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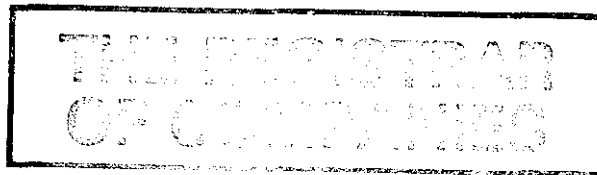
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Co. No. 52362

Hope's Auction Company Limited

Financial Statements

for the year ended 31st March 2000



Hope's Auction Company Limited Wigton

DIRECTORS

Mr. J. Dixon - *Chairman*
Mr. J. J. Dixon
Mr. S. Robertson
Mr. I. J. Heslop

Mr. J. T. Wilson, C.A.
Mr. R. D. Tinniswood
Mr. D. A. Harrison

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 11.00 a.m. on 24th July, 2000 at the registered office for the following purposes:-

1. Apologies for absence.
2. Minutes of Meeting held on 28th June 1999.
3. To receive and adopt the directors' report and financial statements for the year ended 31st March, 2000.
4. Declaration of dividends.
5. To re-appoint retiring Directors.
6. To confirm the remuneration of Directors.
7. To re-appoint Armstrong Watson 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 16th July, 2000 to 24th July, 2000 inclusive.

Registered office:
93 High Street
Wigton
Cumbria
CA7 9PG

By order of the board



Mr. I. Graham, M.A.A.T.
Company Secretary
16th June 2000

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.
-

Chairman's Statement

The whole farming and agricultural sector continues to experience a very difficult trading period with little optimism for the future. Livestock markets are no exception, with interest rates and exchange rates having a detrimental effect on stock prices and reducing commissions.

Against all these trends the Company has increased throughput and improved turnover while keeping expenses under control. To this end the Directors recommend a dividend of 8 pence per share.

The Company's policy to maintain high standards continues with the installation of a new cattle weighing system. Adapting to changing circumstances with the developments of e-commerce we are expanding the computer systems and have recently developed our own Web site, which can be visited on www.hopesofwigton.com.

During the year, Mr David Bulman joined the Company as Estate Agency Manager, his vast experience together with the support of his staff contributed to increased turnover.

The Company Secretary, Mr Lawrence Hayton retired at the end of May after 44 years with the Company. He has been succeeded by Mr Iain Graham. On behalf of my fellow Directors may I thank Lawrence for his long and faithful service to the Company and wish him a long and happy retirement.

Also thanks to all my fellow Directors and staff for their support and hard work during the past year.

The Directors' Report

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March, 2000.

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:

	2000	1999
	£	£
Proposed dividends on ordinary shares	20,400	12,750
Proposed dividends on preference shares	280	280
	<u>20,680</u>	<u>13,030</u>

The dividend on ordinary shares represents 8p per share (1999 5p).

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:

	£1 Ordinary Shares		6.7p 3.5% Cumulative Preference shares	
	2000	1999	2000	1999
J. Dixon	5,204	5,204	10,244	9,868
J. J. Dixon	2,545	2,545	4,515	4,139
D. A. Harrison	5,049	5,049	2,286	1,911
I. J. Heslop	2,570	2,570	1,537	1,162
S. Robertson	7,810	7,810	12,340	11,965
R. D. Tinniswood	4,518	4,518	9,190	8,815
J. T. Wilson C.A.	<u>13,316</u>	<u>13,316</u>	<u>12,180</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. J. T. Wilson 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.

Year 2000

The company recognised the Year 2000 implications and identified the issues to be addressed. The company is confident that these had all been addressed prior to 31st December, 1999. Since 1st January 2000 the company has not suffered any adverse effects.

Charitable Donations

During the year the company made charitable donations of £326.

