

**Company Registration Number 52362**

Hope's Auction Company Limited

**Abbreviated Accounts**

31 March 2011

**THE REGISTRAR  
OF COMPANIES**

WEDNESDAY



A05

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25/01/2012

#258

COMPANIES HOUSE

Armstrong Watson  
Chartered Accountants & Statutory Auditors  
Fairview House  
Victoria Place  
Carlisle  
Cumbria  
CA1 1HP

# **HOPE'S AUCTION COMPANY LIMITED**

## **ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MARCH 2011**

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# **HOPE'S AUCTION COMPANY LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

Mr J. J Dixon  
Mr D A Harrison  
Mr I J Heslop  
Mr S Robertson  
Mr J T Wilson  
Mr B Walton  
Mr R E Jackson  
Mr T. Brockbank  
Mr K Jarman  
Mr J. Hope

### **Company secretary**

Mr I. M. Graham M A A T

### **Registered office**

93 High Street  
Wigton  
Cumbria  
CA7 9PG

### **Auditor**

Armstrong Watson  
Chartered Accountants  
& Statutory Auditors  
Fairview House  
Victoria Place  
Carlisle  
Cumbria  
CA1 1HP

### **Bankers**

Clydesdale Bank Plc  
239 Kingstown Road  
Kingstown Industrial Estate  
Carlisle  
Cumbria  
CA3 0BQ

# HOPE'S AUCTION COMPANY LIMITED

## CHAIRMAN'S STATEMENT

### YEAR ENDED 31 MARCH 2011

The Company has had a satisfactory year with all departments operating well, with one exception

#### **Auction Mart**

I am very pleased to report that numbers of both cattle and sheep have increased during the year. This is an encouraging pattern given the national decline in livestock numbers. This section is continually exposed to high credit risk.

#### **Estate Department**

This department has continued its strong recovery from two years ago and is now showing a very healthy profit. We continue to be the market leader in the area, with a lot of properties on the books. Sales of houses are slow but steady and although, in line with the rest of the country, financial restrictions continue to be a major factor, we are achieving good progress.

#### **Land Agency**

We have sold a highly satisfactory number of farm properties during the year. Our reputation of achieving good agricultural sales continues to grow and we are now receiving instructions to sell properties well outwith the Wigton area. We would remind shareholders that the department continues to offer a large range of professional services covering all aspects of agricultural and land matters.

#### **Furniture**

Our reputation continues to grow and in addition to the regular furniture sales we are holding several specialised sales during the year. Profits from this department are increasing steadily.

#### **Hotels**

Greenhill Hotel continues to operate at a very high standard. Its functions are second to none in the area and we continue to update its bedroom facilities and have recently completed its driveway and parking facilities. It also provides a very comfortable bar meal eating place at very affordable prices.

Golf Hotel at Sillith - a very disappointing year. Last year we reported that we had appointed a new manager. Unfortunately he has now left and we were badly let down around the turn of the year regarding our plans to install a new regime there. We are working very hard to achieve better results here and hope to report better news in the coming year.

#### **Tesco**

Frustratingly we are still experiencing planning problems which have been reported in the press. During the year these problems have necessitated advice from both the solicitors and consultants, which of course has resulted in considerable further costs to the project. However, we do believe that it is now very close to completion and the moment that is achieved we shall be able to make a start on building the new auction.

#### **John Dixon, Lesson Hall**

During the past week Mr John Dixon has indicated his desire to retire from the Board and will not be standing for re-election. I would like to take this opportunity to say that John has been a wonderful Director and he is now in his 50th year of office. I wish to thank John on behalf of the Company for his valuable service over the years.

#### **Conclusion**

I would like to extend my sincere thanks to my fellow Directors and Staff for their advice, help and support throughout the year. Profits before tax have slipped from £152,445 in 2010 to £118,947 in 2011 but your Directors recommend retaining the higher dividend declared last year at 13p per share.

**Alan Harrison (Chairman)**

# HOPE'S AUCTION COMPANY LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The business review is incorporated into the Chairman's Statement on page 2 to the financial statements

#### Principal risks and uncertainties

The Company is not immune to risks and procedures aimed at minimising the probability and scale of specific risks which could impact upon the Company are in place

One of the principal risks would be a reduction in customers using services which the Company provide. This would of course have a detrimental effect upon turnover and profitability. All endeavours to retain existing customers and gain new customers will be made. Bad debt risk within the livestock business and the possibility of an outbreak of a notifiable animal disease are the other major risks to the Company's performance together with a downturn in the tourist trade within Cumbria

