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Company Registration Number 00011717

ULVERSTON AUCTION MART PUBLIC LIMITED
COMPANY (THE)

FINANCIAL STATEMENTS

31 DECEMBER 2021

ArmstrongWatson[®]

Accountants, Business & Financial Advisers

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ULVERSTON AUCTION MART PLC

COMPANY INFORMATION

Directors	Mr J R Bowes (retired 31 December 2021) Mr J R Longmire Mr R F Philipson Mr I Sweeting Mr T N Postlethwaite Mr S M Walker BA Mr P M Bradley Mr M G Southern Mr S Case (appointed 20 April 2021)
Company secretary	Mr S M Walker BA
Registered number	00011717
Registered office	North Lonsdale Terrace Ulverston Cumbria LA12 9AU
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants and Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	Natwest Bank Plc 2 Queen Street Ulverston Cumbria LA12 7AX

ULVERSTON AUCTION MART PLC

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ULVERSTON AUCTION MART PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The chairman presents his statement for the period.

2021 has been another challenging year for everyone within the UAM Group. Although the pandemic has made things very difficult following all covid guidelines and protocol, it's with thanks to the support of Customers, Staff and Directors that I am pleased to report that the Company has had another profitable year, seeing profit before tax of £142,207.

We recognise that due to the challenging times ahead with regard to increasing running costs and livestock values, credit control is going to become a major part of our management strategy. As of 01 January 2022, the Company has appointed a credit control officer who will be working closely with Mr Watson to reduce the Company's exposure.

The first phase of modernisation of the mart has been finished, with the new sheep building and entrance more welcoming to visitors. The Prime Cattle sales started in September 2020 and have been a huge success with numbers still increasing.

Our investment properties continue to be a very useful income to the Company, seeing rental income increase to over £90,000 per annum.

With regards to the Canal Head Field, no progress has been made this year.

Harrison Coward has now been rebranded, as of 01 January 2022, to UAM Property with new management put in place and looking forward to better times ahead.

The Directors have declared a dividend of 11%.

	2021 £	2020 £
Profit before tax split		
Mart	158,172	232,157
Harrison Coward	(15,965)	(29,537)
Throughput figures		
Cattle	14,228	11,521
Sheep	130,939	146,619

Name Mr RF Philipson
Chairman

Date 5 MAY 2022.

ULVERSTON AUCTION MART PLC

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic Report for Ulverston Auction Mart Plc for the year ended 31 December 2021.

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 a combination of close monitoring of trading activity through the auction, together with specific insurance policies being secured over trading accounts.

Financial key performance indicators

	2021	2020
	£	£
Turnover	664,729	685,238
Profit on ordinary activities before taxation	142,207	202,620
Shareholders funds	1,044,416	949,376

Development and financial performance during the year

As reported in the profit and loss account, turnover has seen a decrease of £20,509 to £664,729, with profit before taxation also decreasing to £142,207. This is mainly as a result of reduced throughput figures for sheep.

Financial position at the reporting date

The balance sheet shows that net assets at the year end increased by £95,040 on the 2020 position to £1,044,416. The Company generated a negative net cash inflow from operations of £363,580, decreasing the cash at bank position of the Company from £728,808 to £1,092,388 overdrawn.

Other key performance indicator

Other key performance indicators can be found in the Chairman's statement on page 1 of these financial statements.

ULVERSTON AUCTION MART PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with duty to promote the success of the Company

New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company. These are set out in section 172(1)(a) to (f) of the Companies Act 2006 (s172 factors). In 2021 the directors continued to exercise all their duties, while having regard to these and other factors as they governed the company on behalf of its shareholders.

(a) Consequence of any decision in the long term

Please refer to the Chairman's Statement on page 1 of the accounts. At every Board meeting the directors review, with the management team, the progress against strategic goals to help promote the long-term success of the company. All decisions are made in the best interests of the financial success of the company, stakeholders, shareholders, employees, the community and environment and suppliers and customers.

(b) Interests of employees

The Board has reviewed the organisational structure of the company and its operating divisions. It is also reviewing the engagement with the workforce in order to obtain a better understanding of their concerns and interests. Staff have a vital role in delivering the output against the strategic goals.

(c) Fostering business relationships with suppliers, customers and others

The Company continues to operate closely with customers and suppliers in order to truly understand, meet and improve upon their and our needs.

(d) Impact of operations on the community and the environment

We consult with local people, stakeholders and Government Authorities to obtain views on the ways in which our operations could impact the local community or environment. The Board always look to engage well before any physical work begins on a project and continue communications throughout the entire process.