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 10, 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 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. I. GRAHAM, M.A.A.T.
Company Secretary

Approved by the directors on 15th May 2000

Hope's Auction Company Limited

Auditors' Report to the Shareholders

YEAR ENDED 31st MARCH 2000

We have audited the financial statements on pages 8 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

Respective Responsibilities of the Directors and the Auditors

As described on page 6, 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 state of the company's affairs as at 31st March 2000 and of the profit of the company 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



ARMSTRONG WATSON
Chartered Accountants & Registered Auditors

16th June 2000

Profit and Loss Account

YEAR ENDED 31st MARCH 2000

	Note	2000 £	1999 £
TURNOVER	2	547,819	460,350
Administrative expenses		(599,705)	(518,819)
Other operating income	3	135,957	115,863
OPERATING PROFIT	4	84,071	57,394
Profit on disposal of fixed assets	7	42,904	-
		126,975	57,394
Interest receivable and similar income	8	23	283
Interest payable	9	(59,931)	(55,208)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		67,067	2,469
Tax on profit on ordinary activities	10	(11,557)	4,547
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		55,510	7,016
Dividends (including non-equity)	11	(20,680)	(13,030)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		£34,830	£(6,014)

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 10 to 15 form part of these financial statements.

Balance Sheet

31st MARCH 2000

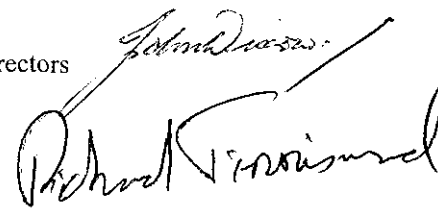
	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	12	290,668	314,554
CURRENT ASSETS			
Debtors due within one year	13	1,861,509	1,697,214
Debtors due after one year	13	37,962	210,584
Investments	14	315	293
		<u>1,899,786</u>	<u>1,908,091</u>
CREDITORS:			
Amounts falling due within one year	15	<u>(1,164,567)</u>	<u>(1,231,588)</u>
NET CURRENT ASSETS		<u>735,219</u>	<u>676,503</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£1,025,887</u></u>	<u><u>£991,057</u></u>
CAPITAL AND RESERVES			
Called-up share capital	19	263,000	263,000
Other reserves	20	68,953	68,953
Profit and loss account	21	<u>693,934</u>	<u>659,104</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	22	<u><u>£1,025,887</u></u>	<u><u>£991,057</u></u>

These financial statements were approved by the directors on the 15th May, 2000 and are signed on their behalf by:

J. DIXON

R. D. TINNISWOOD

} Directors



The notes on pages 10 to 15 form part of these financial statements.

Notes to the Financial Statements

YEAR ENDED 31st MARCH 2000

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 and fittings	- 15% Reducing balance
Motor vehicles, tractors and 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 £329,468.

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.

3. OTHER OPERATING INCOME	2000	1999
	£	£
Rent receivable	78,194	63,926
Interest on overdue accounts	21,057	29,043
Income earned on finance contracts	26,782	12,591
Insurance premiums - cattle and pigs	9,124	9,803
Other operating income	800	500
	<u>£135,957</u>	<u>£115,863</u>

4. OPERATING PROFIT	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation	25,990	20,504
Loss on disposal of fixed assets	1,538	8,846
Auditors' remuneration		
- as auditors	6,615	6,300
	<u>6,615</u>	<u>6,300</u>

5. PARTICULARS OF EMPLOYEES

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

	2000	1999
	No.	No.
Number of directors	7	7
Number of full time staff	10	9
Number of part time staff	23	29
	<u>40</u>	<u>45</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	271,967	269,125
Social security costs	19,838	20,624
Other pension costs	8,306	7,049
	<u>£300,111</u>	<u>£296,798</u>

6. DIRECTORS' EMOLUMENTS

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

	2000	1999
	£	£
Emoluments receivable	37,447	55,791
Value of company pension contributions to money purchase schemes	-	1,207
	<u>£37,447</u>	<u>£56,998</u>

7. PROFIT ON DISPOSAL OF FIXED ASSETS

	2000	1999
	£	£
Profit on disposal of land and buildings	<u>£42,904</u>	<u>-</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Other interest received	-	256
Other similar income receivable	23	27
	<u>£23</u>	<u>£283</u>

9. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	<u>£59,931</u>	<u>£55,208</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year		
at 20% (1999 - 21%)	9,600	(4,547)
Adjustment in respect of previous years:		
Corporation tax	1,957	-
	<u>£11,557</u>	<u>£(4,547)</u>

