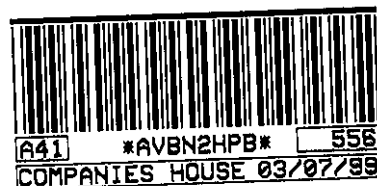


**HOPE'S AUCTION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**31ST MARCH 1999**

Company Registration Number 52362

**ARMSTRONG WATSON & CO**

Chartered Accountants  
Fairview House  
Victoria Place  
Carlisle  
Cumbria  
CA1 1HP



# HOPE'S AUCTION COMPANY LIMITED

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at 11.00 a.m. on 28th June 1999 at the registered office for the following purposes.

1. Apologies for absence.
2. Minutes of meeting held on 29th June 1998.
3. To receive and adopt the directors' report and financial statements for the year ended 31st March 1999.
4. Declaration of dividends.
5. To re-appoint retiring Directors.
6. To confirm the remuneration of Directors.
7. To re-appoint Armstrong Watson & Co as auditors and to authorise the directors to fix their remuneration.
8. To transact any other business of the company.

NOTICE IS ALSO GIVEN that the Register of Transfers will be closed from 20th June 1999 to 28th June 1999 inclusive.

Registered office:  
93 High Street  
Wigton  
Cumbria

By order of the board

Mr. L. Hayton  
Company secretary  
24th May 1999

### Notes:

- a. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company.

# HOPE'S AUCTION COMPANY LIMITED

## CHAIRMAN'S STATEMENT

YEAR ENDED 31ST MARCH 1999

In common with all aspects of agriculture 1998/1999 has proved to be very difficult financially for the Auction Mart. Although stock turnover has increased, low prices dominated the year, resulting in reduced commissions with the net result that a break even position is shown in the accounts.

The proposed dividend is being cut from 11 pence per share to 5 pence per share. The cost of this is slightly in excess of the net profit but this excess is being met out of previous years retained profits.

During the year, we diversified by introducing a Finance Department whereby customers could finance capital assets by borrowing at fixed rates. This has been successful, however we do not wish our own total borrowing to get out of hand and are now restricting this facility to the purchase and lease of Quotas.

It is the Company's policy to maintain the highest standards. During the year the lairage facilities have been extended and a new trade effluent system installed. During the forth coming year we intend to continue with this policy.

# HOPE'S AUCTION COMPANY LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31ST MARCH 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 1999.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year were those of livestock auctioneers, estate agents and farmers.

#### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	1999	1998
	£	£
Proposed dividends on ordinary shares	12,750	28,050
Proposed dividends on preference shares	280	280
	<u>13,030</u>	<u>28,330</u>

The dividend on ordinary shares represents 5p per share (1998 11p).

#### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Class of share	At 31 March 1999	At 1 April 1998
Mr. J. Dixon	Ordinary	5,204	5,204
"	3.5% Cum. Preference	9,868	9,868
Mr. J. J. Dixon	Ordinary	2,545	2,545
"	3.5% Cum. Preference	4,139	4,139
Mr. D. A. Harrison	Ordinary	5,049	4,825
"	3.5% Cum. Preference	1,911	1,911
Mr. I.J. Heslop	Ordinary	2,570	2,570
"	3.5% Cum. Preference	1,162	1,162
Mr. S. Robertson	Ordinary	7,810	7,810
"	3.5% Cum. Preference	11,965	11,965
Mr. R. D. Tinniswood	Ordinary	4,518	4,518
"	3.5% Cum. Preference	8,815	8,815
Mr. J. T. Wilson C.A.	Ordinary	13,316	13,316
"	3.5% Cum. Preference	<u>11,805</u>	<u>11,805</u>

Mr. J. Dixon and Mr. I.J. Heslop retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr. S. Robertson retires by rotation and, being eligible, offers himself for re-election.

#### FIXED ASSETS

The directors are of the opinion that the value of freehold land and buildings is in excess of book value.