#### Fair review of the business

The 12 months to 31 March 2011 have produced a satisfactory result. The problems in the housing market have eased which has helped our result. The Golf Hotel under-performed and we have again taken steps in an attempt to rectify this. The overall picture for the year shows an increase in turnover of 2% resulting in an operating profit down by 22% principally due to a bad debt

The average share price during the period was £11.55.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £94,396. Particulars of dividends paid are detailed in note 8 to the financial statements

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, and loans to the company. The main purpose of these instruments is to raise funds for and finance the company's operations

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to financial instruments concerned is shown below

In respect of bank balances the liquidity risk is managed by maintaining available balances and facilities where funds are available

In respect of loans these comprise of bank loans secured over certain assets held by the company. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the repayments

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors liquidity risk is managed by ensuring that there are sufficient funds available to meet amounts due

# HOPE'S AUCTION COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

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

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Class of share	At 31 March 2011	At 1 April 2010 or later date of appointment
Mr J Dixon	Ordinary	5,204	5,204
	3.5% Cum Preference	12,546	11,841
Mr J J Dixon	Ordinary	4,195	4,195
	3.5% Cum Preference	6,816	6,111
Mr D A Harrison	Ordinary	7,399	6,899
	3.5% Cum Preference	4,587	3,882
Mr I J Heslop	Ordinary	200	200
	3.5% Cum Preference	2,081	1,376
Mr S Robertson	Ordinary	7,910	7,910
	3.5% Cum Preference	14,638	13,935
Mr J T Wilson	Ordinary	716	716
	3.5% Cum Preference	14,478	13,775
Mr B Walton	Ordinary	3,119	2,969
	3.5% Cum Preference	2,079	1,376
Mr R E Jackson	Ordinary	2,076	1,376
	3.5% Cum Preference	2,079	1,376
Mr T Brockbank	Ordinary	1,774	1,674
	3.5% Cum Preference	1,487	782
Mr K Jarman	Ordinary	200	-
	3.5% Cum Preference	703	-
Mr J Hope	Ordinary	5,232	-
	3.5% Cum Preference	4,642	-

Mr J Dixon, Mr I J Heslop, Mr S Robertson and Mr D A Harrison retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election Mr K Jarman and Mr J Hope retire by rotation and, being eligible, offer themselves for re-election

Mr K Jarman was appointed as a director on 1 April 2010

Mr J Hope was appointed as a director on 1 April 2010

Mr J Dixon resigned as a director on 28 June 2011

### 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 31 MARCH 2011

### 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 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,
- 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Registered office  
93 High Street  
Wigton  
Cumbria  
CA7 9PG

Signed by order of the directors

Approved by the directors on

7<sup>th</sup> July 2011

MR I M GRAHAM M A A T  
Company Secretary



# HOPE'S AUCTION COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO HOPE'S AUCTION COMPANY LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of Hope's Auction Company Limited for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

### BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

### OTHER INFORMATION

On 07.07.2011 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 396 of the Companies Act 2006 for the year ended 31 March 2011, and the full text of the company audit report is reproduced on pages 7 to 8 of these financial statements.

CARLISLE

07.07.2011

ALAN JOHNSTON  
(Senior Statutory Auditor)  
For and on behalf of  
ARMSTRONG WATSON  
Chartered Accountants  
& Statutory Auditors



# **HOPE'S AUCTION COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOPE'S AUCTION COMPANY LIMITED**

**YEAR ENDED 31 MARCH 2011**

We have audited the financial statements of Hope's Auction Company Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the Annual Report, 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 (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS**

As stated in the accounting policies to the financial statements, no depreciation has been provided on freehold buildings in the financial statements which practice, in our opinion, is not in accordance with Financial Reporting Standard 15. The charge for the years ended 31 March 2011, 2010, 2009 and 2008 should be £31,526, £31,278, £29,520 and £28,696 respectively, based on the straight-line method of depreciation using annual rates of 2%. Accordingly, accumulated depreciation should be increased by £89,494 and the profit for the year and accumulated reserves should be reduced by £31,526 and £121,020 respectively.

### **QUALIFIED OPINION ON THE FINANCIAL STATEMENTS**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

### **OPINION ON OTHER MATTERS 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.

## HOPE'S AUCTION COMPANY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOPE'S AUCTION COMPANY LIMITED *(continued)*

YEAR ENDED 31 MARCH 2011

#### 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

CARLISLE

ALAN JOHNSTON  
(Senior Statutory Auditor)  
For and on behalf of  
ARMSTRONG WATSON  
Chartered Accountants  
& Statutory Auditors

7 7. 2011,

**HOPE'S AUCTION COMPANY LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>		<b>2,631,837</b>	2,583,882
Cost of Sales and Other operating income		302,654	415,622
Administrative expenses		2,163,664	1,991,110
<b>OPERATING PROFIT</b>	<b>2</b>	<b>165,519</b>	177,150
Interest receivable and similar income	5	14	19,365
Interest payable and similar charges	6	(46,586)	(44,070)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>118,947</b>	152,445
Tax on profit on ordinary activities	7	24,551	22,428
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>94,396</b>	130,017

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

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

The notes on pages 13 to 21 form part of these abbreviated accounts.

