ended 31 May 2010, the Board has satisfied itself that there was in place an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group as a whole. This process is formally structured by means of a written report which is reviewed annually by the Board. In addition, through discussion with the heads of the various operating units, an update is provided to the Board by the Group Finance Director at the half year. Risks identified by this process are regularly reviewed by the Board and addressed jointly by the Group Chief Executive and Directors drawing upon the skills of senior management as necessary. The Board monitors this process and is satisfied that, given the size of the Group, and the nature of its operations, this process is sufficient to meet its needs without unduly hampering entrepreneurial activity, and that (in accordance with the recommendation of the Audit Committee) a separate internal audit function is not required."

Statement of Directors' Responsibilities

The following is an extract from page 35 of the Annual Report and Accounts 2010.

"The directors are responsible for keeping adequate accounting records that show and explain the Company's transactions, 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 requirements of the Companies Act 2006, and as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are required by the Companies Act 2006 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the group for the financial year. The directors are required to prepare financial statements for the group in accordance with Article 4 of the IAS Regulation and have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

In preparing the Group and Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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.

The directors are responsible for preparing a directors' report and a directors' remuneration report which comply with the requirements of the Companies Act 2006.

Website Publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibility statement pursuant to DTR4

The directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description or the principal risks and uncertainties that they face."

Financial risk and treasury policy

The following is an extract from Note 18 on pages 67 to 69 of the Annual Report and Accounts 2010.

"The Group's principal financial instruments comprised of bank overdrafts, lease financing arrangements, cash and short-term deposits as well as other various items arising from its operations such as trade receivables and trade payables. The main purpose of these instruments is to finance the Group's working capital requirements as well as funding its capital expenditure programmes. From time to time the Group may enter into derivative transactions such as interest rate swaps or forward exchange contracts, the main purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and sources of finance. There were no such transactions entered into during the current or preceding financial years.

Foreign currency risk

The Group has investments in subsidiary operations outside of the UK and also buys and sells goods and services in currencies other than in the functional currencies of its subsidiary operations. In light of the above, the Group's non sterling revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. The Group is able to take advantage of certain natural hedge flows within the business operations which helps to minimise the impact of the fluctuations in exchange but where appropriate will use forward rates to minimise the risk. There were no forward exchange contracts entered into during the current or preceding financial years. It is Group policy not to engage in any speculative trading in financial instruments.

Sensitivity analysis

The most significant foreign currency risk to the Group is in relation to the US Dollar. Management estimate that if all other variables remained constant the impact on pre-tax profits of a 5 percent increase in the value of the US Dollar against Sterling would have been to reduce profits by £0.2 million with a decrease of 5% having an equal and opposite effect. This estimate has been based on an assessment of translating the US dollar profits into Sterling using the average rate for the year of $1.58.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, which are spread over a range of countries and customers, a factor which helps to dilute the concentration of risk. The risk associated with such trading is mitigated through credit control management procedures including the use of credit worthiness checks, the application of credit limits and the sale of goods subject to retention of title clauses. A provision is made against such balances where there is an identifiable loss or event, which based on prior experience provides management with a significant doubt over the recovery of the balance. Due to the long established relationships with the majority of the Group's customers there is not deemed to be a credit quality issue in relation to the trade receivables balance. The amount of the total exposure is shown in note 14.

In addition to the above, the UK business has an exposure in relation to contractual advanced royalty payments to authors. However, due to the large number of authors there is no significant concentration of risk. The asset balance in relation to the author advances is held within other debtors and prepayments (refer to note 14) and amounted to £0.2 million net of allowances for doubtful recovery (2009: £0.3 million).

The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The principal aim of the Group's liquidity management is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and asset leasing. As at 31 May 2010 the Group had a £1.0 million UK overdraft facility (2009: £2.5 million) which is due for renewal in October 2010, a €0.4 million overdraft in Europe (2009: €0.4 million) which has no fixed renewal date and a $11.0 million loan facility in the US (2009: $11.0 million) which is due for renewal in October 2011.

Interest rate risk

From time to time the Group companies have overdraft and loan facilities which are subject to variable rates of interest based on the respective bank's base rate. As at 31 May 2010 there were no bank loans outstanding (2009: £nil) and no bank overdrafts outstanding (2009: £1.7 million). Money market deposits are placed for periods varying between call and one month and attract variable rates of interest based upon the banks cost of funds for the relevant currencies.