# HOPE'S AUCTION COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31ST MARCH 1999

#### YEAR 2000

The company recognises the Year 2000 implications and have identified the issues to be addressed. The company is confident that these will all be addressed prior to 31st December 1999. The costs involved are not expected to materially add to planned capital and operating expenditure.

#### CHARITABLE DONATIONS

During the year the company made charitable donations of £281.

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

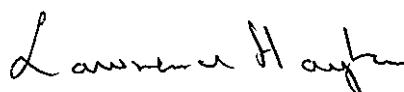
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### AUDITORS

A resolution to re-appoint Armstrong Watson & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985 .

Registered office:  
93 High Street  
Wigton  
Cumbria  
CA7 9PG

Signed by order of the directors



MR. L. HAYTON  
Company Secretary

Approved by the directors on 19th May 1999

**HOPE'S AUCTION COMPANY LIMITED**  
**AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31ST MARCH 1999**

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with 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.

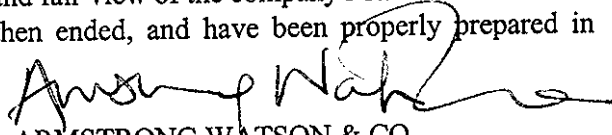
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 company's state of affairs as at 31st March 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Fairview House  
Victoria Place  
Carlisle  
Cumbria  
CA1 1HP

24th May 1999

  
ARMSTRONG WATSON & CO  
Chartered Accountants  
& Registered Auditors

**HOPE'S AUCTION COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31ST MARCH 1999**

	Note	1999 £	1998 £
<b>TURNOVER</b>	2	460,350	519,986
Administrative expenses - normal		(518,819)	(586,539)
- exceptional		-	62,371
Other operating income	3	115,863	126,391
<b>OPERATING PROFIT</b>	4	<u>57,394</u>	<u>122,209</u>
Interest receivable and similar income	7	283	9,209
Interest payable	8	(55,208)	(23,122)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,469</u>	<u>108,296</u>
Tax on profit on ordinary activities	9	4,547	(10,527)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>7,016</u>	<u>97,769</u>
Dividends (including non-equity)	10	(13,030)	(28,330)
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>(6,014)</u>	<u>69,439</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 15 form part of these financial statements.

# HOPE'S AUCTION COMPANY LIMITED


## BALANCE SHEET

31ST MARCH 1999

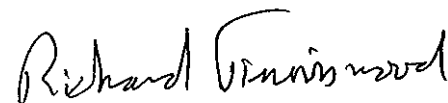
	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	11	314,554	326,275
<b>CURRENT ASSETS</b>			
Debtors due within one year	12	1,697,214	1,420,300
Debtors due after one year	12	210,584	-
Investments	13	293	265
		<u>1,908,091</u>	<u>1,420,565</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(1,231,588)</u>	<u>(749,769)</u>
<b>NET CURRENT ASSETS</b>		<u>676,503</u>	<u>670,796</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>991,057</u>	<u>997,071</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	18	263,000	263,000
Other reserves	19	68,953	68,953
Profit and loss account	20	659,104	665,118
		<u>991,057</u>	<u>997,071</u>
<b>SHAREHOLDERS' FUNDS (including non-equity interests)</b>	21	<u>991,057</u>	<u>997,071</u>

These financial statements were approved by the directors on the 19th May 1999 and are signed on their behalf by:

MR. J. DIXON



MR. R. D. TINNISWOOD



The notes on pages 8 to 15 form part of these financial statements.



# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1999

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### **Turnover**

Turnover represents commissions earned, stated net of value added tax, from the sale of livestock and property.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Buildings	- 2% Reducing balance
Plant, machinery, fixtures & fittings	- 15% Reducing balance
Motor vehicles, tractors & trailers	- 25% Reducing balance

No depreciation is provided on freehold land.

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### **Capital grants**

Government grants are deducted from the cost of the relevant asset.

#### **Debtors**

Debtors are shown after deducting a reserve for bad and doubtful debts of £93,073 and a specific provision of £286,881.

#### **Finance contracts**

Amounts due to the company under leases, hire purchase and other finance contracts are included in debtors at the amount of the net investment in the contract. The finance charges earned are credited to the profit and loss account on a straight line basis.

