

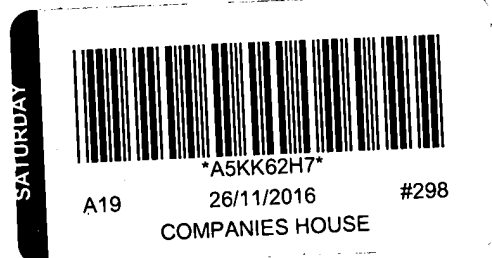
HOPE'S AUCTION COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2016

ArmstrongWatson®

Accountants, Business & Financial Advisers



HOPE'S AUCTION COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr J J Dixon Mr J T Wilson (resigned 9 November 2015) Mr B Walton Mr R E Jackson Mr T Brockbank Mr K Jarman Mr J Hope Mr I Ritchie (appointed 20 May 2015) Mr S Robertson (resigned 10 April 2015) Mr J B Peile (appointed 1 September 2016) Mr S D Allen (appointed 1 September 2016)
Company secretary	Mrs B C Whitfield
Registered number	00052362
Registered office	Hope's Auction House Syke Road Wigton Cumbria CA7 9NS
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants and 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

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HOPE'S AUCTION COMPANY LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

The chairman presents his statement for the period

It is with great pride that I present my first report to the Shareholders, as Chairman of the Company which my Great Grandfather founded all those years ago in 1897.

Great changes have evolved in agriculture since those early days as have changes in your business and no more so than in recent years. The major capital commitment of building the new auction mart has resulted in a strained position regarding the debt your Company has to carry. Each of your Directors are acutely aware that debt reduction is of paramount importance. I can now report the following position with regard to reducing the debt and I wish to bring the shareholders up to date. Whilst realising that some of these are post balance sheet events I feel it is important information:

- | | |
|--|--|
| 1. STATION HILL (14 acres for housing) | – In the final legal stages of completion |
| 2. BOWLING CLUB (6 acres for housing) | – Subject to a Village Green Appeal |
| 3. LONGTHWAITE | – Sold |
| 4. GOLF HOTEL | – Sold (post year end) |
| 5. BRIDGE HOUSE | – Sold (post year end) |
| 6. OLD SITE | – John Raven of Edwin Thompson continues his best efforts to achieve the optimum value for the site. |

As I have already mentioned we are well aware that the debt burden must be reduced and with this in mind your Directors are unable to recommend a dividend payment to Shareholders.

Rest assured we continue to explore all options open to us and I will maintain my predecessor's strenuous efforts to that end and whilst being impatient to see results I realise that the planning system is a somewhat difficult obstacle to overcome.

Agricultural returns suffered last year and economic factors in the red meat sector caused some meat companies trading difficulties. One of the biggest risks to the auction system is bad debt. Your Company suffered a major loss when Riley Bros went into receivership. This was despite strong assurances that their Company was sound.

At the end of the financial year a sale was secured on the Golf Hotel and whilst the proceeds of the sale will be shown in next year's accounts the Sale has eliminated an underperforming section of the business and is a welcome result.

We were delighted in June 2015 to welcome HRH Sophie Countess of Wessex and she inspired us all with her warmth and charm. This was a special day for the Company and the local community. The Countess took up the gavel and sold the Champion pen of lambs. This was a first for Her Royal Highness and it was obvious to all that she really enjoyed her visit and we wish her well.

Grateful thanks are extended to our farmers and clients in general who have shown great loyalty in these challenging times, their contribution to the increasing vibrancy of the auction cannot be under estimated. The auction is thriving and with the alteration to the sales pattern on Thursdays has proved to be extremely popular. The introduction of these extra Thursday sales now include dairy, calves and stirks together with store sheep. It is pleasing to see the numbers of store sheep going from strength to strength and is a great credit to the efforts of David Porter.

During the year Jim Wilson resigned as a Director of the Company. We are grateful to him for his long service and dedication to the Company and we wish him well.

HOPE'S AUCTION COMPANY LIMITED

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

Bruce Walton resigned as your Chairman in January 2016 due to ill health. The Board wish to thank Bruce for his contribution as Chairman in what was a very challenging time. We are pleased he has regained his good health and we welcome him back to the Board.

Finally I would like to sincerely thank our loyal staff and everyone who has worked hard for the Company during the year.

Name Jonathan Hope
Chairman

Date

Jonathan Hope
10-11-16

HOPE'S AUCTION COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The directors present their strategic report for the year ended 31 March 2016.