(e) Maintaining high standard of business conduct

The Board, led by the Chairman, continues to ensure structured and minuted meetings are held covering set agenda items linked to the strategic goals of the company.

(f) Acting fairly between members of the company

The Board will continue to adopt corporate governance and open communication with key stakeholders, taking into account feedback in its decision-making process.

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


.....
Mr R F Philipson
Director

Date: 5 MAY 2022.

ULVERSTON AUCTION MART PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 profit for the year, after taxation, amounted to £111,540 (2020 - £162,530).

The directors have paid a dividend of £16,500 (2020 - £12,100).

Directors

The directors who served during the year were:

Mr J R Bowes (retired 31 December 2021)
Mr J R Longmire
Mr R F Philipson
Mr I Sweeting
Mr T N Postlethwaite
Mr S M Walker BA
Mr P M Bradley
Mr M G Southern
Mr S Case (appointed 20 April 2021)

ULVERSTON AUCTION MART PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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


.....
Mr R F Phillipson
Director

Date: 5 MAY 2022.

ULVERSTON AUCTION MART PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULVERSTON AUCTION MART PLC

Opinion

We have audited the financial statements of Ulverston Auction Mart Plc (the 'Company') for the year ended 31 December 2021, 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ULVERSTON AUCTION MART PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULVERSTON AUCTION MART PLC (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters 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 the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

ULVERSTON AUCTION MART PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULVERSTON AUCTION MART PLC (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the auction mart sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery and employment.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

ULVERSTON AUCTION MART PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULVERSTON AUCTION MART PLC (CONTINUED)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Armstrong Watson Audit Limited.

Rohan Day (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants and Statutory Auditors
Carlisle

Date: *5 MAY 2022.*

ULVERSTON AUCTION MART PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	5	664,729	685,238
Cost of sales		-	(1,817)
Gross profit		664,729	683,421
Administrative expenses		(623,871)	(610,786)
Other operating income	6	108,406	134,324
Operating profit		149,264	206,959
Interest receivable and similar income	10	65	182
Interest payable and similar expenses	11	(7,122)	(4,521)
Profit before tax		142,207	202,620
Tax on profit	12	(30,667)	(40,090)
Profit for the financial year		111,540	162,530
Other comprehensive income for the year			
Total comprehensive income for the year		111,540	162,530

The notes on pages 16 to 27 form part of these financial statements.


ULVERSTON AUCTION MART PLC
REGISTERED NUMBER: 00011717

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	303,263	153,547
Investments	15	65,650	65,650
		<u>368,913</u>	<u>219,197</u>
Current assets			
Debtors: amounts falling due within one year	16	2,017,340	1,658,014
		<u>2,017,340</u>	<u>1,658,014</u>
Creditors: amounts falling due within one year	17	(1,314,854)	(916,815)
		<u>702,486</u>	<u>741,199</u>
Net current assets		<u>702,486</u>	<u>741,199</u>
Total assets less current liabilities		<u>1,071,399</u>	<u>960,396</u>
Provisions for liabilities			
Deferred tax	18	(26,983)	(11,020)
		<u>(26,983)</u>	<u>(11,020)</u>
Net assets		<u>1,044,416</u>	<u>949,376</u>
Capital and reserves			
Called up share capital	19	110,000	110,000
Profit and loss account	20	934,416	839,376
		<u>1,044,416</u>	<u>949,376</u>

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


.....
Mr R F Philipson
Director


.....
Mr T N Postlethwaite
Director

Date: 5 MAY 2022.

The notes on pages 16 to 27 form part of these financial statements.

ULVERSTON AUCTION MART PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	110,000	839,376	949,376
Comprehensive income for the year			
Profit for the year	-	111,540	111,540
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	111,540	111,540
Dividends: Equity capital	-	(16,500)	(16,500)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(16,500)	(16,500)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	110,000	934,416	1,044,416
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 27 form part of these financial statements.

ULVERSTON AUCTION MART PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	110,000	688,946	798,946
Comprehensive income for the year			
Profit for the year	-	162,530	162,530
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	162,530	162,530
Dividends: Equity capital	-	(12,100)	(12,100)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(12,100)	(12,100)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	110,000	839,376	949,376

The notes on pages 16 to 27 form part of these financial statements.

