

Company Registration Number 21088

**The Lancaster Farmers' Auction Mart
Company Limited**

Financial Statements

31st December 2005



THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Officers and Professional Advisers

The Board of Directors

J R Collinge Esq
S Cornthwaite Esq
J E Drinkall Esq
J A Geldard Esq
Dr M M Lee

Company Secretary

Mrs K L Black ACIS

Registered Office

The Auction Mart
Appleby Road
Kendal
Cumbria
LA9 6ES

Auditor

CLB Coopers
Chartered Accountants
& Registered Auditors
Fleet House
New Road
Lancaster
LA1 1EZ

Bankers

Barclays Bank Plc
9 Highgate
Kendal
Cumbria
LA9 4DA

Solicitors

Oglethorpe, Sturton & Gillibrand
16 Castle Park
Lancaster
Lancashire
LA1 1YG

Brabner Chaffe Street
Brook House
70 Spring Gardens
Manchester
M2 2BQ

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

The Directors' Report

Year ended 31st December 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2005.

Principal activities and business review

The principal activity of the company was that of livestock and general auctioneers, valuers and land and estate agents. The company became dormant on 15th April 2005 when it became a wholly owned subsidiary of L&K Group plc following their acquisition of all of the issued share capital of the company. The livestock and general auctioneering and valuation trade was transferred to North West Auctions Limited and the land and estate agency trade was transferred to M B Hodgson and Son Limited, both companies are wholly owned subsidiaries of L&K Group plc. The company does not intend to trade in the foreseeable future

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

J R Collinge Esq	
S Cornthwaite Esq	
J E Drinkall Esq	
J A Geldard Esq	
Dr M M Lee	
G M Preece Esq	(Retired 13th April 2005)
T M Pye Esq	(Retired 13th April 2005)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

The Directors' Report *(continued)*

Year ended 31st December 2005

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to re-appoint CLB Coopers as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
The Auction Mart
Appleby Road
Kendal
Cumbria
LA9 6ES

Signed by order of the directors



Mrs K L Black ACIS
Company Secretary

Approved by the directors on 22nd May 2006

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Independent Auditor's Report to the Shareholders

Year ended 31st December 2005

We have audited the financial statements of The Lancaster Farmers' Auction Mart Company Limited for the year ended 31st December 2005 on pages 6 to 12 which have been prepared on the basis of the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED


Independent Auditor's Report to the Shareholders

Year ended 31st December 2005

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



CLB COOPERS
Chartered Accountants
& Registered Auditors

Fleet House
New Road
Lancaster
LA1 1EZ

22nd May 2006

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Profit and Loss Account

Year ended 31st December 2005

	Note	2005 £	2004 £
Turnover			
Discontinued operations		149,092	614,017
Gross profit		<u>149,092</u>	<u>614,017</u>
Net operating expenses	3	<u>180,637</u>	<u>589,126</u>
Operating (loss)/profit:	4		
Discontinued operations		(31,545)	24,891
Interest receivable and similar income		545	4,203
Interest payable and similar charges	7	(562)	(6,331)
(Loss)/profit on ordinary activities before taxation		<u>(31,562)</u>	<u>22,763</u>
Tax on (loss)/profit on ordinary activities		—	—
(Loss)/profit for the financial year		<u>(31,562)</u>	<u>22,763</u>

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

The notes on pages 8 to 12 form part of these financial statements.

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Balance Sheet

31st December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	—	791,581
Current assets			
Debtors	9	1,090,078	573,531
Cash at bank		—	47,242
		<u>1,090,078</u>	<u>620,773</u>
Creditors: Amounts falling due within one year	10	<u>2,000</u>	<u>292,714</u>
Net current assets		<u>1,088,078</u>	<u>328,059</u>
Total assets less current liabilities		<u>1,088,078</u>	<u>1,119,640</u>
Capital and reserves			
Called-up equity share capital	12	250,000	250,000
Revaluation reserve	13	—	535,256
Profit and loss account	14	838,078	334,384
Shareholders' funds	15	<u>1,088,078</u>	<u>1,119,640</u>

These financial statements were approved by the directors on the 22nd May 2006 and are signed on their behalf by:

J E Drinkall Esq



The notes on pages 8 to 12 form part of these financial statements.