Business review

A detailed review of the business can be found in the Chairman's statement on page 1 of these financial statements.

Principal risks and uncertainties

Management continually monitor the key risks facing the company together with assessing the controls used for managing risks. The directors agree policies for managing the risks arising from the company's financial instruments. These are as follows:

Economic downturn - the company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties.

Competitor pressure - the market in which the company operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing quality services and maintaining strong relationships with its key customers.

Loss of key personnel - this would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Exposure to bad debts - due to the nature of the market in which the company operates, it faces significant risk in respect of its trade debtor balances. The company manages its risk through close monitoring of trading activity through the auction.

Key performance indicators

Development and financial performance during the year

As reported in the profit and loss account, turnover has seen a decrease of £104,778 to £2,379,269 and loss before taxation has decreased by £499,539. The main reason behind this is the impairment of fixed assets in the prior year totaling £1,595,890, compared with just £306,198 in the current year. This movement has been offset by a loss on disposal of fixed assets of £145,798 (2015 - profit on disposal of £256,451) and additional interest costs totalling £137,217.

Financial position at the reporting date

The balance sheet shows that net assets at the year end decreased by £1,167,224 on the 2015 position to £5,040,554.

This report was approved by the board and signed on its behalf.



Mr J Hope
Director

Date: 10.11.16.

HOPE'S AUCTION COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,167,224 (2015 - loss £1,727,872).

The directors do not recommend a dividend in respect of the year ended 31 March 2016 (2015 - nil).

Directors

The directors who served during the year and their interests in the Company's issued share capital were:

	Ordinary shares of £1 each		3.5% Cum. Preference shares of 7p each	
	31/3/16	1/4/15	31/3/16	1/4/15
Mr J J Dixon	4,295	4,195	6,816	6,816
Mr J T Wilson (resigned 9 November 2015)	1,616	716	14,478	14,478
Mr B Walton	3,529	3,529	2,079	2,079
Mr R E Jackson	3,026	3,026	2,079	2,079
Mr T Brockbank	1,874	1,874	1,487	1,487
Mr K Jarman	300	300	703	703
Mr J Hope	6,356	6,156	4,642	4,642
Mr I Ritchie (appointed 20 May 2015)	250	-	-	-
Mr S Robertson (resigned 10 April 2015)	7,910	7,910	14,638	14,638

HOPE'S AUCTION COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

Future developments

The directors are focused on building on the existing brand and have strategies to improve our businesses and increase the number of animals through the mart, thus serving our rural community.

There is an immediate priority to reduce the debt and to get the company into a much more comfortable position. The debt reduction plan is on track. The Golf Hotel and Bridge House Farm were sold post year end and the proceeds have been used to reduce our liability to Tesco by £400,000 and reduce bank borrowing.

Progress is being made to maximise the value of some of the company's other assets, that are not needed in our core activities, so that they can be marketed.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

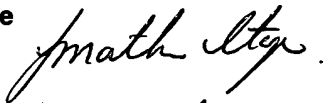
There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr J Hope
Director



Date: 10.11.16.

HOPE'S AUCTION COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE'S AUCTION COMPANY LIMITED

We have audited the financial statements of Hope's Auction Company Limited for the year ended 31 March 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity, and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the 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 Financial Reporting Council'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts.

HOPE'S AUCTION COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE'S AUCTION COMPANY LIMITED

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.



Andrew Kennon (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants and Statutory Auditors
Carlisle
Date: 10/11/16

HOPE'S AUCTION COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Turnover	5	2,379,269	2,484,047
Cost of sales		(381,099)	(356,293)
Gross profit		1,998,170	2,127,754
Administrative expenses		(2,510,495)	(2,234,712)
Exceptional administrative expenses		(572,785)	(1,856,658)
Other operating income	6	100,863	342,616
Operating loss	7	(984,247)	(1,621,000)
Interest payable and expenses	11	(408,117)	(270,902)
Loss before tax		(1,392,364)	(1,891,902)
Tax on loss	12	225,140	164,030
Loss for the year		(1,167,224)	(1,727,872)

There were no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 13 to 32 form part of these financial statements.

