

HOPE'S AUCTION COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2017



**ArmstrongWatson<sup>®</sup>**

Accountants, Business & Financial Advisers

## **HOPE'S AUCTION COMPANY LIMITED**

### **COMPANY INFORMATION**

**Directors**

Mr J J Dixon  
Mr B Walton (resigned 31 January 2017)  
Mr R E Jackson (resigned 6 December 2016)  
Mr T Brockbank (resigned 29 November 2016)  
Mr K Jarman  
Mr J Hope (resigned 8 December 2016)  
Mr I Ritchie  
Mr J B Peile (appointed 1 September 2016)  
Mr S D Allen (appointed 1 September 2016, resigned 5 December 2016)  
Mr S D Allen (appointed 22 January 2017)  
Mr K Stitchell (appointed 31 May 2017)

**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 2017

The chairman presents his statement for the period.

I am pleased to present my first report to the Shareholders, as Chairman of Hopes.

The financial result for the year at operating profit level stood at a £91k profit, an improvement at this level of £1,075k (2016 £984k loss) and a loss of £308k after interest and tax an improvement of £859k (2016 £1,167k loss) so a much better position but still some hard decisions to be made to get the business producing a profit after tax and interest and paying a dividend to the shareholders.

One point I will make regarding these accounts relates to the areas of turnover (£2,122k) and trade debtors (£935k) it would appear looking at these two figures that we have half the year's sales unpaid. Obviously this is not so, the turnover figure shown in the Profit and Loss account does not include the sales value of the animals sold through the ring which in this financial year stood at £20m plus, however the debtors relating to these sales are included as trade debtors in the balance sheet. This is how auction houses account for turnover and debtors within their published financial accounts, assuming we act as agents for the seller and so only include commission but we are liable for the debt of the buyer.

We continued to look at ways of reducing our debt burden in the 2016/17 financial year and I am pleased to report that some success has been achieved.

Through better debt management we have incurred a minimal bad debt write off in these accounts which after the problems of last year is a big improvement.

The sale of assets continues in order to decrease our bank loans and borrowings.

Station Hill acreage for housing - Sold 17.21 acres

Bowling Club - Planning lapsed, will be renewed, the village green issue can be resolved however this application will not be supported by the local council.

Greenhill Hotel - An acceptable offer received post year end.

Old Auction site - An acceptable offer has been received for part of the site for housing this was received post these accounts.

We have one or two other parcels of land that we will look to sell in order to clear our loans.

Over the past four years we have paid out over £1.2m in bank charges and interest, so you can see why we are putting so much management time into reducing our borrowings.

As a gesture Tesco agreed that we would not have to pay interest on the deposit that they paid to us and which was refunded to them once they had made the decision not to proceed with the purchase of the old auction site. The final payment was made in March 2017.

Our bank, Clydesdale, have been extremely supportive over this difficult time and, on behalf of my fellow directors and you the shareholders, I put in print our thanks to the team that look after our account.

It has been an interesting year to say the least culminating in the Extraordinary General Meeting - I am sure that everyone is aware of the result and outcome. I would like to take this opportunity to say thank you to everyone who voted on the motions put forward and hopefully we will now all work together to grow the business and keep a profitable auction facility going for many years to come here at Wigton.

The turnout and interest shown by our shareholders proved to me that we may have different views and opinions at times but everyone cares about the business and is prepared to stand up, voice their opinions and give time when asked to do so.

I am pleased to announce that Ken Stitchell joined us post year end as MD, he has some difficult tasks to undertake. He has been taken on due to his knowledge and experience at senior management level to look at the areas that need attention within the business. Some of you will know him from his time at Aspatria Farmers, he retired from there in 2014.

## **HOPE'S AUCTION COMPANY LIMITED**

### **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

The first few months of the new financial year have been highly successful with prices and numbers through the ring being to everyone's advantage, mind you these prices never seem to last forever, more's the pity!