ULVERSTON AUCTION MART PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	111,540	162,530
Adjustments for:		
Depreciation of tangible assets	23,492	17,336
Loss on disposal of tangible assets	(250)	-
Government grants	(2,633)	(34,569)
Interest paid	7,122	4,521
Interest received	(65)	(182)
Taxation charge	30,667	40,090
Decrease in stocks	-	1,818
(Increase) in debtors	(359,323)	(570,111)
(Decrease)/increase in creditors	(7,149)	3,520
Corporation tax (paid)/received	(38,097)	-
Net cash generated from operating activities	(234,696)	(375,047)
Cash flows from investing activities		
Purchase of tangible fixed assets	(173,209)	(19,588)
Sale of tangible fixed assets	250	-
Government grants received	2,633	34,569
Interest received	65	182
Net cash from investing activities	(170,261)	15,163
Cash flows from financing activities		
New secured loans	65,000	-
Dividends paid	(16,500)	(12,100)
Interest paid	(7,123)	(4,520)
Net cash used in financing activities	41,377	(16,620)
Net (decrease) in cash and cash equivalents	(363,580)	(376,504)
Cash and cash equivalents at beginning of year	(728,808)	(352,304)
Cash and cash equivalents at the end of year	(1,092,388)	(728,808)
Cash and cash equivalents at the end of year comprise:		
Bank overdrafts	(1,092,388)	(728,808)
	(1,092,388)	(728,808)

The notes on pages 16 to 27 form part of these financial statements.

ULVERSTON AUCTION MART PLC

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Bank overdrafts	(728,808)	(363,580)	(1,092,388)
Debt due within 1 year	-	(65,000)	(65,000)
	<u>(728,808)</u>	<u>(428,580)</u>	<u>(1,157,388)</u>

The notes on pages 16 to 27 form part of these financial statements.

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Statement of compliance

The individual financial statements of Ulverston Auction Mart Plc have been prepared in accordance with FRS 102 "The Financial Reporting Standards applicable in United Kingdom and Republic of Ireland" ("FRS102).

2. General information

Ulverston Auction Mart Plc is a Company limited by shares, incorporated in England and Wales. Its registered office is North Lonsdale Terrace, Ulverston, Cumbria, LA12 9AU.

The principal activity of the Company throughout the current and previous year was the operation of a livestock auction and estate agency.

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 "£".

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 Going concern

The current economic environment presents challenges in terms of sales volumes, commission rates and cash flow management. The company continues to trade profitably, has positive net current assets and positive net assets.

The Directors have reviewed future trading prospects and latest management accounts and, although formal projections have not been prepared, they believe that there is a reasonable expectation that the company will have adequate resources to continue trading for the foreseeable future and at least for a period of 12 months from the date of approval of these financial statements.

Based on the above information, the Directors believe that it is appropriate to adopt the going concern basis in the financial statements.

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

3.3 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Commission income

Commissions are recognised at the point of sale of livestock and other items sold on behalf of their vendor.

Rental income

Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

3.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

3.6 Finance costs

Finance costs are charged to profit or loss 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.

3.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Accounting policies (continued)

3.8 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 profit or loss 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.

3.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

3.10 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.

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

3.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line basis
Plant and machinery	-	10% straight line basis
Motor vehicles	-	25% straight line basis
Computer equipment	-	25% straight line basis

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 profit or loss.

3.11 Valuation of investments

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.

3.12 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.

3.13 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.

3.14 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 profit or loss 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.

3.15 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

3.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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 amounts of assets and liabilities, income and expenses.

a) 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.

b) 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 of each type of asset and estimates of residual values. The directors regularly review these assets useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the 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.

5. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Commissions	<u>664,729</u>	<u>685,238</u>

All turnover arose within the United Kingdom.

6. Other operating income

	2021 £	2020 £
Other operating income	15,650	20,252
Net rents receivable	90,123	79,503
Covid-19 grant income	2,633	34,569
	<u>108,406</u>	<u>134,324</u>

ULVERSTON AUCTION MART PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,200	9,165

8. Employees

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

	2021	2020
	£	£
Wages and salaries	351,632	334,637
Social security costs	17,491	23,486
Cost of defined contribution scheme	5,797	7,650
	374,920	365,773

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

	2021	2020
	No.	No.
Marketing Activities	6	6
Estates Department	6	7
Part time staff	18	19
Non Executive Directors	5	5
	35	37

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	25,376	22,223
Company contributions to defined contribution pension schemes	-	450
	25,376	22,673