HOPE'S AUCTION COMPANY LIMITED
REGISTERED NUMBER: 00052362


BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	13		5,500		36,000
Tangible assets	14		13,457,382		14,650,192
Investments	15		10,000		100
			<u>13,472,882</u>		<u>14,686,292</u>
Current assets					
Stocks	16	24,533		36,509	
Debtors: amounts falling due within one year	17	1,503,181		1,637,908	
Current asset investments	18	32,589		32,589	
		<u>1,560,303</u>		<u>1,707,006</u>	
Creditors: amounts falling due within one year	19	(3,689,539)		(3,456,742)	
Net current liabilities			<u>(2,129,236)</u>		<u>(1,749,736)</u>
Total assets less current liabilities			<u>11,343,646</u>		<u>12,936,556</u>
Creditors: amounts falling due after more than one year	20		(5,040,631)		(5,241,177)
Provisions for liabilities					
Deferred tax	24	(1,262,460)		(1,487,600)	
			<u>(1,262,460)</u>		<u>(1,487,600)</u>
Net assets			<u>5,040,555</u>		<u>6,207,779</u>
Capital and reserves					
Called up share capital	25		255,000		255,000
Other reserves	26		7,848,642		8,199,213
Profit and loss account	26		(3,063,087)		(2,246,434)
			<u>5,040,555</u>		<u>6,207,779</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10/11/16



Mr J Hope
 Director



Mr B Walton
 Director

The notes on pages 13 to 32 form part of these financial statements.

HOPE'S AUCTION COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015 (as previously stated)	255,000	8,199,213	(758,834)	7,695,379
Prior year adjustment	-	-	(1,487,600)	(1,487,600)
At 1 April 2015 (as restated)	255,000	8,199,213	(2,246,434)	6,207,779
Comprehensive income for the year				
Loss for the year	-	-	(1,167,224)	(1,167,224)
Actuarial gains on pension scheme	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,167,224)	(1,167,224)
Transfer to/from profit and loss account	-	(350,571)	350,571	-
Total transactions with owners	-	(350,571)	350,571	-
At 31 March 2016	255,000	7,848,642	(3,063,087)	5,040,555

HOPE'S AUCTION COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2014 (as previously stated)	255,000	8,199,213	969,038	9,423,251
Prior year adjustment	-	-	152,243	152,243
At 1 April 2014 (as restated)	255,000	8,199,213	1,121,281	9,575,494
Comprehensive income for the year				
Loss for the year	-	-	(1,727,872)	(1,727,872)
Fair value adjustments	-	-	(1,639,843)	(1,639,843)
Other comprehensive income for the year	-	-	(1,639,843)	(1,639,843)
Total comprehensive income for the year	-	-	(3,367,715)	(3,367,715)
Total transactions with owners	-	-	-	-
At 31 March 2015	255,000	8,199,213	(2,246,434)	6,207,779

The notes on pages 13 to 32 form part of these financial statements.

HOPE'S AUCTION COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(1,167,224)	(1,727,872)
Adjustments for:		
Amortisation of intangible assets	3,000	3,000
Depreciation of tangible assets	188,090	194,817
Impairments of fixed assets	306,198	1,595,890
Loss on disposal of tangible assets	145,798	-
Interest paid	408,117	270,902
Taxation	(225,140)	(164,030)
Decrease in stocks	11,976	1,203
Decrease/(increase) in debtors	95,251	(52,819)
Decrease in amounts owed by groups	39,476	(59,476)
Increase/(decrease) in creditors	798	(201,284)
Net cash generated from operating activities	<u>(193,660)</u>	<u>(139,669)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,480)	(158,032)
Sale of tangible fixed assets	586,704	277,687
Purchase of fixed asset investments	(9,900)	(115)
HP interest paid	(19,673)	(19,722)
Net cash from investing activities	<u>550,651</u>	<u>99,818</u>
Cash flows from financing activities		
Repayment of loans	(129,546)	(200,000)
Repayment of/new finance leases	(71,000)	(51,210)
Interest paid	(388,444)	(251,180)
Net cash used in financing activities	<u>(588,990)</u>	<u>(502,390)</u>
Net (decrease) in cash and cash equivalents	<u>(231,999)</u>	<u>(542,241)</u>
Cash and cash equivalents at beginning of year	<u>(1,546,896)</u>	<u>(1,004,655)</u>
Cash and cash equivalents at the end of year	<u><u>(1,778,895)</u></u>	<u><u>(1,546,896)</u></u>
Cash and cash equivalents at the end of year comprise:		
Bank overdrafts	<u>(1,778,895)</u>	<u>(1,546,896)</u>
	<u><u>(1,778,895)</u></u>	<u><u>(1,546,896)</u></u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Statement of compliance

The individual financial statements of Hope's Auction Company Limited have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

2. General information

Hope's Auction Company Limited is a company limited by shares, incorporated in England. Its registered office is Syke Road, Wigton, Cumbria, CA7 9NS.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in sterling, which is the company's functional and presentational currency and is denoted by the symbol "£".

