

Company Registration Number 52362

Hope's Auction Company Limited

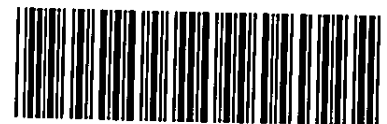
Financial Statements

31 March 2010

**THE REGISTRAR
OF COMPANIES**

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

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HOPE'S AUCTION COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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HOPE'S AUCTION COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr J Dixon
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

NOTICE OF MEETING


Notice is hereby given that the Annual General Meeting of the company will be held at 11am on Monday 26 July 2010 at the registered office for the following purposes

- 1 To receive and adopt the directors' report and financial statements for the year ended 31 March 2010
- 2 To re-appoint Armstrong Watson as auditor and to authorise the directors to fix their remuneration
- 3 Declaration of dividends
- 4 To re-appoint retiring Directors

Registered office

93 High Street
Wigton
Cumbria
CA7 9PG

By order of the board



Mr I M Graham M A A T
Company secretary

29th June 2010

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
- b A form of proxy is enclosed with this notice for your use in respect of the business set out above To be effective, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or an office copy of such power of authority) must be lodged at the company's registered office at least forty-eight hours before the time appointed for the meeting

HOPE'S AUCTION COMPANY LIMITED

CHAIRMAN'S STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2010

Once again I am pleased to report that overall the company has produced a satisfactory trading year

Auction Mart

Last year proved to be an excellent year for livestock prices with farmers achieving more realistic returns for their work and investment. The auction system continues to face strong competition from the deadweight markets and this is something that should be of concern to farmer producers. Stock prices are heavily dependent on the auction system as deadweight prices follow auction prices. We must remember that when auction marts were closed down in 2001 through foot and mouth, deadweight prices slumped overnight and did not recover until the auctions reopened, it is therefore very important that farmers should support the auction system.

Estate Department

This department has recovered strongly from last year and is now in a break-even position. We are now quite clearly the market leader in our area and properties are finding buyers at a slow but steady rate.

Land Agency

Agricultural land prices continue to be very buoyant and this department has had a very successful year due to an increased number of farm properties sold at very satisfactory prices. The department's professional services have also been in demand during the year showing an increase of some 20%.

Furniture

Steady progress has been made and the department has increased both the number and quality of sales.

Hotels

Greenhill has produced sparkling profit figures for the year and your directors are very pleased with these.

Golf Hotel

Although producing a loss for the year a very experienced manager was appointed at the end of April 2010 and already there are strong signs that he is going to make a significant improvement.

Tesco

Once again I have to report frustration at the amount of time the planning process takes. The original planning meeting was due to take place on 18th November 2009 but was cancelled due to the West Cumbrian floods. The meeting was delayed for four months until 23rd March 2010 when planning permission was obtained for the Tesco store. However, there are subsequent section 106 agreements to be agreed and signed with the result that our sale to Tesco has not yet been completed.

Planning permission for the new auction mart site was obtained at an earlier date but work on this site cannot commence until the sale to Tesco is complete. Plans for the new auction are well advanced.

Conclusion

We are showing a profit before tax of £152,445 compared with £44,006 in 2009 and your directors are showing their confidence by proposing to increase the dividend to shareholders by 30% to 13p per ordinary share.

We look forward to the next two years with confidence and excitement as hopefully our plans come to fruition.

Once again I would personally like to thank all the staff, managers and directors who have worked very hard during the year.

Alan Harrison - Chairman

HOPE'S AUCTION COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2010

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 3 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, the possibility of an outbreak of a notifiable animal disease is 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 2010 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 taken steps to rectify this. The overall picture for the year shows an increase in turnover of 7.7% resulting in an operating profit up by a very pleasing 18%

Average share price during the period was £10.70

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £130,017. Particulars of dividends paid are detailed in note 9 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 2010

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 2010	At 1 April 2009
Mr J Dixon	Ordinary	5,204	5,204
	3 5% Cum Preference	11,841	11,841
Mr J J Dixon	Ordinary	4,195	3,895
	3 5% Cum Preference	6,111	6,111
Mr D A Harrison	Ordinary	6,899	6,899
	3 5% Cum Preference	3,882	3,882
Mr I J Heslop	Ordinary	200	200
	3 5% Cum Preference	1,376	1,376
Mr S Robertson	Ordinary	7,910	7,910
	3 5% Cum Preference	13,935	13,935
Mr J T Wilson	Ordinary	716	716
	3 5% Cum Preference	13,775	13,775
Mr B Walton	Ordinary	2,969	2,869
	3 5% Cum Preference	1,376	1,376
Mr R E Jackson	Ordinary	1,376	900
	3 5% Cum Preference	1,376	1,376
Mr T Brockbank	Ordinary	1,674	1,374
	3 5% Cum Preference	782	187