11. DIVIDENDS

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

	2000	1999
	£	£
Proposed dividends on equity shares	20,400	12,750
Proposed dividends on non-equity shares	280	280
	<u>£20,680</u>	<u>£13,030</u>

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant machinery, fixtures & fittings £	Motor vehicles, tractors & trailers £	Total £
Cost				
At 1st April 1999	288,373	157,128	58,345	503,846
Additions	—	24,618	35,220	59,838
Disposals	(35,997)	(5,610)	(33,720)	(75,327)
At 31st March 2000	252,376	176,136	59,845	488,357
Depreciation				
At 1st April 1999	64,479	101,895	22,918	189,292
Charge for the year	2,643	11,782	11,565	25,990
On disposals	(3,951)	(4,310)	(9,332)	(17,593)
At 31st March 2000	63,171	109,367	25,151	197,689
Net book value				
At 31st March 2000	£189,205	£66,769	£34,694	£290,668
At 31st March 1999	£223,894	£55,233	£35,427	£314,554

Capital commitments

	2000 £	1999 £
Contracted but not provided for in the accounts	—	£18,720

13. DEBTORS

	2000 £	1999 £
Trade debtors	1,530,473	1,459,876
Amounts receivable under finance lease and hire purchase contracts ..	95,045	150,510
Amounts receivable under other finance contracts	239,287	267,363
Other debtors	7,973	5,296
ACT recoverable	9,819	11,777
Prepayments and accrued income	16,874	12,976
	£1,899,471	£1,907,798

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

	2000 £	1999 £
Finance Contracts	£37,962	£210,584

The aggregate capital rentals received during the year in respect of finance lease and hire purchase agreements was £58,507 (1999 £38,779).

14. INVESTMENTS

	2000 £	1999 £
Other investments	£315	£293

The investments are all unquoted.

15. CREDITORS (Amounts falling due within one year)

	2000		1999	
	£	£	£	£
Bank balances		678,397		596,683
Outstanding cheques		379,502		555,569
Other creditors including taxation and social security:				
Corporation tax	9,600		-	
PAYE and social security	8,105		7,412	
VAT	18,836		15,356	
Dividends payable	20,680		13,030	
Other creditors	2,709		5,305	
		<u>59,930</u>	<u>41,103</u>	
Accruals and deferred income		46,738		38,233
		<u>£1,164,567</u>		<u>£1,231,588</u>

The bank overdraft is secured by a debenture dated 20th January 2000 and fixed charges over certain of the company's freehold land and buildings and over book debts including goodwill.

16. 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 £8,306 (1999 - £7,049). Other debtors includes prepaid pension contributions of £6,144 (1999 - £5,296).

17. DEFERRED TAXATION

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

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets ..	10,939	14,511
Other timing differences	(18,615)	(18,615)
	<u>£(7,676)</u>	<u>£(4,104)</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.

18. 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 6.7% (1999 - 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 £7,359 (1999 - £22,400).

19. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
255,000 Ordinary shares of £1 each	255,000	255,000
120,000 3.5% Cum. Preference shares of £0.06 ² / ₃ each	8,000	8,000
	<u>£263,000</u>	<u>£263,000</u>

Allotted, called up and fully paid:

	2000	2000	1999	1999
	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.

20. OTHER RESERVES

	2000	1999
	£	£
Capital Reserve brought forward	<u>£68,953</u>	<u>£68,953</u>

The Capital Reserve is not available for distribution.

21. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	659,104	665,118
Retained profit/(loss) for the financial year	34,830	(6,014)
Balance carried forward	<u>£693,934</u>	<u>£659,104</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Equity Shareholders funds'		
Profit for the financial year	55,510	7,016
Dividends	(20,680)	(13,030)
Opening shareholders' equity funds	<u>983,057</u>	<u>(6,014)</u> 989,071
Closing shareholders' equity funds	<u>£1,017,887</u>	<u>£983,057</u>
Non-Equity Shareholders' Funds		
Opening and closing shareholders' non-equity funds	<u>£8,000</u>	<u>£8,000</u>
Total Shareholders' Funds	<u>£1,025,887</u>	<u>£991,057</u>