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

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention freehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Auction

Turnover represents commissions earned, stated net of Value Added Tax, from the sale of livestock and furniture, 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.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Accounting policies (continued)

3.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill	-	20 years straight line
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3.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant, machinery, fixtures & fittings	-	15% reducing balance / 5% straight line
Motor vehicles	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Accounting policies (continued)

3.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

3.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Accounting policies (continued)

3.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Accounting policies (continued)

3.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.14 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

3.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Accounting policies (continued)

3.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total fixed assets. The annual depreciation charge depends primarily on the estimated useful economic lives and is changed as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies based on estimated useful economic lives are included in accounting policies note 3.4.

(b) Providing for doubtful debts

The company establishes a provision for receivables that are not estimated to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individual or groups of customers. The level of provision required is reviewed on an ongoing basis and has been disclosed in note 17.

5. Turnover

In the opinion of the directors, the disclosure of any information concerning the turnover arising from classes of business that differ substantially, would be seriously prejudicial to the interests of the company therefore no such information has been disclosed.

All turnover arose within the United Kingdom.

6. Other operating income

	2016 £	2015 £
Other operating income	-	256,451
Net rents receivable	99,734	82,037
Sundry income	1,128	4,128
	<u>100,862</u>	<u>342,616</u>

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	188,090	194,816
Impairment of tangible fixed assets	(278,698)	(1,595,890)
Amortisation of intangible assets, including goodwill	3,000	3,000
Impairment of intangible assets	(27,500)	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,000	10,000
Other operating lease rentals	3,224	15,845
Defined contribution pension cost	27,028	28,508

The operating loss includes exceptional items in relation to bad debts of £266,587 (2015 - £260,768) and an impairment of fixed assets of £306,198 (2015 - £1,595,890).

8. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	13,000	10,000
Fees payable to the Company's auditor and its associates in respect of:		
All other services	12,000	5,020

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	1,069,470	1,072,327
Social security costs	72,596	70,333
Cost of defined contribution scheme	27,028	28,508
	<u>1,169,094</u>	<u>1,171,168</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
Auction staff	17	20
Hotel staff	58	59
Administrative staff	9	8
Directors	2	2
Estate and land agency staff	9	11
	<u>95</u>	<u>100</u>

10. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	122,170	98,048
Company contributions to defined contribution pension schemes	13,125	7,499
	<u>135,295</u>	<u>105,547</u>

During the year retirement benefits were accruing to 2 directors (2015 - 1) in respect of defined contribution pension schemes.

11. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	253,882	251,180
Other loan interest payable	134,562	-
Finance leases and hire purchase contracts	19,673	19,722
	<u>408,117</u>	<u>270,902</u>

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. Taxation

	2016	2015
	£	£
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	<u>(225,140)</u>	<u>(164,030)</u>
Total deferred tax	<u>(225,140)</u>	<u>(164,030)</u>
Taxation on loss on ordinary activities	<u>(225,140)</u>	<u>(164,030)</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>(1,392,364)</u>	<u>(1,891,902)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	<u>(278,473)</u>	<u>(378,380)</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,792	319,433
Capital allowances for year in excess of depreciation	122,786	39,116
Utilisation of tax losses	-	(56,880)
Short term timing difference leading to an increase (decrease) in taxation	-	55
Other timing differences leading to an increase (decrease) in taxation	(225,140)	163,347
Capital gains	3,851	-
Unrelieved tax losses carried forward	136,812	(250,721)
Other differences leading to an increase (decrease) in the tax charge	232	-
Total tax charge for the year	<u>(225,140)</u>	<u>(164,030)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. Intangible assets

	Goodwill £
Cost	
At 1 April 2015	60,000
At 31 March 2016	<u>60,000</u>
Amortisation	
At 1 April 2015	24,000
Charge for the year	3,000
Impairment charge	27,500
At 31 March 2016	<u>54,500</u>
Net book value	
At 31 March 2016	<u><u>5,500</u></u>
At 31 March 2015	<u><u>36,000</u></u>

The goodwill relates to the purchase of the trade and assets of the Golf Hotel, Silloth and the Greenhill Hotel, Wigton.