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Interest receivable

	2021 £	2020 £
Other interest receivable	65	182

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	7,122	4,521

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	15,107	38,500
Adjustments in respect of previous periods	(403)	-
	<u>14,704</u>	<u>38,500</u>
Total current tax	<u>14,704</u>	<u>38,500</u>
Deferred tax		
Origination and reversal of timing differences	12,483	1,590
Changes to tax rates	3,480	-
Total deferred tax	<u>15,963</u>	<u>1,590</u>
Taxation on profit on ordinary activities	<u>30,667</u>	<u>40,090</u>

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>142,207</u>	<u>202,619</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	27,019	38,500
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	571	-
Capital allowances for year in excess of depreciation	-	1,590
Adjustments in respect of prior periods	(403)	-
Change to tax rates	3,480	-
Total tax charge for the year	<u>30,667</u>	<u>40,090</u>

Factors that may affect future tax charges

In May 2021 the UK Parliament substantively enacted an increase in the rate of corporation tax to 25%, which will apply from 1 April 2023. A 19% rate will continue to apply for companies with taxable profits under £50,000, and a marginal rate will apply for companies with taxable profits of between £50,000 and £250,000.

13. Dividends

	2021 £	2020 £
Dividends paid in respect of ordinary shares	<u>16,500</u>	<u>12,100</u>

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	290,429	129,069	4,800	87,939	512,237
Additions	164,693	5,312	-	3,203	173,208
Disposals	-	(1,541)	-	-	(1,541)
At 31 December 2021	<u>455,122</u>	<u>132,840</u>	<u>4,800</u>	<u>91,142</u>	<u>683,904</u>
Depreciation					
At 1 January 2021	192,883	116,262	4,800	44,745	358,690
Charge for the year on owned assets	5,908	4,310	-	13,274	23,492
Disposals	-	(1,541)	-	-	(1,541)
At 31 December 2021	<u>198,791</u>	<u>119,031</u>	<u>4,800</u>	<u>58,019</u>	<u>380,641</u>
Net book value					
At 31 December 2021	<u>256,331</u>	<u>13,809</u>	<u>-</u>	<u>33,123</u>	<u>303,263</u>
At 31 December 2020	<u>97,545</u>	<u>12,807</u>	<u>-</u>	<u>43,194</u>	<u>153,546</u>

15. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 January 2021	65,650
At 31 December 2021	<u>65,650</u>

ULVERSTON AUCTION MART PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Debtors

	2021 £	2020 £
Trade debtors	1,999,993	1,644,443
Other debtors	993	1,346
Prepayments and accrued income	16,354	12,225
	<u>2,017,340</u>	<u>1,658,014</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	1,092,388	728,808
Bank loans	65,000	-
Trade creditors	77,948	63,173
Corporation tax	15,107	38,500
Other taxation and social security	20,589	24,410
Other creditors	5,142	18,689
Accruals and deferred income	38,680	43,235
	<u>1,314,854</u>	<u>916,815</u>

Bank loans and overdrafts due within one year are secured by a fixed charge over freehold property at Ulverston Auction Mart, North Lonsdale Terrace, Ulverston, Cumbria.

ULVERSTON AUCTION MART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Deferred taxation

	2021 £
At beginning of year	(11,020)
Charged to profit or loss	(15,963)
At end of year	(26,983)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(26,983)	(11,020)
	(26,983)	(11,020)

In May 2021 the UK Parliament substantively enacted an increase in the rate of corporation tax to 25%, which will apply from 1 April 2023. The deferred tax liability has been recalculated at 25% to reflect the likely prevailing corporation tax rate at the time of its reversal. The impact of this was an increase in the deferred tax liability of £12,891.

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
110,000 (2020 - 110,000) Ordinary shares of £1.00 each	110,000	110,000

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

20. Reserves

Profit and loss account

Profit and loss account represents retained cumulative profits and losses.

21. 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 £5,797 (2020 - £7,200). Contributions totalling £NIL (2020 - £NIL) were payable to the fund at the balance sheet date.

ULVERSTON AUCTION MART PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Related party transactions

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

	2021	2020
	£	£
Commissions charged to directors	<u>22,831</u>	<u>30,322</u>

At 31 December 2021, there was £7,277 (2021 - £2,386) owed to the Company from one director who provide key management services, and this is included in trade debtors. During the prior year the Company received £150 from Mr J R Longmire, in respect of stock valuations. No such fee was incurred in the current year.

Remuneration of key management personnel

Key management personnel comprise executive directors and senior management. Their aggregate remuneration for the year was £25,376 (2020 - £22,685)