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 R E Jackson retires by rotation and, being eligible, offers himself 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

FIXED ASSETS

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

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

HOPE'S AUCTION COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2010

DIRECTORS' RESPONSIBILITIES *(continued)*

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



MR I M GRAHAM M A A T
Company Secretary

Approved by the directors on 29th June 2010

HOPE'S AUCTION COMPANY LIMITED

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

YEAR ENDED 31 MARCH 2010

We have audited the financial statements of Hope's Auction Company Limited for the year ended 31 March 2010 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 6, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

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 2010, 2009 and 2008 should be £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 £58,216 and the profit for the year and accumulated reserves should be reduced by £31,278 and £89,494 respectively.

Except for the financial effect of the matter referred to in the preceding paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 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

HOPE'S AUCTION COMPANY LIMITED

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

YEAR ENDED 31 MARCH 2010

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

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

29th June 2010

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

HOPE'S AUCTION COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
TURNOVER	2	2,583,882	2,398,652
Cost of sales		<u>471,390</u>	<u>413,936</u>
GROSS PROFIT		2,112,492	1,984,716
Administrative expenses		1,991,110	1,901,722
Other operating income		(55,768)	(66,959)
OPERATING PROFIT	3	177,150	149,953
Interest receivable and similar income	6	19,365	118
Interest payable and similar charges	7	(44,070)	(106,005)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		152,445	44,066
Tax on profit on ordinary activities	8	22,428	9,433
PROFIT FOR THE FINANCIAL YEAR		<u>130,017</u>	<u>34,633</u>

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 14 to 23 form part of these financial statements.

HOPE'S AUCTION COMPANY LIMITED

Company Registration Number 52362

BALANCE SHEET


31 MARCH 2010

	Note	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		149,000		157,600
Tangible assets	11		3,604,639		3,578,684
			<u>3,753,639</u>		<u>3,736,284</u>
CURRENT ASSETS					
Stocks	12	46,314		26,871	
Debtors	13	1,474,191		1,365,871	
Investments	14	31,478		12,113	
		<u>1,551,983</u>		<u>1,404,855</u>	
CREDITORS: Amounts falling due within one year	15	<u>2,178,505</u>		<u>2,074,668</u>	
NET CURRENT LIABILITIES			<u>(626,522)</u>		<u>(669,813)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,127,117</u>		<u>3,066,471</u>
CREDITORS: Amounts falling due after more than one year					
	16		1,878,000		1,938,000
PROVISIONS FOR LIABILITIES					
Deferred taxation	18		16,409		-
			<u>1,232,708</u>		<u>1,128,471</u>
CAPITAL AND RESERVES					
Called-up share capital	20		263,000		263,000
Profit and loss account	21		969,708		865,471
SHAREHOLDERS' FUNDS	22		<u>1,232,708</u>		<u>1,128,471</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

29th June 2010


MR D A HARRISON


MR J T WILSON

The notes on pages 14 to 23 form part of these financial statements

HOPE'S AUCTION COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Note	2010 £	£	2009 £	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES			(3,841)		(5,427)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		19,365		118	
Interest paid		<u>(44,070)</u>		<u>(106,005)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(24,705)		(105,887)
TAXATION			7,393		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(91,155)		(361,310)	
Receipts from sale of fixed assets		1		850	
Payment to acquire other current asset investments		<u>(19,365)</u>		<u>(18)</u>	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(110,519)		(360,478)
EQUITY DIVIDENDS PAID			(25,780)		(25,780)
CASH OUTFLOW BEFORE FINANCING			(157,452)		(497,572)
FINANCING					
Repayment of bank loans		(60,000)		(27,000)	
Net inflow from other short-term creditors		6,783		4,784	
Capital element of hire purchase and finance lease		-		<u>(2,641)</u>	
NET CASH OUTFLOW FROM FINANCING			(53,217)		(24,857)
DECREASE IN CASH			<u>(210,669)</u>		<u>(522,429)</u>

The notes on pages 14 to 23 form part of these financial statements

HOPE'S AUCTION COMPANY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2010

RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	177,150	149,953
Amortisation	8,600	8,600
Depreciation	64,493	48,024
Loss on disposal of fixed assets	706	574
(Increase)/decrease in stocks	(19,443)	8,414
Increase in debtors	(121,732)	(267,642)
(Decrease)/increase in creditors	(113,615)	46,650
Net cash outflow from operating activities	<u>(3,841)</u>	<u>(5,427)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £		2009 £	
Decrease in cash in the period	(210,669)		(522,429)	
Net cash outflow from bank loans	60,000		27,000	
Net (inflow) from other short-term creditors	(6,783)		(4,784)	
Cash outflow in respect of hire purchase and finance lease	—		2,641	
		<u>(157,452)</u>		<u>(497,572)</u>
Change in net debt		(157,452)		(497,572)
Net debt at 1 April 2009		<u>(2,531,410)</u>		<u>(2,033,838)</u>
Net debt at 31 March 2010		<u>(2,688,862)</u>		<u>(2,531,410)</u>