Goodwill in relation to the Golf Hotel and the Greenhill Hotel 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 assets acquired as part of the business.

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

14. Tangible fixed assets

	Freehold property £	Plant, machinery, fixtures and fittings. £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2015	13,995,110	1,137,566	72,974	15,205,650
Additions	-	800	5,680	6,480
Disposals	(731,714)	-	(6,440)	(738,154)
At 31 March 2016	<u>13,263,396</u>	<u>1,138,366</u>	<u>72,214</u>	<u>14,473,976</u>
Depreciation				
At 1 April 2015	100,100	414,891	40,467	555,458
Charge owned for the period	100,100	79,280	8,710	188,090
Disposals	-	-	(5,652)	(5,652)
Impairment charge	278,698	-	-	278,698
At 31 March 2016	<u>478,898</u>	<u>494,171</u>	<u>43,525</u>	<u>1,016,594</u>
Net book value				
At 31 March 2016	<u>12,784,498</u>	<u>644,195</u>	<u>28,689</u>	<u>13,457,382</u>
At 31 March 2015	<u>13,895,010</u>	<u>722,675</u>	<u>32,508</u>	<u>14,650,193</u>

Freehold land and buildings are stated at fair value as of 1 April 2014. The last valuation of land and buildings was performed as at 1 April 2014 by Edwin Thompson LLP, a qualified professional valuer, in accordance with RICS Valuation Professional Standards, published by the Royal Institute of Chartered Surveyors.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	310,581	307,096
Motor vehicles	14,471	19,294
	<u>325,052</u>	<u>326,390</u>

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	100
Additions	9,900
At 31 March 2016	<u>10,000</u>
At 31 March 2016	<u>-</u>
Net book value	
At 31 March 2016	<u>10,000</u>
At 31 March 2015	<u>100</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hopes (Wigton) Limited	United Kingdom	Ordinary	100 %	Provision of insurance agency services

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Hopes (Wigton) Limited	20,894	44,676
	<u>20,894</u>	<u>44,676</u>

16. Stocks

	2016 £	2015 £
Finished goods and goods for resale	24,533	36,509
	<u>24,533</u>	<u>36,509</u>

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. Debtors

	2016	2015
	£	£
Trade debtors	968,585	1,464,337
Amounts owed by group undertakings	20,000	59,476
Other debtors	468,676	46,265
Prepayments and accrued income	45,920	67,830
	<u>1,503,181</u>	<u>1,637,908</u>

The fair values of trade and other receivables are approximate to their carrying amounts. Trade debtors are stated after provisions of impairments for £4,695 (2015 - £4,557).

18. Current asset investments

	2016	2015
	£	£
Unlisted investments	32,589	32,589
	<u>32,589</u>	<u>32,589</u>

19. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Bank overdrafts	1,778,895	1,546,896
Trade creditors	706,572	845,557
Taxation and social security	90,340	124,726
Obligations under finance lease and hire purchase contracts	71,001	71,001
Other creditors	52,012	47,179
Accruals and deferred income	990,719	821,383
	<u>3,689,539</u>	<u>3,456,742</u>

Included in creditors falling due within one year are liabilities totalling £1,849,896 (2015 - £1,617,897) which are secured by a debenture that creates a fixed and floating charge over the assets of the company.

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	4,894,454	5,024,000
Net obligations under finance leases and hire purchase contracts	138,177	209,177
Share capital treated as debt	8,000	8,000
	<u>5,040,631</u>	<u>5,241,177</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

Secured loans

Included in creditors falling due after more than one year are liabilities totalling £5,032,631 (2015 - £5,233,177) which are secured by a debenture that creates a fixed and floating charge over the assets of the company.

21. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due 1-2 years		
Bank loans	4,894,454	5,024,000
	<u>4,894,454</u>	<u>5,024,000</u>
	<u>4,894,454</u>	<u>5,024,000</u>

22. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Between 2-5 years	138,177	209,177
	<u>138,177</u>	<u>209,177</u>

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

23. Financial instruments

	2016	2015
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,489,850	1,602,667
	1,489,850	1,602,667
Financial liabilities		
Financial liabilities measured at amortised cost	(8,430,652)	(8,292,737)
	(8,430,652)	(8,292,737)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and current asset investments.