There is a level of optimism now within the business which is good to see, the way forward is clearer, we are beginning to achieve our aims and although we still have a large debt to clear we are making good progress and it is happening faster than I expected.

The financial performance of our two major trading sectors, auction and land agents, show a strong operating profit both in these 2017 year end accounts and the management accounts for the first two months of the new financial year. As explained to you in our recent correspondence to shareholders these two sectors will form the base for our growth and profit improvement plans over the next 5 years.

As I write this report negotiations are underway between the UK Government and the EU on the terms of Brexit, I read with interest the thoughts of the experts as to what it will mean for farming. We will be affected, no one is certain at this time as to how.

All areas of business are making their position clear as to what they want and how it is to be achieved but at this point I am not sure our industry has been as robust and demanding, but it is early days yet. The Rt Hon Michael Gove MP, Secretary for Environment, Food and Rural Affairs, has time to rise to the challenge and get a good deal for the farmers of the United Kingdom, however as we plan for life outside of the EU, we must be kept in the loop with updates, objectives and achievements so we can make coherent plans based on facts not supposition. Fully accepting that we are only at the start of negotiations, time however will pass quickly, we as an industry must keep the pressure on our trade bodies, be that in farming, the agricultural supply industry, vets, food businesses etc. we all have our part to play and we must use every opportunity to get our message across.

I take this opportunity to say thank you to all the staff within the business, to all the farmers who support the auction, to the buyers who attend the auction and to all our shareholders who have supported the auction over numerous years.

Name Mr J J Dixon  
Chairman

Date 4 August 2017

## HOPE'S AUCTION COMPANY LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

#### Introduction

The directors present their strategic report for the year ended 31 March 2017.

#### 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 highly 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

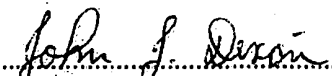
As reported in the profit and loss account, turnover has seen a decrease of £257,265 to £2,122,004 and this year shows a loss before taxation of £147,581 which compares to a loss of £1,392,364 last year. This main reason for the change is due to a large impairment of fixed assets and bad debt write off in the prior year totalling £572,785, bad debt provisions this year total £25,000. This year there is also a reduction in interest charges of £169,801 in part as a result of the interest accrued on the Tesco loan being waived.

##### Financial position at the reporting date

The balance sheet shows that net assets at the year end decreased by £410,678 on the 2016 position to £4,629,876.

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

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Mr J J Dixon  
Director

Date: 24.8.2017

# HOPE'S AUCTION COMPANY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

### 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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 £308,100 (2016 - loss £1,167,224).

The directors do not recommend a dividend in respect of the year ended 31 March 2017 (2016 - £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	
	31/3/17	1/4/16	31/3/17	1/4/16
Mr J J Dixon	4,295	4,295	6,816	6,816
Mr B Walton (resigned 31 January 2017)	3,729	3,529	2,079	2,079
Mr R E Jackson (resigned 6 December 2016)	3,026	3,026	2,079	2,079
Mr T Brockbank (resigned 29 November 2016)	1,474	1,874	1,487	1,487
Mr K Jarman	300	300	703	703
Mr J Hope (resigned 8 December 2016)	6,756	6,356	4,642	4,642
Mr I Ritchie	250	250	-	-
Mr J B Peile (appointed 1 September 2016)	200	-	-	-
Mr S D Allen (appointed 1 September 2016, resigned 5 December 2016)	1,300	300	-	-
Mr S D Allen (appointed 22 January 2017)	1,300	300 *	-	-

(\* held on date of appointment)

## HOPE'S AUCTION COMPANY LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 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.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

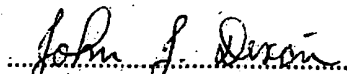
There have been no significant events affecting the Company since the year end.