The notes on pages 14 to 23 form part of these financial statements

HOPE'S AUCTION COMPANY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2010

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2009 £	Cash flows £	At 31 Mar 2010 £
Net cash			
Overdrafts	<u>(581,487)</u>	<u>(210,669)</u>	<u>(792,156)</u>
Debt			
Debt due within 1 year	(11,923)	(6,783)	(18,706)
Debt due after 1 year	<u>(1,938,000)</u>	<u>60,000</u>	<u>(1,878,000)</u>
	<u>(1,949,923)</u>	<u>53,217</u>	<u>(1,896,706)</u>
Net debt	<u>(2,531,410)</u>	<u>(157,452)</u>	<u>(2,688,862)</u>

The notes on pages 14 to 23 form part of these financial statements

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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
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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

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

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES *(continued)*

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.

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 31 MARCH 2010

3. OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Amortisation of intangible assets	8,600	8,600
Depreciation of owned fixed assets	64,493	48,024
Loss on disposal of fixed assets	706	574
Auditor's remuneration - as auditor	<u>10,500</u>	<u>9,480</u>

4. PARTICULARS OF EMPLOYEES

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

	2010 No	2009 No
Number of Auction staff	16	15
Number of Hotel staff	59	57
Number of Administrative staff	18	18
Number of Directors	<u>3</u>	<u>3</u>
	<u>96</u>	<u>93</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	1,085,600	1,040,478
Social security costs	79,348	76,167
Other pension costs	26,836	25,921
	<u>1,191,784</u>	<u>1,142,566</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010 £	2009 £
Aggregate remuneration	103,491	98,127
Value of company pension contributions to money purchase schemes	<u>4,702</u>	<u>4,373</u>
	<u>108,193</u>	<u>102,500</u>

HOPE'S AUCTION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

5. DIRECTORS' REMUNERATION *(continued)*

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

	2010 No	2009 No
Money purchase schemes	<u>1</u>	<u>1</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Other similar income receivable	18	118
Gains on investments at fair value	<u>19,347</u>	<u>-</u>
	<u>19,365</u>	<u>118</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Interest payable on bank borrowing	<u>44,070</u>	<u>106,005</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010		2009	
	£	£	£	£
Current tax				
Corporation tax		-		-
Over provision in prior year		<u>(3,241)</u>		<u>(4,152)</u>
Total current tax		<u>(3,241)</u>		<u>(4,152)</u>
Deferred tax				
Origination and reversal of timing differences (note 18)				
Capital allowances	<u>9,842</u>		15,840	
Losses	<u>15,827</u>		<u>(2,255)</u>	
Total deferred tax (note 18)		<u>25,669</u>		<u>13,585</u>
Tax on profit on ordinary activities		<u>22,428</u>		<u>9,433</u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

8. 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% (2009 - 21%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>152,445</u>	<u>44,066</u>
Profit on ordinary activities by rate of tax	32,013	9,254
Excess capital allowances over depreciation	(10,538)	(13,833)
Disallowed items for tax purposes	(3,017)	883
Under/(over) provision re previous years	(3,241)	(4,152)
Tax losses available	(18,458)	3,696
Total current tax (note 8(a))	<u>(3,241)</u>	<u>(4,152)</u>

9. DIVIDENDS

Equity dividends

	2010 £	2009 £
Paid		
Equity dividends on ordinary shares	25,500	25,500
Equity dividends on preference shares	280	280
	<u>25,780</u>	<u>25,780</u>
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	33,150	25,500
Equity dividends on preference shares	280	280
	<u>33,430</u>	<u>25,780</u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2009 and 31 March 2010	<u>172,000</u>
AMORTISATION	
At 1 April 2009	14,400
Charge for the year	8,600
At 31 March 2010	<u>23,000</u>
NET BOOK VALUE	
At 31 March 2010	<u>149,000</u>
At 31 March 2009	<u>157,600</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.

