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Hope's Auction Company Limited

Financial Statements

for the year ended 31st March 1995



Hope's Auction Company Limited Wigton

DIRECTORS

Mr. J. Dixon - *Chairman*

Mr. J. T. Wilson, C.A.

Mr. J. J. Dixon

Mr. R. D. Tinniswood

Mr. S. Robertson

Mr. D. A. Harrison

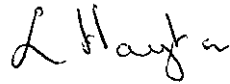
Mr. I. J. Heslop

NOTICE IS HEREBY GIVEN that the ninety eighth Annual General Meeting of HOPE'S AUCTION COMPANY LIMITED will be held in the Company's offices, HIGH STREET, WIGTON on Monday 26th June, 1995 at 11.00 a.m. for the following purposes:-

1. Apologies for absence.
2. Minutes of meeting held on 27th June, 1994.
3. To receive the Directors' report and statement of accounts for the year ended 31st March 1995 and the Auditors' report thereon.
4. Declaration of dividends.
5. To re-appoint retiring Directors.
6. To confirm the remuneration of Directors.
7. To re-appoint Auditors.
8. To authorise the Directors to fix the remuneration of the Auditors.
9. To transact any other business of the Company.

NOTICE IS ALSO GIVEN that the Register of Transfers will be closed from 18th June, 1995 to 26th June, 1995 inclusive.

L. HAYTON,


Secretary.

N.B. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

Directors' Report

The Directors present their report and the accounts for the year ended 31st March 1995.

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 and of the profit or loss of the company for that period. In preparing those 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;
- comply with applicable accounting standards 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 maintaining 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. 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.

Results and dividend

The profit for the year after taxation was £32,214. The directors recommend the payment of a final dividend of 3.5% on the preference shares and a dividend of 10p per share on the ordinary shares, which leaves £6,434 to be retained.

Review of activities

The principal activities of the Company continue to be those of livestock auctioneers, estate agents and farmers.

The Company's affairs continue to be in a healthy state. The Company has incurred substantial repair expenditure for effluent disposal and safety purposes on the mart premises during the year.

Directors

The directors during the year and their interests in the share capital were:-

	£1 Ordinary Shares		6.7p 3.5% Cumulative Preference shares	
	1995	1994	1995	1994
J. Dixon (Chairman)	4,634	4,634	8,707	8,207
R. D. Tinniswood	3,848	3,848	7,652	7,152
J. T. Wilson, C.A.	5,046	5,046	10,641	10,141
J. J. Dixon	1,975	1,975	2,978	2,478
S. Robertson	7,035	7,035	10,801	10,301
D. A. Harrison	4,050	4,050	750	250
I. J. Heslop (Appointed 16.1.95)	2,000	-	-	-

Mr. J. Stockdale served as a director until his retirement on 27th June, 1994. His interest in the share capital of the company to the date of retirement was 3,574 Ordinary shares and 5,495 Preference shares.

Mr. J. Dixon and Mr. J. J. Dixon retire by rotation and, being eligible, offer themselves for re-election.

Mr. I. J. Heslop who was appointed since the last Annual General Meeting retires and, being eligible, offers himself for re-election.

Mr. D. A. Harrison had a beneficial interest in a contract for building work amounting to £26,387. No other director had any beneficial interest in any contract of significance to which the Company was a party.

Charitable donations

During the year the Company made charitable donations of £382.

Market value of freehold land and buildings

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

Auditors

Messrs. Armstrong, Watson & Co., Chartered Accountants, have expressed their willingness to be re-elected in accordance with Section 385 of the Companies Act, 1985.

By order of the board,
L. HAYTON
Secretary. *L. Hayton*

High Street,
Wigton,
Cumbria.
15th May, 1995

Auditors' Report

TO THE SHAREHOLDERS OF HOPE'S AUCTION COMPANY LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared following the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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

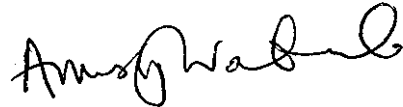
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CARLISLE
15th May 1995



ARMSTRONG WATSON & CO.,
Chartered Accountants & Registered Auditor

Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH 1995

	Notes	1995 £	1994 £
COMMISSIONS	2	414,301	355,948
Net operating expenses	3	384,728	307,564
OPERATING PROFIT		<u>29,573</u>	<u>48,384</u>
Income from investments	6	8,107	9,269
Interest receivable	7	4,313	5,612
Interest payable	8	(5,343)	(1,391)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	<u>36,650</u>	<u>61,874</u>
Taxation on profit on ordinary activities	10	(4,436)	(13,498)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>32,214</u>	<u>48,376</u>
Dividend - Equity and non-equity	11	(25,780)	(25,780)
RETAINED PROFIT FOR YEAR	19	<u><u>£6,434</u></u>	<u><u>£22,596</u></u>

The company's turnover and expenses all relate to continuing operations.