**HOPE'S AUCTION COMPANY LIMITED**

Company Registration Number 52362

**ABBREVIATED BALANCE SHEET****31 MARCH 2011**

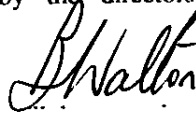
	Note	2011 £	£	2010 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		140,400		149,000
Tangible assets	10		<u>3,657,066</u>		<u>3,604,639</u>
			<b>3,797,466</b>		<b>3,753,639</b>
<b>CURRENT ASSETS</b>					
Stocks	11	53,843		46,314	
Debtors	12	1,610,128		1,474,191	
Investments	13	31,492		31,478	
		<u>1,695,463</u>		<u>1,551,983</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>2,340,295</u>		<u>2,178,505</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(644,832)</u>		<u>(626,522)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,152,634</b>		<b>3,127,117</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		1,818,000		1,878,000
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred taxation	17		40,960		16,409
			<u>1,293,674</u>		<u>1,232,708</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	18		263,000		263,000
Profit and loss account	19		1,030,674		969,708
<b>SHAREHOLDERS' FUNDS</b>	20		<u>1,293,674</u>		<u>1,232,708</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 7<sup>th</sup> July 2011, and are signed on their behalf by:



MR D A HARRISON



MR B WALTON

The notes on pages 13 to 21 form part of these abbreviated accounts.

# HOPE'S AUCTION COMPANY LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Note	2011 £	£	2010 £	£
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>			<b>154,130</b>		<b>(3,841)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		14		19,365	
Interest paid		<u>(46,586)</u>		<u>(44,070)</u>	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			<b>(46,572)</b>		<b>(24,705)</b>
<b>TAXATION</b>			-		7,393
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire tangible fixed assets		(119,294)		(91,155)	
Receipts from sale of fixed assets		50,000		1	
Payment to acquire other current asset investments		<u>(14)</u>		<u>(19,365)</u>	
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			<b>(69,308)</b>		<b>(110,519)</b>
<b>EQUITY DIVIDENDS PAID</b>			<b>(33,430)</b>		<b>(25,780)</b>
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>			<b>4,820</b>		<b>(157,452)</b>
<b>FINANCING</b>					
Repayment of bank loans		(60,000)		(60,000)	
Net inflow from other short-term creditors		<u>30,955</u>		<u>6,783</u>	
<b>NET CASH OUTFLOW FROM FINANCING</b>			<b>(29,045)</b>		<b>(53,217)</b>
<b>DECREASE IN CASH</b>			<b><u>(24,225)</u></b>		<b><u>(210,669)</u></b>

The notes on pages 13 to 21 form part of these abbreviated accounts.

# HOPE'S AUCTION COMPANY LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	165,519	177,150
Amortisation	8,600	8,600
Depreciation	66,867	64,493
(Profit)/Loss on disposal of fixed assets	(50,000)	706
Increase in stocks	(7,529)	(19,443)
Increase in debtors	(135,937)	(121,732)
Increase/(decrease) in creditors	106,610	(113,615)
Net cash inflow/(outflow) from operating activities	<u>154,130</u>	<u>(3,841)</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £		2010 £	
Decrease in cash in the period	(24,225)		(210,669)	
Net cash outflow from bank loans	60,000		60,000	
Net (inflow) from other short-term creditors	(30,955)		(6,783)	
		4,820		(157,452)
Change in net debt		4,820		(157,452)
Net debt at 1 April 2010		(2,688,862)		(2,531,410)
Net debt at 31 March 2011		<u>(2,684,042)</u>		<u>(2,688,862)</u>

### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2010 £	Cash flows £	At 31 Mar 2011 £
Net cash			
Overdrafts	(792,156)	(24,225)	(816,381)
Debt			
Debt due within 1 year	(18,706)	(30,955)	(49,661)
Debt due after 1 year	(1,878,000)	60,000	(1,818,000)
	(1,896,706)	29,045	(1,867,661)
Net debt	<u>(2,688,862)</u>	<u>4,820</u>	<u>(2,684,042)</u>

The notes on pages 13 to 21 form part of these abbreviated accounts.