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, machinery, fixtures & fittings £	Motor vehicles, tractors & trailers £	Total £
COST				
At 1 April 2009	3,264,309	624,079	87,001	3,975,389
Additions	16,510	67,227	7,418	91,155
Disposals	-	(41)	(2,000)	(2,041)
At 31 March 2010	<u>3,280,819</u>	<u>691,265</u>	<u>92,419</u>	<u>4,064,503</u>
DEPRECIATION				
At 1 April 2009	88,738	265,563	42,404	396,705
Charge for the year	-	51,996	12,497	64,493
On disposals	-	-	(1,334)	(1,334)
At 31 March 2010	<u>88,738</u>	<u>317,559</u>	<u>53,567</u>	<u>459,864</u>
NET BOOK VALUE				
At 31 March 2010	<u>3,192,081</u>	<u>373,706</u>	<u>38,852</u>	<u>3,604,639</u>
At 31 March 2009	<u>3,175,571</u>	<u>358,516</u>	<u>44,597</u>	<u>3,578,684</u>

HOPE'S AUCTION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

12. STOCKS

	2010 £	2009 £
Stock	<u>46,314</u>	<u>26,871</u>

13. DEBTORS

	2010 £	2009 £
Trade debtors	1,320,722	1,228,822
Corporation tax repayable	-	4,152
Other debtors	41,855	16,455
Prepayments and accrued income	111,614	107,182
Deferred taxation (note 18)	-	9,260
	<u>1,474,191</u>	<u>1,365,871</u>

14. INVESTMENTS

	2010 £	2009 £
Other investments	<u>31,478</u>	<u>12,113</u>

The investments are all unquoted

Included in the above figure is £31,000 (2009 - £11,653 cost) in respect of investments recorded at fair value. During the year £19,347 (2009 - £nil) has been recognised in the profit and loss account in respect of this fair value adjustment.

15. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Overdrafts	792,156	581,487
Trade creditors	464,988	596,241
Other taxation and social security	83,856	42,763
Other creditors	18,706	11,923
Accruals and deferred income	818,799	842,254
	<u>2,178,505</u>	<u>2,074,668</u>

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

	2010 £	2009 £
Overdrafts	<u>792,156</u>	<u>581,487</u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

16. CREDITORS: Amounts falling due after more than one year

	2010 £	2009 £
Bank loans and overdrafts	<u>1,878,000</u>	<u>1,938,000</u>

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

17. 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 £26,856 (2009 - £25,921)

Other debtors includes accrued pension contributions of £11,702 (2009 - £12,815), and other creditors includes pension contributions payable of £nil (2009 - same)

18. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2010 £	2009 £
Included in debtors (note 13)	-	(9,260)
Included in provisions	<u>16,409</u>	<u>-</u>
	<u>16,409</u>	<u>(9,260)</u>

The movement in the deferred taxation account during the year was

	2010 £	2009 £
Balance brought forward	(9,260)	(22,845)
Profit and loss account movement arising during the year	<u>25,669</u>	<u>13,585</u>
Balance carried forward	<u>16,409</u>	<u>(9,260)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	47,962	38,120
Tax losses available	<u>(31,553)</u>	<u>(47,380)</u>
	<u>16,409</u>	<u>(9,260)</u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

19. 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 4.65% (2009 - 4.84%) of total commissions earned.

D A Harrison had a beneficial interest in work done for the company for fertiliser, repairs and maintenance work and other purchases amounting in total to £13,413 (2009 - £17,906). As at the balance sheet date £539 (2009 - £2,046) remained outstanding in respect of these transactions.

The following dividends are payable to the directors of the company for the accounting period: Mr D A Harrison £699 (2009 - £699), Mr J Wilson £104 (2009 - £104), Mr T Brockbank £169 (2009 - £149), Mr J J Dixon £434 (2009 - £404), Mr J Dixon £548 (2009 - £548), Mr B Walton £300 (2009 - £290), Mr J Heslop £23 (2009 - £23), Mr R E Jackson £141 (2009 - £93) and Mr S Robertson £824 (2009 - £824).

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

20. SHARE CAPITAL

Authorised share capital:

	2010	2009
	£	£
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:

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	255,000	255,000	255,000	255,000
3.5% Cum Preference shares of £0.067 each	<u>120,000</u>	<u>8,000</u>	<u>120,000</u>	<u>8,000</u>
	<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.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

21. PROFIT AND LOSS ACCOUNT

	2010	2009
	£	£
Balance brought forward	865,471	856,618
Profit for the financial year	130,017	34,633
Equity dividends	<u>(25,780)</u>	<u>(25,780)</u>
Balance carried forward	<u>969,708</u>	<u>865,471</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit for the financial year	130,017	34,633
Equity dividends	<u>(25,780)</u>	<u>(25,780)</u>
Net addition to shareholders' funds	104,237	8,853
Opening shareholders' funds	<u>1,128,471</u>	<u>1,119,618</u>
Closing shareholders' funds	<u>1,232,708</u>	<u>1,128,471</u>