### 2. TURNOVER

The turnover is attributable to the principal activity of the company and arose wholly in the United Kingdom.

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1999

### 3. OTHER OPERATING INCOME

	1999	1998
	£	£
Rent receivable	63,926	72,628
Commission receivable	29,043	21,133
Management charges receivable	12,591	-
Insurance premiums - cattle and pigs	9,803	9,452
Bad debt fund	-	21,610
Other operating income	500	1,568
	<u>115,863</u>	<u>126,391</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1999	1998
	£	£
Depreciation	20,504	26,033
Loss/(Profit) on disposal of fixed assets	8,846	(65,216)
Auditors' remuneration		
- as auditors	<u>6,300</u>	<u>6,100</u>

Exceptional item

Included in administration expenses for 1998 is a credit of £62,371 representing the profit on disposal of land and buildings which is exceptional in relation to the profit for the year.

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999	1998
	No.	No.
Number of directors	7	7
Number of full time staff	9	7
Number of part time staff	29	30
	<u>45</u>	<u>44</u>

The aggregate payroll costs of the above were:

	1999	1998
	£	£
Wages and salaries	269,125	263,514
Social security costs	20,624	20,182
Other pension costs	7,049	18,982
	<u>296,798</u>	<u>302,678</u>

**HOPE'S AUCTION COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 1999**

**6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	1999 £	1998 £
Emoluments receivable	55,791	82,317
Value of company pension contributions to money purchase schemes	<u>1,207</u>	<u>8,484</u>
	<u>56,998</u>	<u>90,801</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1999 No.	1998 No.
Money purchase schemes	<u>-</u>	<u>1</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1999 £	1998 £
Other loan interest receivable	-	86
Other interest received	256	9,107
Other similar income receivable	<u>27</u>	<u>16</u>
	<u>283</u>	<u>9,209</u>

**8. INTEREST PAYABLE**

	1999 £	1998 £
Interest payable on bank borrowing	<u>55,208</u>	<u>23,122</u>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
In respect of the year:		
Corporation tax recoverable based on the results for the year at 21% (1998 - payable at 21%)	(4,547)	9,290
Adjustment in respect of previous years:		
Corporation tax	<u>-</u>	<u>1,237</u>
	<u>(4,547)</u>	<u>10,527</u>

**HOPE'S AUCTION COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 1999**

**10. DIVIDENDS**

The following dividends have been proposed in respect of the year:

	1999 £	1998 £
Proposed dividends on equity shares	12,750	28,050
Proposed dividends on non-equity shares	280	280
	<u>13,030</u>	<u>28,330</u>

**11. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Plant, machinery, fixtures & fittings £	Motor vehicles, tractors & trailers £	Total £
<b>COST</b>				
At 1st April 1998	288,372	142,074	79,098	509,544
Additions	-	15,055	28,545	43,600
Disposals	-	-	(49,296)	(49,296)
At 31st March 1999	<u>288,372</u>	<u>157,129</u>	<u>58,347</u>	<u>503,848</u>
<b>DEPRECIATION</b>				
At 1st April 1998	61,683	94,074	27,512	183,269
Charge for the year	2,796	7,822	9,886	20,504
On disposals	-	-	(14,479)	(14,479)
At 31st March 1999	<u>64,479</u>	<u>101,896</u>	<u>22,919</u>	<u>189,294</u>
<b>NET BOOK VALUE</b>				
At 31st March 1999	<u>223,893</u>	<u>55,233</u>	<u>35,428</u>	<u>314,554</u>
At 31st March 1998	<u>226,689</u>	<u>48,000</u>	<u>51,586</u>	<u>326,275</u>
<b>Capital commitments</b>				
		1999 £	1998 £	
Contracted but not provided for in the accounts		<u>18,720</u>	<u>-</u>	