#### 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.

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M. J. J. Dixon  
Director

Date: 24.8.2017



## **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 2017, 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 applicable law 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](http://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 2017 and of its 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, based on the work undertaken in the course of the audit, 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 financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

**HOPE'S AUCTION COMPANY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE'S AUCTION COMPANY LIMITED  
(CONTINUED)**

**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.

*Armstrong Watson Audit Limited*

Andrew Kenyon (Senior statutory auditor)  
for and on behalf of

**Armstrong Watson Audit Limited**

Chartered Accountants and Statutory Auditors

Carlisle

Date: 29/08/17

# HOPE'S AUCTION COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	5	2,122,004	2,379,269
Cost of sales		(256,480)	(381,099)
<b>Gross profit</b>		<b>1,865,524</b>	<b>1,998,170</b>
Administrative expenses		(1,993,311)	(2,510,495)
Exceptional administrative expenses		-	(572,785)
Other operating income	6	106,549	100,863
Exceptional other operating income		111,954	-
<b>Operating profit/(loss)</b>	7	<b>90,716</b>	<b>(984,247)</b>
Interest receivable and similar income	11	19	-
Interest payable and expenses	12	(238,316)	(408,117)
<b>Loss before tax</b>		<b>(147,581)</b>	<b>(1,392,364)</b>
Tax on loss	13	(160,519)	225,140
<b>Loss for the financial year</b>		<b>(308,100)</b>	<b>(1,167,224)</b>

There was no other comprehensive income for 2017 (2016:£NIL).

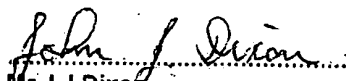
The notes on pages 13 to 31 form part of these financial statements.

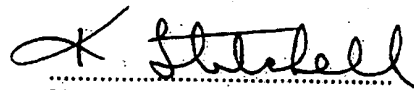
**HOPE'S AUCTION COMPANY LIMITED**  
**REGISTERED NUMBER: 00052362**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	15	-	5,500
Tangible assets	16	10,241,221	13,457,382
Investments	17	10,000	10,000
		<u>10,251,221</u>	<u>13,472,882</u>
<b>Current assets</b>			
Stocks	18	22,579	24,533
Debtors: amounts falling due within one year	19	1,053,526	1,503,181
Current asset investments	20	32,589	32,589
		<u>1,108,694</u>	<u>1,560,303</u>
Creditors: amounts falling due within one year	21	(2,622,440)	(3,689,539)
<b>Net current liabilities</b>		<u>(1,513,746)</u>	<u>(2,129,236)</u>
<b>Total assets less current liabilities</b>		<u>8,737,475</u>	<u>11,343,646</u>
Creditors: amounts falling due after more than one year	22	(3,375,757)	(5,040,631)
<b>Provisions for liabilities</b>			
Deferred tax	26	(731,841)	(1,262,460)
		<u>(731,841)</u>	<u>(1,262,460)</u>
<b>Net assets</b>		<u><u>4,629,877</u></u>	<u><u>5,040,555</u></u>
<b>Capital and reserves</b>			
Called up share capital	27	255,000	255,000
Other reserves	28	5,195,894	7,848,642
Profit and loss account	28	(821,017)	(3,063,087)
		<u>4,629,877</u>	<u>5,040,555</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 Mr J J Dixon  
 Director

  
 Mr K Stitchell  
 Director

Date: 24.8.2017

The notes on pages 13 to 31 form part of these financial statements.

# HOPE'S AUCTION COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	255,000	7,848,642	(3,063,087)	5,040,555
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(308,100)	(308,100)
<b>Total comprehensive income for the year</b>	-	-	(308,100)	(308,100)
Transfer to/from profit and loss account	-	(2,652,748)	2,550,170	(102,578)
<b>Total transactions with owners</b>	-	(2,652,748)	2,550,170	(102,578)
<b>At 31 March 2017</b>	<b>255,000</b>	<b>5,195,894</b>	<b>(821,017)</b>	<b>4,629,877</b>

# 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
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,167,224)	(1,167,224)
<b>Total comprehensive income for the year</b>	-	-	(1,167,224)	(1,167,224)
<b>Total transactions with owners</b>	-	(350,571)	350,571	-
<b>At 31 March 2016</b>	<b>255,000</b>	<b>7,848,642</b>	<b>(3,063,087)</b>	<b>5,040,555</b>

The notes on pages 13 to 31 form part of these financial statements.