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2011

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

#### **Turnover**

##### **Auction**

Turnover represents commissions earned, stated net of value added tax, from the sale of livestock recognised at point of sale

##### **Land Agency and Estate Agency**

Turnover represents fees receivable, stated net of value added tax, in connection with the sale, purchase and letting of land and properties, recognised on exchange of contracts.

##### **Hotels**

Turnover represents sales, exclusive of value added tax, of goods and services provided to customers during the year, after making due allowance for payments in advance, recognised when rooms are occupied and food and beverages are sold

##### **Farm**

Turnover represents income derived from farming activities recognised on an accruals basis

#### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life

#### **Amortisation**

Amortisation 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

Goodwill - 20 years straight line

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **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 Property - no depreciation charged  
Plant, Machinery, Fixtures & Fittings - 15% Reducing balance  
Motor Vehicles, Tractors & Trailers - 25% Reducing balance

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES *(continued)*

No depreciation is provided on freehold land

In the Directors' opinion the buildings belonging to the company are not depreciating as it is the Board's policy to repair properties on an ongoing basis, hence to charge depreciation in addition to property repairs would be an overly cautious approach. This practice is not in accordance with the requirements of Financial Reporting Standard 15 "Tangible Fixed Assets" which states specific criteria for the depreciation of such assets

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is valued using first-in-first-out method based on purchase price. Net realisable value is based on estimated selling price less further selling costs expected to be incurred.

#### **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**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Current asset investments**

Certain current asset investments are recorded at fair value. This value is determined by the directors and is based on the last traded price available. Changes in fair values are recognised in the profit and loss account in the period in which they arise.



**HOPE'S AUCTION COMPANY LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2011**

**2. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of intangible assets	8,600	8,600
Depreciation of owned fixed assets	66,867	64,493
Loss on disposal of fixed assets	-	706
Profit on disposal of fixed assets	(50,000)	-
Auditor's remuneration		
- as auditor	<u>10,500</u>	<u>10,500</u>

**3. PARTICULARS OF EMPLOYEES**

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

	2011 No	2010 No
Number of Auction staff	16	16
Number of Hotel staff	60	59
Number of Administrative staff	8	8
Number of Directors	3	3
Number of Estate and Land Agency staff	11	10
	<u>98</u>	<u>96</u>

The aggregate payroll costs of the above were.

	2011 £	2010 £
Wages and salaries	1,141,731	1,085,600
Social security costs	80,380	79,348
Other pension costs	27,940	26,836
	<u>1,250,051</u>	<u>1,191,784</u>

**4. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	112,434	103,491
Value of company pension contributions to money purchase schemes	5,213	4,702
	<u>117,647</u>	<u>108,193</u>

**HOPE'S AUCTION COMPANY LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
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**4. DIRECTORS' REMUNERATION** *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2011 No	2010 No
Money purchase schemes	<u>1</u>	<u>1</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011 £	2010 £
Other similar income receivable	14	18
Gains on investments at fair value	-	19,347
	<u>14</u>	<u>19,365</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Interest payable on bank borrowing	<u>46,586</u>	<u>44,070</u>

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2011		2010	
	£	£	£	£
Current tax				
Corporation tax		-		-
Over provision in prior year		-		(3,241)
Total current tax		-		(3,241)
Deferred tax				
Origination and reversal of timing differences (note 17)				
Capital allowances	1,568		9,842	
Losses	<u>22,983</u>		<u>15,827</u>	
Total deferred tax (note 17)		<u>24,551</u>		25,669
Tax on profit on ordinary activities		<u>24,551</u>		<u>22,428</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31 MARCH 2011

#### 7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

##### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>118,947</u>	<u>152,445</u>
Profit on ordinary activities by rate of tax	24,979	32,013
Excess capital allowances over depreciation	(7,542)	(10,538)
Disallowed items for tax purposes	1,601	(3,017)
Under/(over) provision re previous years	-	(3,241)
Utilisation of tax losses	<u>(19,038)</u>	<u>(18,458)</u>
Total current tax (note 7(a))	<u>-</u>	<u>(3,241)</u>

#### 8. DIVIDENDS

##### Equity dividends

	2011 £	2010 £
Paid		
Equity dividends on ordinary shares	33,150	25,500
Equity dividends on preference shares	280	280
	<u>33,430</u>	<u>25,780</u>
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	33,150	33,150
Equity dividends on preference shares	280	280
	<u>33,430</u>	<u>33,430</u>

**HOPE'S AUCTION COMPANY LIMITED**  
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**9. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 April 2010 and 31 March 2011	<u>172,000</u>
<b>AMORTISATION</b>	
At 1 April 2010	23,000
Charge for the year	<u>8,600</u>
At 31 March 2011	<u>31,600</u>
<b>NET BOOK VALUE</b>	
At 31 March 2011	<u>140,400</u>
At 31 March 2010	<u>149,000</u>

The goodwill relates to the purchase of the trade and assets of the Golf Hotel, Silloth, the Greenhill Hotel, Wigton, and Thompson, Roddick and Laurie Estate Agents, Silloth and is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the company will derive direct economic benefit from the products acquired as part of that business.