There are no recognised gains and losses other than the profit for the year.

The profit for the year has been calculated on the historical cost basis.

The notes on pages 7 to 12 form part of these accounts.

Balance Sheet

AT 31st MARCH 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	12	318,824	293,577
CURRENT ASSETS			
Debtors	14	1,149,838	658,356
Investments	15	213	163,829
		1,150,051	822,185
CREDITORS (Amounts falling due within one year) ..	16	(616,924)	(270,245)
NET CURRENT ASSETS		533,127	551,940
		<u>£851,951</u>	<u>£845,517</u>
CAPITAL AND RESERVES			
Share capital	18	263,000	263,000
Capital reserve	19	68,953	68,953
Profit and loss account	19	519,998	513,564
SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)		<u>£851,951</u>	<u>£845,517</u>

Approved by the board on 15th May, 1995 and signed on its behalf by

J. DIXON

R. D. TINNISWOOD

} *John Dixon*
Directors
Richard Tinniswood

The notes on pages 7 to 12 form part of these accounts

Notes to the Accounts

FOR THE YEAR ENDED 31st MARCH 1995

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on tangible fixed assets on a reducing balance basis, calculated at annual rates to write off the cost less estimated residual value of each asset over its expected useful life. The rates used are as follows:-

Freehold buildings	2%
Plant, machinery, fixtures and fittings	15%
Motor vehicles, tractors and trailers	25%

During the year no depreciation was provided in respect of freehold land.

Capital grants

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

Deferred taxation

Deferred taxation is provided for the future liabilities resulting from the difference between the treatment of items in the accounts and their treatment for taxation purposes, except to the extent that these liabilities are not regarded as likely to become payable in the foreseeable future.

The amounts provided have been calculated at the proposed corporation tax rates for the periods when the liabilities are estimated to crystallise.

Debtors

Debtors are shown after deducting a reserve for bad and doubtful debts of £100,000 and a specific provision of £157,202.

Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme.

2. TURNOVER

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

Turnover is derived wholly in the U.K.

3. NET OPERATING EXPENSES

	1995	1994
	£	£
Administrative expenses	452,560	369,956
Other operating income	(67,832)	(62,392)
	<u>£384,728</u>	<u>£307,564</u>

4. OTHER OPERATING INCOME

	1995	1994
	£	£
Interest on overdue accounts	16,359	10,745
Insurance premiums - cattle and pigs	1,613	1,157
Profit on farm trading	33,601	30,045
Lorry wash receipts	700	599
Rents receivable	15,559	19,846
	<u>£67,832</u>	<u>£62,392</u>

5. STAFF COSTS	1995	1994
	£	£
Wages and salaries	198,316	175,248
Social security costs	21,570	15,879
Other pension costs	13,365	11,363
	<u>£233,251</u>	<u>£202,490</u>

The average weekly number of employees during the year was 11 full time and 19 part time (1994 10 and 16).

Directors' remuneration

	1995	1994
	£	£
Fees	9,008	8,883
Emoluments (including pension contributions)	34,152	28,769
	<u>£43,160</u>	<u>£37,652</u>
Benefits in kind	£8,162	£2,990

6. INCOME FROM CURRENT ASSET INVESTMENTS

	1995	1994
	£	£
Building Society interest	£8,107	£9,269

7. INTEREST RECEIVABLE

	1995	1994
	£	£
Bank deposits	2,079	2,801
Loan account	2,234	2,811
	<u>£4,313</u>	<u>£5,612</u>

8. INTEREST PAYABLE

	1995	1994
	£	£
Interest payable on bank and other loans - wholly repayable within 5 years	£5,343	£1,391

9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

is stated after charging the following amounts:-

	1995	1994
	£	£
Auditors' remuneration	6,975	6,480
Depreciation on owned assets	16,430	18,316
Profit on disposal of assets	(5,367)	(23,334)
Exceptional provisions (see note 13)	5,560	14,700

10. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Taxation based on the profit for the year:-

	1995	1994
	£	£
UK Corporation Tax at an effective rate of 25% (1994 - 25%) ..	5,412	15,987
Over provision in respect of previous years	(976)	(2,489)
	<u>£4,436</u>	<u>£13,498</u>

11. DIVIDEND

	1995	1994
	£	£
Proposed		
3.5% Cumulative preference shares	280	280
Ordinary shares 10p (1994 - 10p) per share	25,500	25,500
	<u>£25,780</u>	<u>£25,780</u>