**HOPE'S AUCTION COMPANY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(308,100)	(1,167,224)
<b>Adjustments for:</b>		
Amortisation of intangible assets	500	3,000
Depreciation of tangible assets	150,579	188,090
Impairments of fixed assets	5,000	306,198
Loss on disposal of tangible assets	(97,144)	145,798
Interest paid	238,316	408,117
Interest received	(19)	-
Taxation charge	160,519	(225,140)
Decrease in stocks	1,957	11,976
Decrease in debtors	449,655	95,251
Decrease in amounts owed by groups	-	39,476
(Decrease)/increase in creditors	(1,352,833)	799
<b>Net cash generated from operating activities</b>	<u>(751,570)</u>	<u>(193,659)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(36,610)	(6,480)
Sale of tangible fixed assets	2,514,335	586,704
Purchase of fixed asset investments	-	(9,900)
Interest received	19	-
HP interest paid	(19,673)	(19,673)
<b>Net cash from investing activities</b>	<u>2,458,071</u>	<u>550,651</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(1,593,873)	(129,546)
Repayment of/new finance leases	(71,001)	(71,001)
Interest paid	(218,643)	(388,444)
<b>Net cash used in financing activities</b>	<u>(1,883,517)</u>	<u>(588,991)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(177,016)</u>	<u>(231,999)</u>
Cash and cash equivalents at beginning of year	(1,778,895)	(1,546,896)
<b>Cash and cash equivalents at the end of year</b>	<u><u>(1,955,911)</u></u>	<u><u>(1,778,895)</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Bank overdrafts	(1,955,911)	(1,778,895)
	<u><u>(1,955,911)</u></u>	<u><u>(1,778,895)</u></u>

## **HOPE'S AUCTION COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 unless otherwise specified within these accounting policies 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.

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.

###### **Hotel**

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 2017

#### 3. Accounting policies (continued)

##### 3.3 Exemption from preparing consolidated financial statements

The company has chosen not to consolidate the results of its subsidiary undertaking on the basis that its inclusion is not material for the purpose of giving a true and fair view, in accordance with Section 405 of the Companies Act.

##### 3.4 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 Statement of comprehensive income 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 ten years.

The estimated useful lives range as follows:

Goodwill	-	20 years straight line
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##### 3.5 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 2017

#### 3. Accounting policies (continued)

##### 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.

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 Statement of comprehensive income 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 2017

#### 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 debtors and creditors, 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 debtors and creditors, 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.

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 Statement of comprehensive income.

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.

##### 3.12 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

## **HOPE'S AUCTION COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

#### **3. Accounting policies (continued)**

##### **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 payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **3.15 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

##### **3.16 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 Statement of comprehensive income 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 2017

#### 3. Accounting policies (continued)

##### 3.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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.

##### 3.18 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 2017

#### 4. Judgements 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 3.5.

##### (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 19.

#### 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

	2017 £	2016 £
Net rents receivable	104,480	99,735
Sundry income	2,069	1,128
	<u>106,549</u>	<u>100,863</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 7. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	150,579	188,090
Impairment of tangible fixed assets	(685,000)	(278,698)
Amortisation of intangible assets, including goodwill	500	3,000
Impairment of intangible assets	(5,000)	(27,500)
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,500	13,000
Defined contribution pension cost	29,794	27,028

In the comparative period the operating loss included exceptional items in relation to bad debts of £266,587 an impairment of fixed assets of £306,198.