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Notes to the Financial Statements

Year ended 31st December 2005

1. Accounting policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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	-	NIL
Plant & Machinery	-	10% - 25%

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>149,092</u>	<u>614,017</u>

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Notes to the Financial Statements

Year ended 31st December 2005

3. Analysis of net operating expenses

	Discontinued Operations £	Total £
Year ended 31st December 2005		
Administrative expenses	180,637	180,637
Net operating expenses	<u>180,637</u>	<u>180,637</u>
Year ended 31st December 2004		
Administrative expenses	589,126	589,126
Net operating expenses	<u>589,126</u>	<u>589,126</u>

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2005 £	2004 £
Depreciation of owned fixed assets	3,265	8,404
Auditor's remuneration - as auditor	<u>2,000</u>	<u>5,895</u>

5. Particulars of employees

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

	2005 No	2004 No
Number of production staff	<u>22</u>	<u>22</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	89,952	266,166
Social security costs	6,352	19,436
Other pension costs	806	500
	<u>97,110</u>	<u>286,102</u>

6. Directors' emoluments

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

	2005 £	2004 £
Emoluments receivable	<u>7,000</u>	<u>8,000</u>

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Notes to the Financial Statements

Year ended 31st December 2005

7. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	<u>562</u>	<u>6,331</u>

8. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Total £
Cost			
At 1st January 2005	889,649	318,563	1,208,212
Transfers	<u>(889,649)</u>	<u>(318,563)</u>	<u>(1,208,212)</u>
At 31st December 2005	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1st January 2005	129,127	287,504	416,631
Charge for the year	-	3,265	3,265
Transfers	<u>(129,127)</u>	<u>(290,769)</u>	<u>(419,896)</u>
At 31st December 2005	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31st December 2005	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2004	<u>760,522</u>	<u>31,059</u>	<u>791,581</u>

9. Debtors

	2005 £	2004 £
Trade debtors	-	548,284
Amounts owed by group undertakings	<u>1,090,078</u>	-
Other debtors	-	25,247
	<u>1,090,078</u>	<u>573,531</u>

10. Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	-	192,739
Trade creditors	-	45,945
VAT	-	29,606
Other creditors	-	24,424
Accruals and deferred income	<u>2,000</u>	-
	<u>2,000</u>	<u>292,714</u>

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Notes to the Financial Statements

Year ended 31st December 2005

11. Related party transactions

The Company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by L&K Group plc.

During the year, the Company made sales and purchases on behalf of directors and related parties of the parent company, L & K Group plc. These transactions were carried out at arms length and on normal commercial terms.

No further material transactions with related parties were undertaken such as are required to be disclosed under FRS 8.

12. Share capital

Authorised share capital:

	2005 £	2004 £
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

13. Revaluation reserve

	2005 £	2004 £
Balance brought forward	535,256	535,256
Transfer to the Profit and Loss Account on realisation	<u>(535,256)</u>	<u>—</u>
Balance carried forward	<u>—</u>	<u>535,256</u>

14. Profit and loss account

	2005 £	2004 £
Balance brought forward	334,384	311,621
(Loss)/profit for the financial year	(31,562)	22,763
Transfer from revaluation reserve	<u>535,256</u>	<u>—</u>
Balance carried forward	<u>838,078</u>	<u>334,384</u>

THE LANCASTER FARMERS' AUCTION MART COMPANY LIMITED

Notes to the Financial Statements

Year ended 31st December 2005

15. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss)/Profit for the financial year	(31,562)	22,763
Opening shareholders' funds	<u>1,119,640</u>	<u>1,096,877</u>
Closing shareholders' funds	<u>1,088,078</u>	<u>1,119,640</u>

16. Ultimate parent company

The company is a wholly owned subsidiary of L&K Group plc, formerly The Kendal and District Auction Mart Plc, a company incorporated in the United Kingdom.