Financial Liabilities measured at amortised cost comprise bank overdraft, trade creditors, other creditors, accruals and deferred income, bank loans and share capital treated as debt.

24. Deferred taxation

	2016
	£
At beginning of year	(1,487,600)
Charged to the profit or loss	225,140
At end of year	(1,262,460)

The provision for deferred taxation is made up as follows:

	2016
	£
Accelerated capital allowances	(80,352)
Tax losses carried forward	387,534
FRS 102 adjustment	(1,569,642)
	(1,262,460)

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

25. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
255,000 Ordinary shares of £1 each	<u>255,000</u>	<u>255,000</u>
	2016 £	2015 £
Shares classified as debt		
Allotted, called up and fully paid		
120,000 (2015 - 120,000) 3.5% Cum. Preference shares of £0.07 each	<u>8,000</u>	<u>8,000</u>

Preference share capital has been issued on the terms that it is, at the option of the Company, is liable to be redeemed at par on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

The company has one class of ordinary shares which carry voting rights but no right to fixed income.

26. Reserves

Other reserves

The other reserve relates to the revaluation reserve transferred on 1 April 2014 when freehold land and property was brought into the financial statements at deemed cost using the exemption available under FRS 102.

Profit and loss account

Profit and loss account represents retained cumulative profits and losses.

27. Pension commitments

The Company operates a defined contributions 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 payable by the Company to the fund and amounted to £27,028 (2015 - £28,508). Contributions totalling £1,662 (2015 - £555) were payable to the fund at the balance sheet date.

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	7,784	16,232
Later than 1 year and not later than 5 years	6,297	14,218
	<u>14,081</u>	<u>30,450</u>

The amount charged to the profit and loss account in respect of commitments under operating leases in the year amounted to £16,232 (2015 - £13,263).

29. Related party transactions

The following transactions were carried out with related parties on an arms length basis:

	2016 £	2015 £
Commissions charged in relation to sale of livestock at the mart	15,227	17,730
	<u>15,227</u>	<u>17,730</u>

The directors traded through the company at the company's normal commission rates and terms.

During the year, the company disposed of land to Mr R E Jackson, Director for £50,000 on an arms length basis. The transaction was settled in full before the year end.

Remuneration of key management personnel

Key management personnel comprises the executive directors as well as members of the senior management board. Their aggregate remuneration for the year to 31 March 2016 was, wages and salaries - £122,170 (2015 - £98,048), social security costs - £11,650 (2015 - £8,410) and employer pension contributions £13,125 (2015 - £7,500).

HOPE'S AUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

30. First time adoption of FRS 102

	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Note						
Fixed assets	8,400,340	-	8,400,340	14,686,292	-	14,686,292
Current assets	1,595,899	-	1,595,899	1,707,006	-	1,707,006
Créditors: amounts falling due within one year	(3,111,512)	-	(3,111,512)	(3,456,742)	1	(3,456,741)
Net current liabilities	(1,515,613)	-	(1,515,613)	(1,749,736)	1	(1,749,735)
Total assets less current liabilities	6,884,727	-	6,884,727	12,936,556	1	12,936,557
Créditors: amounts falling due after more than one year	(5,496,659)	-	(5,496,659)	(5,241,177)	-	(5,241,177)
Provisions for liabilities	(164,030)	(1,393,297)	(1,557,327)	-	(1,487,600)	(1,487,600)
Net (liabilities)/assets	1,224,038	(1,393,297)	(169,259)	7,695,379	(1,487,599)	6,207,780
Capital and reserves	1,224,038	(1,393,297)	(169,259)	7,695,379	(1,487,599)	6,207,780

HOPE'S AUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

30. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		2,484,047	-	2,484,047
Cost of sales		(356,293)	-	(356,293)
		<hr/>	<hr/>	<hr/>
		2,127,754	-	2,127,754
Administrative expenses		(4,091,370)	-	(4,091,370)
Other operating income		342,616	-	342,616
		<hr/>	<hr/>	<hr/>
Operating profit		(1,621,000)	-	(1,621,000)
Interest payable and similar charges		(270,902)	-	(270,902)
Taxation		164,030	-	164,030
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year		<u>(1,727,872)</u>	<u>-</u>	<u>(1,727,872)</u>

Explanation of changes to previously reported profit and equity:

- 1 Changes to the opening profit and loss reserve are evident as a result of a deferred tax liability arising from the land and buildings of the company being recognised at deemed cost.