The operating profit in the current period includes exceptional income of £111,954 in relation to insurance proceeds following a fire at the old auction site.

### 8. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	7,500	13,000
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other services	4,000	12,000

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 9. Employees

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

	2017 £	2016 £
Wages and salaries	898,592	1,075,140
Social security costs	60,202	72,596
Cost of defined contribution scheme	29,794	27,028
	<u>988,588</u>	<u>1,174,764</u>

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

	2017 No.	2016 No.
Auction staff	17	17
Hotel staff	39	58
Administrative staff	7	9
Directors	2	2
Estate and land agency staff	9	9
	<u>74</u>	<u>95</u>

### 10. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	133,342	122,170
Company contributions to defined contribution pension schemes	14,250	13,125
Compensation for loss of office	37,500	-
	<u>185,092</u>	<u>135,295</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

### 11. Interest receivable

	2017 £	2016 £
Other interest receivable	19	-
	<u>19</u>	<u>-</u>



**HOPE'S AUCTION COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**12. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>242,470</b>	253,882
Other loan interest payable	<b>(23,827)</b>	134,562
Finance leases and hire purchase contracts	<b>19,673</b>	19,673
	<b><u>238,316</u></b>	<b><u>408,117</u></b>

**13. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>108,716</b>	-
	<b><u>108,716</u></b>	<u>-</u>
<b>Total current tax</b>	<b><u>108,716</u></b>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>51,803</b>	(225,140)
<b>Total deferred tax</b>	<b><u>51,803</u></b>	<u>(225,140)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<b><u>160,519</u></b>	<b><u>(225,140)</u></b>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 13. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	(147,580)	(1,392,364)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(29,516)	(278,473)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,082	14,792
Capital allowances for year in excess of depreciation	5,229	122,786
Other timing differences leading to an increase/(decrease) in taxation	59,012	(225,140)
Capital gains	109,716	3,851
Dividends from UK companies	(4)	-
Unrelieved tax losses carried forward	-	136,812
Other differences leading to an increase (decrease) in the tax charge	-	232
<b>Total tax charge for the year</b>	<b>160,519</b>	<b>(225,140)</b>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 14. Exceptional items

	2017 £	2016 £
Impairment of fixed assets	-	306,198
Bad debt write off	-	266,587
Insurance claim	(111,954)	-
	<b>(111,954)</b>	<b>572,785</b>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 15. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 April 2016	60,000
Disposals	(50,000)
	<hr/>
At 31 March 2017	10,000
<b>Amortisation</b>	
At 1 April 2016	54,500
Charge for the year	500
On disposals	(50,000)
Impairment charge	5,000
	<hr/>
At 31 March 2017	10,000
<b>Net book value</b>	
At 31 March 2017	<hr/> <hr/>
At 31 March 2016	<hr/> <hr/> 5,500

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

Goodwill in relation to 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 2017**

**16. Tangible fixed assets**

	Freehold property £	Plant, machinery, fixtures and fittings. £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	13,263,396	1,138,366	72,214	14,473,976
Additions	20,610	11,500	4,500	36,610
Disposals	(2,615,785)	(274,910)	-	(2,890,695)
At 31 March 2017	10,668,221	874,956	76,714	11,619,891
<b>Depreciation</b>				
At 1 April 2016	478,898	494,172	43,525	1,016,595
Charge for the year on owned assets	86,100	56,232	8,247	150,579
Disposals	(306,698)	(166,806)	-	(473,504)
Impairment charge	685,000	-	-	685,000
At 31 March 2017	943,300	383,598	51,772	1,378,670
<b>Net book value</b>				
At 31 March 2017	9,724,921	491,358	24,942	10,241,221
At 31 March 2016	12,784,498	644,194	28,690	13,457,382

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:

	2017 £	2016 £
Plant and machinery	290,438	310,581
Motor vehicles	10,853	14,471
	<b>301,291</b>	<b>325,052</b>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 17. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2016	10,000
At 31 March 2017	10,000
<b>Net book value</b>	
At 31 March 2017	10,000
At 31 March 2016	10,000

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

The aggregate of the share capital and reserves as at 31 March 2017 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	39,157	18,263
	39,157	18,263

### 18. Stocks

	2017 £	2016 £
Finished goods and goods for resale	22,579	24,534
	22,579	24,534

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 19. Debtors

	2017 £	2016 £
Trade debtors	934,563	968,585
Amounts owed by group undertakings	20,000	20,000
Other debtors	12,064	468,676
Prepayments and accrued income	86,899	45,920
	<u>1,053,526</u>	<u>1,503,181</u>

The fair values of trade and other receivables are approximate to their carrying amounts. Trade debtors are stated after provisions of impairments for £25,000 (2016 - £4,695).

### 20. Current asset investments

	2017 £	2016 £
Unlisted investments	32,589	32,589
	<u>32,589</u>	<u>32,589</u>

### 21. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	1,955,911	1,778,895
Trade creditors	163,496	706,572
Corporation tax	108,716	-
Other taxation and social security	63,470	90,340
Obligations under finance lease and hire purchase contracts	71,001	71,001
Other creditors	28,274	52,012
Accruals and deferred income	231,572	990,719
	<u>2,622,440</u>	<u>3,689,539</u>

Included in creditors falling due within one year are liabilities totalling £2,026,912 (2016 - £1,849,896) 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 2017

### 22. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	3,300,581	4,894,454
Net obligations under finance leases and hire purchase contracts	67,176	138,177
Share capital treated as debt	8,000	8,000
	<u>3,375,757</u>	<u>5,040,631</u>

#### Secured loans

Included in creditors falling due after more than one year are liabilities totalling £3,367,757 (2016 - £5,032,631) which are secured by a debenture that creates a fixed and floating charge over the assets of the company.

### 23. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Bank loans falling due 1-2 years	3,300,581	4,894,454
	<u>3,300,581</u>	<u>4,894,454</u>

### 24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	71,001	71,001
Between 1-2 years	67,176	71,001
Between 2-5 years	-	67,176
	<u>138,177</u>	<u>209,178</u>

# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 25. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	999,216	1,489,850
	<u>999,216</u>	<u>1,489,850</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(5,683,032)	(8,430,652)
	<u>(5,683,032)</u>	<u>(8,430,652)</u>

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.

### 26. Deferred taxation

	2017 £
At beginning of year	(1,262,460)
Charged to profit or loss	(51,803)
Charged to other comprehensive income	582,422
<b>At end of year</b>	<u><b>(731,841)</b></u>

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(69,607)
Tax losses carried forward	324,737
Other timing differences	249
Revaluation reserve	(987,220)
	<u><b>(731,841)</b></u>



# HOPE'S AUCTION COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 27. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
255,000 Ordinary shares of £1 each	<u>255,000</u>	<u>255,000</u>
	2017 £	2016 £
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
120,000 (2016 - 120,000) 3.5% Cum. Preference shares of £0.0667 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.

### 28. 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.

### 29. 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 £29,794 (2016 - £27,028). Contributions totalling £1,466 (2016 - £1,662) 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 2017

### 30. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	5,840	7,784
Later than 1 year and not later than 5 years	16,657	6,297
	<u>22,497</u>	<u>14,081</u>

The amount charged to the profit and loss account in respect of commitments under operating leases in the year amounted to £15,394 (2016 - £16,232).

### 31. Related party transactions

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

	2017 £	2016 £
Commissions charged in relation to sale of livestock at the mart	13,866	15,227
	<u>13,866</u>	<u>15,227</u>

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

### 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 2017 was, wages and salaries - £170,842 (2016 - 122,170), employer pension contributions £14,250 (2016 - £13,125).