12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant machinery, fixtures & fittings £	Motor vehicles tractors & trailers £	Total £
Cost				
At 01/04/94	282,823	107,376	50,180	440,379
Additions	7,667	3,446	44,599	55,712
Disposals	(-)	(2,100)	(20,690)	(22,790)
At 31/03/95	<u>290,490</u>	<u>108,722</u>	<u>74,089</u>	<u>473,301</u>
Depreciation				
At 01/04/94	52,261	74,387	20,154	146,802
Charge for year	2,717	5,389	8,324	16,430
On disposals	-	(1,600)	(7,155)	(8,755)
At 31/03/95	<u>54,978</u>	<u>78,176</u>	<u>21,323</u>	<u>154,477</u>
Net book value				
At 31st March 1995	<u>£235,512</u>	<u>£30,546</u>	<u>£52,766</u>	<u>£318,824</u>
At 31st March 1994	<u>£230,562</u>	<u>£32,989</u>	<u>£30,026</u>	<u>£293,577</u>

At the balance sheet date there were no outstanding commitments for capital expenditure.

13. FIXED ASSET INVESTMENTS

	£1 Ordinary Shares	Loan	Total
Cost	£	£	£
At 01/04/94	11,200	3,500	14,700
Additions in year	-	5,560	5,560
At 31/03/95	11,200	9,060	20,260
Provisions for diminution in value			
At 01/04/94	11,200	3,500	14,700
Charge for year	-	5,560	5,560
At 31/03/95	11,200	9,060	20,260
Net Book Value			
At 31st March 1995	£-	£-	£-
At 31st March 1994	£-	£-	£-

North West Lean Limited is a company registered in England which trades through the Livestock Electronic Auction Network.

The net liabilities of North West Lean Limited at 31st March 1995 as shown in their draft accounts amounted to £40,123. The directors feel that the recoverability of this investment is in doubt and have therefore provided in full against both the investment and the loan outstanding.

14. DEBTORS

	1995	1994
	£	£
Trade debtors	1,099,645	594,302
Other debtors	28,868	44,625
Prepayments	10,087	10,245
ACT recoverable	8,559	6,445
Corporation tax repayable	2,679	2,739
	<u>£1,149,838</u>	<u>£658,356</u>

Other debtors includes £15,000 which falls due for repayment after more than one year and is secured on the freehold property of the borrower.

15. CURRENT ASSET INVESTMENTS

	1995	1994
	£	£
Building Society deposits	-	163,637
Unquoted investments	213	192
	<u>£213</u>	<u>£163,829</u>

16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	1995	1994
	£	£
Bank overdraft	460,409	148,510
Trade creditors	44,216	39,324
Other creditors	616	599
Corporation tax	996	8,281
ACT payable	6,445	6,445
Other taxation & social security costs	22,232	16,410
Accruals	56,230	24,896
Proposed dividend	25,780	25,780
	<u>£616,924</u>	<u>£270,245</u>

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

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The balance on the deferred taxation account is made up as follows:-

	1995	1994
	£	£
Accelerated capital allowances	16,394	15,933
Short-term timing differences	(25,516)	(30,391)
	<u>£(9,122)</u>	<u>£(14,458)</u>

At the year end there is a deferred tax asset of £9,122 (1994 Deferred tax asset £14,458).

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

18. SHARE CAPITAL

	Authorised		Allotted, Issued and Fully Paid	
	1995	1994	1995	1994
	£	£	£	£
3.5% Cumulative Preference shares of 6.7p each ..	8,000	8,000	8,000	8,000
Ordinary shares of £1 each ..	255,000	255,000	255,000	255,000
	<u>£263,000</u>	<u>£263,000</u>	<u>£263,000</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 only of the ordinary shares and will be repaid at par.

19. RESERVES

	Capital Reserve Account	Profit & Loss Account	Reserve Total
	£	£	£
At 1st April 1994	68,953	513,564	582,517
Retained profit for year	—	6,434	6,434
At 31st March 1995	<u>£68,953</u>	<u>£519,998</u>	<u>£588,951</u>

Of the total reserves, £68,953 is not available for distribution.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Total Shareholders' Funds	
	1995	1994
	£	£
At 1st April 1994	845,517	822,921
Profit for the Year	32,214	48,376
Dividends	(25,780)	(25,780)
	<hr/>	<hr/>
At 31st March 1995	£851,951	£845,517
	<hr/>	<hr/>
The total shareholders' fund comprises:	1995	1994
	£	£
Non-equity interest - attributable to preference shareholders .	8,000	8,000
Equity interests	850,472	837,517
	<hr/>	<hr/>
	£858,472	£845,517
	<hr/>	<hr/>

21. PENSION COSTS

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost over employees' working lives with the company. The pension charge for the year was £13,365.

22. CONTINGENT LIABILITIES

All shareholders in North West Lean Limited have entered into an undertaking with the bankers of North West Lean Limited in respect of that company's bank borrowing. The extent of the company's share of this undertaking is limited to 20% being its proportion of the equity held.