**10. TANGIBLE FIXED ASSETS**

	Freehold land and buildings  £	Plant, machinery, fixtures & fittings  £	Motor vehicles, tractors & trailers  £	Total  £
<b>COST</b>				
At 1 April 2010	3,280,819	691,265	92,419	4,064,503
Additions	<u>54,483</u>	<u>52,171</u>	<u>12,640</u>	<u>119,294</u>
At 31 March 2011	<u>3,335,302</u>	<u>743,436</u>	<u>105,059</u>	<u>4,183,797</u>
<b>DEPRECIATION</b>				
At 1 April 2010	88,738	317,559	53,567	459,864
Charge for the year	<u>–</u>	<u>56,092</u>	<u>10,775</u>	<u>66,867</u>
At 31 March 2011	<u>88,738</u>	<u>373,651</u>	<u>64,342</u>	<u>526,731</u>
<b>NET BOOK VALUE</b>				
At 31 March 2011	<u>3,246,564</u>	<u>369,785</u>	<u>40,717</u>	<u>3,657,066</u>
At 31 March 2010	<u>3,192,081</u>	<u>373,706</u>	<u>38,852</u>	<u>3,604,639</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2011

### 11. STOCKS

	2011	2010
	£	£
Stock	<u>53,843</u>	<u>46,314</u>

### 12. DEBTORS

	2011	2010
	£	£
Trade debtors	1,415,177	1,320,722
Other debtors	45,571	41,855
Prepayments and accrued income	<u>149,380</u>	<u>111,614</u>
	<u>1,610,128</u>	<u>1,474,191</u>

### 13. INVESTMENTS

	2011	2010
	£	£
Other investments	<u>31,492</u>	<u>31,478</u>

The investments are all unquoted

Included in the above figure is £31,000 (2010 - £31,000) in respect of investments recorded at fair value. During the year £nil (2010 - £19,347) has been recognised in the profit and loss account in respect of this fair value adjustment.

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

	2011	2010
	£	£
Overdrafts	816,381	792,156
Trade creditors	563,495	464,988
PAYE and social security	8,854	23,796
VAT	91,875	60,060
Other creditors	49,661	18,706
Accruals and deferred income	<u>810,029</u>	<u>818,799</u>
	<u>2,340,295</u>	<u>2,178,505</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Overdrafts	<u>816,381</u>	<u>792,156</u>

### 15. CREDITORS: Amounts falling due after more than one year

	2011	2010
	£	£
Bank loans and overdrafts	<u>1,818,000</u>	<u>1,878,000</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31 MARCH 2011

#### 15. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011 £	2010 £
Bank loans and overdrafts	<u>1,818,000</u>	<u>1,878,000</u>

#### 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 £27,940 (2010 - £26,856)

Other debtors includes accrued pension contributions at the balance sheet date of £12,953 (2010 - £11,702)

#### 17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	16,409	(9,260)
Profit and loss account movement arising during the year	<u>24,551</u>	<u>25,669</u>
Provision carried forward	<u>40,960</u>	<u>16,409</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	49,530	47,962
Tax losses available	<u>(8,570)</u>	<u>(31,553)</u>
	<u>40,960</u>	<u>16,409</u>

**HOPE'S AUCTION COMPANY LIMITED**  
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**18. SHARE CAPITAL**

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
255,000 Ordinary shares of £1 each	255,000	255,000	255,000	255,000
120,000 3 5% Cum Preference shares of £0 067 each	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. PROFIT AND LOSS ACCOUNT**

	2011	2010
	£	£
Balance brought forward	969,708	865,471
Profit for the financial year	94,396	130,017
Equity dividends	(33,430)	(25,780)
Balance carried forward	<u>1,030,674</u>	<u>969,708</u>

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011	2010
	£	£
Profit for the financial year	94,396	130,017
Equity dividends	(33,430)	(25,780)
Net addition to shareholders' funds	60,966	104,237
Opening shareholders' funds	1,232,708	1,128,471
Closing shareholders' funds	<u>1,293,674</u>	<u>1,232,708</u>