**HOPE'S AUCTION COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 1999**

**12. DEBTORS**

	1999 £	1998 £
Trade debtors	1,459,876	1,396,894
Amounts receivable under finance lease and hire purchase contracts	150,510	-
Amounts receivable under other finance contracts	267,363	-
Other debtors	5,296	4,482
Taxation recoverable	11,777	7,230
Prepayments and accrued income	12,976	11,694
	<u>1,907,798</u>	<u>1,420,300</u>

The debtors above include the following amounts falling due after more than one year:

	1999 £	1998 £
Finance Contracts	<u>210,584</u>	<u>-</u>

The aggregate capital rentals receivable in respect of finance lease and hire purchase agreements was £38,779, and the cost of assets acquired for the purpose of letting under finance leases and hire purchase agreements was £189,289.

**13. INVESTMENTS**

	1999 £	1998 £
Other investments	<u>293</u>	<u>265</u>

The investments are all unquoted.

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1999

### 14. CREDITORS: Amounts falling due within one year

	1999		1998	
	£	£	£	£
Bank balances		596,683		280,563
Outstanding cheques		555,569		375,950
Other creditors including taxation and social security:				
Advance Corporation Tax	-		7,083	
Corporation tax	-		442	
PAYE and social security	7,412		8,494	
VAT	15,356		8,531	
Dividends payable	13,030		28,330	
Other creditors	5,305		4,320	
		<u>41,103</u>		<u>57,200</u>
Accruals and deferred income		38,233		36,056
		<u>1,231,588</u>		<u>749,769</u>

The bank overdraft is secured by a fixed charge over certain of the company's freehold land and buildings and over book debts including goodwill.

### 15. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company for the year of £7,049 (1998 £18,982).

### 16. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	1999	1998
	£	£
Excess of taxation allowances over depreciation on fixed assets	14,511	13,862
Other timing differences	(18,615)	(23,951)
	<u>(4,104)</u>	<u>(10,089)</u>

This deferred tax asset relates to the outstanding bad and doubtful debt provision and has not been provided for in accordance with approved accounting standards.

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1999

### 17. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party.

During the year the Directors traded through the company at the company's normal commission rates and terms. The amount of commission on directors' transactions at normal rates did not exceed 6.3% of total commissions earned.

D.A. Harrison had a beneficial interest in contracts with the company for repair and maintenance work and other purchases amounting in total to £22,400.

On retirement as managing director S. Robertson purchased his car from the company for £10,000.

### 18. SHARE CAPITAL

#### Authorised share capital:

	1999 £	1998 £
255,000 Ordinary shares of £1 each	255,000	255,000
120,000 3.5% Cum. Preference shares of £0.067 each	8,000	8,000
	<u>263,000</u>	<u>263,000</u>

#### Allotted, called up and fully paid:

	1999		1998	
	No.	£	No.	£
Ordinary shares	255,000	255,000	255,000	255,000
3.5% Cum. Preference shares	120,000	8,000	120,000	8,000
	<u>375,000</u>	<u>263,000</u>	<u>375,000</u>	<u>263,000</u>

The 3.5% Cumulative Preference shares are not redeemable and carry voting rights. On a winding up the 3.5% Cumulative Preference shares rank ahead of the ordinary shares and will be repaid at par.

### 19. OTHER RESERVES

	1999 £	1998 £
Capital Reserve brought forward	<u>68,953</u>	<u>68,953</u>

The Capital Reserve is not available for distribution.

### 20. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Balance brought forward	665,118	595,679
Retained (loss)/profit for the financial year	<u>(6,014)</u>	<u>69,439</u>
Balance carried forward	<u>659,104</u>	<u>665,118</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1999

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### EQUITY SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	7,016	97,769
Dividends	(13,030)	(28,330)
	<u>(6,014)</u>	<u>69,439</u>
Opening shareholders' equity funds	<u>989,071</u>	<u>919,632</u>
Closing shareholders' equity funds	<u>983,057</u>	<u>989,071</u>

#### NON-EQUITY SHAREHOLDERS' FUNDS

Opening and closing shareholders' non-equity funds	<u>8,000</u>	<u>8,000</u>
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<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b><u>991,057</u></b>	<b><u>997,071</u></b>
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