Sensitivity analysis

As the Group had no loans or overdrafts outstanding at the end of the year the Group does not have a significant exposure to a change in the market rates of interest at the current time.

Fair value of financial assets and liabilities

There are no material differences between the carrying values and the fair values of the financial assets and liabilities as recorded in the consolidated balance sheet. Details of the amounts of financial assets and liabilities held in foreign currencies can be found in notes 14, 15 and 16 to the Consolidated Financial Statements.

Capital management

The primary aim of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to support its businesses and maximise shareholder value. The Group monitors its capital structure and makes adjustments as and when it is deemed necessary and appropriate to do so using such methods as adjusting the dividend payment to shareholders or the issuing of new shares.

Interest cover

	2010	2009
Operating profit (£'000)	7,686	7,575
Net finance costs (£'000)	518	519
Interest cover (ratio)	15	15

Interest cover is calculated by taking the operating profit from the Consolidated Income Statement divided by net finance costs.

Gearing ratio

	2010	2009
Net debt (£'000)	-	-
Total equity (£'000)	38,460	36,815
Gearing ratio (%)	-	-

The gearing ratio comprises net debt divided by total equity (net debt being defined as cash and cash equivalents - see note 15)."

Related party transactions

The following is an extract from Note 21 on pages 75 to 76 of the Annual Report and Accounts 2010.

"Identity of related parties

The Group has a related party relationship with its subsidiaries and with its directors. A list of all the Group's subsidiaries is shown in note 30.

Transactions with related parties

The interests of the directors in the Ordinary share capital of the Company as at 31 May 2010 are shown in the Directors' Report on page 20 as required by the FSA's Disclosure and Transparency rules.

During the year directors had declarable interests in contracts with the Company and its subsidiary undertakings as shown below.

1 A lease dated 28 August 1979 between John H Haynes Developments Inc., (a company registered in California and controlled by Mr JH Haynes) and Haynes North America Inc. of the premises situated at 859 and 861 Lawrence Drive, Newbury Park, California which was amended on 1 May 2001, runs for a period of 5 years from that date, and is presently held over pending renewal. The annual rent for the year ended 31 May 2010 was $207,214 (2009: $207,214)

or £130,809 (2009: £126,535) at the average exchange rate for the year. MEF Haynes is a Vice President of John H Haynes Developments Inc.

2 A lease dated 20 December 1993 between the Haynes Family Trust (of which JH Haynes is a trustee, and JHC Haynes and MEF Haynes are beneficiaries) and the Company of premises known as the "Sparkford Creamery" in Somerset for a term of 21 years at an annual rent, subject to revision every 3 years and presently £65,544 (2009: £65,544).

3 During the year The Haynes Motor Museum Limited, (of which JH Haynes and MEF Haynes are directors) which is jointly owned by the Haynes International Motor Museum Charitable Trust and JH Haynes and Mrs AC Haynes undertook the following transactions with the Group:

	Transactions 2010 £'000	Balance at 31 May 2010 £'000	Transactions 2009 £'000	Balance at 31 May 2009 £'000
Supply of conference facilities	5	-	5	-
Purchase of books and manuals	16	6	23	5

JH Haynes and JHC Haynes are Trustees of the Charitable Trust.

4 On 22 July 2005 Haynes Developments Ltd, which is a company controlled by JH Haynes and Mrs AC Haynes, and of which JH Haynes and MEF Haynes are directors, sub-leased 600sq ft of office premises on the main Sparkford site. The annual rent for the year ended 31 May 2010 was £3,688 plus service charge (2009: £3,688).

5 A tenancy of No 12 Ivel Gardens, Ilchester, owned by Mrs AC Haynes and let to the Company (at a monthly rental of £525 (2009: £490) plus outgoings) with Haynes Developments Ltd acting as agent for the lessor. As at 31 May 2010 the balance outstanding to Haynes Developments Ltd was £789

(2009: £785).

Except as stated above, no directors were materially interested in contracts with the Company or any of its subsidiary undertakings.

Key management emoluments

The remuneration of the directors, who are the key management personnel of the Group is set out below in aggregate for each of the categories specified within IAS 24 'Related Party Disclosures'. Further information regarding the directors' individual remuneration packages is provided in the audited part of the Board Report on Remuneration on pages 29 to 34.

	2010	2009
	£'000	£'000
Short term employee benefits		
	1,240	1,237
Post employee benefits	297	316
Post employee benefits	1,537	1,553

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