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Hope's Auction Company Limited

Financial Statements

for the year ended 31st March 1996



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 ninety ninth Annual General Meeting of HOPE'S AUCTION COMPANY LIMITED will be held in the Company's offices, HIGH STREET, WIGTON on Monday 24th June, 1996 at 11.00 a.m. for the following purposes:-

1. Apologies for absence.
2. Minutes of meeting held on 26th June, 1995.
3. To receive the Directors' report and statement of accounts for the year ended 31st March 1996 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 16th June, 1996 to 24th June, 1996 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 1996.

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 £52,669. The directors recommend the payment of a final dividend of 3.5% on the preference shares and a dividend of 12p per share on the ordinary shares, which leaves £21,789 to be retained.

Although the final result is satisfactory the last few weeks trading, due to the BSE scare, has had a detrimental effect on the final figure. Hopefully this problem should be resolved and we look forward to normal trading.

Review of activities

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

Directors

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

	£1 Ordinary Shares		6.7p 3.5% Cumulative Preference shares	
	1996	1995	1996	1995
J. Dixon (Chairman)	5,204	4,634	8,744	8,707
R. D. Tinniswood	4,418	3,848	7,689	7,652
J. T. Wilson, C.A.	5,616	5,046	10,679	10,641
J. J. Dixon	2,545	1,975	3,015	2,978
S. Robertson	7,610	7,035	10,839	10,801
D. A. Harrison	4,625	4,050	787	750
I. J. Heslop	2,570	2,000	38	-

Mr. J. Dixon retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Mr. R. D. Tinniswood and Mr. J. T. Wilson retire by rotation and, being eligible, offer themselves for re-election.

Mr. D. A. Harrison had a beneficial interest in a contract for building work amounting to £6,635 and of other purchases amounting to £3,630. 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 £345.

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.



High Street,
Wigton,
Cumbria.
13th May, 1996

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

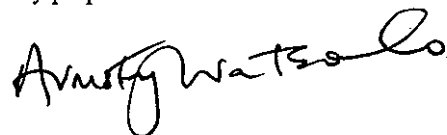
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CARLISLE
13th May 1996



ARMSTRONG WATSON & CO.,
Chartered Accountants & Registered Auditor

Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH 1996

	Notes	1996 £	1995 £
COMMISSIONS	2	544,695	414,301
Net operating expenses	3	(407,174)	(384,728)
Exceptional items	9	(37,030)	(-)
OPERATING PROFIT		100,491	29,573
Income from investments	6	16	8,107
Interest receivable	7	1,456	4,313
Interest payable	8	(28,311)	(5,343)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	73,652	36,650
Taxation on profit on ordinary activities	10	(20,983)	(4,436)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		52,669	32,214
Dividend - Equity and non-equity	11	(30,880)	(25,780)
RETAINED PROFIT FOR YEAR	18	£21,789	£6,434

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 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	12	312,590	318,824
CURRENT ASSETS			
Debtors	13	1,419,416	1,149,838
Investments	14	234	213
		<u>1,419,650</u>	<u>1,150,051</u>
CREDITORS (Amounts falling due within one year) ..	15	<u>(858,500)</u>	<u>(616,924)</u>
NET CURRENT ASSETS		<u>561,150</u>	<u>533,127</u>
		<u>£873,740</u>	<u>£851,951</u>
CAPITAL AND RESERVES			
Share capital	17	263,000	263,000
Capital reserve	18	68,953	68,953
Profit and loss account	18	541,787	519,998
		<u>£873,740</u>	<u>£851,951</u>
SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)		<u>£873,740</u>	<u>£851,951</u>

Approved by the board on 13th May, 1996 and signed on its behalf by

J. DIXON

R. D. TINNISWOOD

Directors

John Dixon
Richard Tinniswood

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

Notes to the Accounts

THE YEAR ENDED 31st MARCH 1996

COUNTING POLICIES

accounts have been prepared in accordance with applicable accounting standards.

Accounting convention

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 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.

Government 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.

Provisions

Provisions are shown after deducting a reserve for bad and doubtful debts of £100,000 and a specific provision of £7,596.

Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

REVENUE

Revenue represents commissions earned, stated net of value added tax, from the sale of livestock and property. Revenue is derived wholly in the U.K.

OPERATING EXPENSES

	1996	1995
	£	£
Administrative expenses	480,639	452,560
Other operating income	(73,465)	(67,832)
	<u>£407,174</u>	<u>£384,728</u>

OTHER OPERATING INCOME

	1996	1995
	£	£
Interest on overdue accounts	19,350	16,359
Insurance premiums - cattle and pigs	1,932	1,613
Profit on farm trading	39,063	33,601
Wash receipts	625	700
Accounts receivable	12,495	15,559
	<u>£73,465</u>	<u>£67,832</u>

STAFF COSTS								1996	1995
								£	£
Wages and salaries	..	..	..	..	..	..	..	230,184	198,316
Social security costs	..	..	..	..	..	..	..	20,695	21,570
Other pension costs	..	..	..	..	..	..	..	20,811	13,365
								<u>£271,690</u>	<u>£233,251</u>

The average weekly number of employees during the year was 11 full time and 22 part time (1995 11 and 19).

Directors' remuneration								1996	1995
								£	£
Fees	..	..	..	..	..	..	..	9,550	9,008
Emoluments (including pension contributions)	..	..	..	..	..	..	..	54,331	34,152
								<u>£63,881</u>	<u>£43,160</u>
Benefits in kind	..	..	..	..	..	..	..	£16,829	£8,162

Directors' emoluments, excluding pension contributions, are as follows:

								1996	1995
								£	£
Emoluments of the Chairman	..	..	..	..	..	..	..	£3,550	£3,550
Emoluments of the Highest paid Director	..	..	..	..	..	..	..	£34,360	£32,117

Number of other directors whose emoluments were within the following ranges

								No.	No.
£0 - £5,000	..	..	..	..	..	..	..	4	5
£5,001 - £10,000	..	..	..	..	..	..	..	-	1
£30,001 - £35,000	..	..	..	..	..	..	..	1	-

INCOME FROM CURRENT ASSET INVESTMENTS								1996	1995
								£	£
Interest	..	..	..	..	..	..	..	£16	£8,107

INTEREST RECEIVABLE		1996	1995
		£	£
Bank deposits	.. .. .	5	2,079
Bank account	.. .. .	1,451	2,234
		<u>£1,456</u>	<u>£4,313</u>

INTEREST PAYABLE		1996	1995
		£	£
Interest payable on bank and other loans - wholly repayable within 5 years		<u>£28,311</u>	<u>£5,343</u>

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1996	1995
Adjusted after charging the following amounts:-		£	£
Directors' remuneration	.. .. .	6,725	6,975
Depreciation on owned assets	.. .. .	23,547	16,430
Profit on disposal of assets	.. .. .	(463)	(5,367)
Write off of loan and investment in North West Lean Limited	..	-	5,560
Exceptional item	.. .. .	37,030	-
		<u>£103,332</u>	<u>£103,332</u>

The exceptional item consists of a specific bad debt provision amounting to £103,332 less an amount of £66,302 in respect of liabilities which no longer need to be recognised.

TAXATION ON PROFIT ON ORDINARY ACTIVITIES		1996	1995
Taxation based on the profit for the year:-		£	£
Corporation Tax at an effective rate of 25% (1995 - 25%)	..	21,083	5,412
Provision in respect of previous years	.. .. .	(100)	(976)
		<u>£20,983</u>	<u>£4,436</u>

DIVIDEND		1996	1995
		£	£
Proposed			
10% Cumulative preference shares	.. .. .	280	280
Ordinary shares 12p (1995 - 10p) per share	.. .. .	30,600	25,500
		<u>£30,880</u>	<u>£25,780</u>

TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant machinery, fixtures & fittings £	Motor vehicles tractors & trailers £	Total £
Cost				
At 01/04/95	290,490	108,722	74,089	473,301
Additions	1,542	2,008	23,000	26,550
Disposals	(-)	(-)	(16,990)	(16,990)
At 31/03/96	292,032	110,730	80,099	482,861
Depreciation				
At 01/04/95	54,978	78,176	21,323	154,477
Charge for year	2,848	4,755	15,944	23,547
On disposals	(-)	(-)	(7,753)	(7,753)
At 31/03/96	57,826	82,931	29,514	170,271
Net book value				
At 31st March 1996	£234,206	£27,799	£50,585	£312,590
At 31st March 1995	£235,512	£30,546	£52,766	£318,824

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

DEBTORS

	1996 £	1995 £
Trade debtors	1,375,336	1,099,645
Other debtors	25,310	28,868
Prepayments	10,996	10,087
ACT recoverable	7,774	8,559
Corporation tax repayable	-	2,679
	<u>£1,419,416</u>	<u>£1,149,838</u>

Other debtors includes £13,000 which falls due for repayment after more than one year and is secured on the freehold property of the borrower.

CURRENT ASSET INVESTMENTS

	1996 £	1995 £
Unquoted investments	£234	£213
	<u>£234</u>	<u>£213</u>

EDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	1996	1995
	£	£
Bank overdraft	736,056	460,409
Trade creditors	6,216	44,216
Other creditors	273	616
Corporation tax	14,639	996
Dividend payable	7,720	6,445
Employer taxation & social security costs	25,928	22,232
Provision for doubtful debts	36,788	56,230
Proposed dividend	30,880	25,780
	<u>£858,500</u>	<u>£616,924</u>

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

PROVISIONS FOR LIABILITIES AND CHARGES**Deferred taxation**

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

	1996	1995
	£	£
Accelerated capital allowances	16,315	16,394
Short-term timing differences	(25,198)	(25,516)
	<u>£(8,883)</u>	<u>£(9,122)</u>

At the year end there is a deferred tax asset of £8,883 (1995 Deferred tax asset £9,122).

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

SHARE CAPITAL

	Authorised		Allotted, Issued and Fully Paid	
	1996	1995	1996	1995
	£	£	£	£
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>

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.

RESERVES

	Capital Reserve Account £	Profit & Loss Account £	Reserve Total £
At 1st April 1995	68,953	519,998	588,951
Retained profit for year	-	21,789	21,789
At 31st March 1996	<u>£68,953</u>	<u>£541,787</u>	<u>£610,740</u>

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Total Shareholders' Funds	
	1996	1995
	£	£
At 1st April 1995	851,951	845,517
Profit for the Year	52,669	32,214
Dividends	(30,880)	(25,780)
At 31st March 1996	<u>£873,740</u>	<u>£851,951</u>
The total shareholders' fund comprises:	1996	1995
	£	£
Non-equity interest - attributable to preference shareholders ..	8,000	8,000
Equity interests	865,740	843,951
	<u>£873,740</u>	<u>£851,951</u>

PENSION COSTS

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 £20,811 (1995 £13,365).